



SHEPWAY DISTRICT COUNCIL

Viability Assessment Of The Shepway District Places And Policies Local Plan – Preferred Options

Final Report

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1. INTRODUCTION

Overview and Purpose of Study

- 1.1 Chilmark Consulting Ltd. (CCL) in conjunction with Urban Delivery (UD) were commissioned by Shepway District Council (SDC) in April 2017 to undertake a high level viability assessment of the Places and Policies Local Plan - Preferred Options (October 2016).
- 1.2 The emerging Places and Policies Local Plan, once adopted, will form part of the Development Plan for the district, alongside the Shepway Core Strategy (2013) which sets out the strategic planning policies to 2026. The emerging Plan will allocate sites to meet the future development needs for residential, employment and community requirements identified in the Core Strategy alongside the provision of development management policies to guide future development and for decision making.
- 1.3 The purpose of this study is to assess the financial viability of the Places and Policies Local Plan – Preferred Options in order to inform the preparation of the publication version of the Local Plan. It is anticipated that consultation on this Plan will be undertaken later in 2017.
- 1.4 The study is primarily focused on a high level viability assessment of selected key sites identified as proposed residential and residential led mixed use allocations in ‘Part One – Places’ of the emerging Plan. It also provides a viability assessment of a range of generic Site Typologies to assess wider residential led development opportunities across the district. The final element of the study provides a review of the draft development management policies as set out in ‘Part Two - Development Management Policies’, including recommendations for draft policies, should relevant amendments be required to address viability issues.
- 1.5 In order to test the cumulative impact of the Council’s emerging planning policy framework, the study has had full regard to the requirements of the adopted Shepway Core Strategy, together with the advice contained in the National Planning Policy Framework (NPPF) (March 2012), the National Planning Practice Guidance (March 2014 and as updated), and the Local Housing Delivery Group guidance ‘Viability Testing Local Plans: Advice for Planning Practitioners’ (July 2012).
- 1.6 The purpose and scope of the commission is focused on two stages:
 - **Stage 1: Viability assessment of Key Residential Sites; and**
 - **Stage 2: Viability assessment of Generic Site Typologies.**
- 1.7 The findings of Stages 1 and 2 have been taken into account in making final recommendations. This includes a review of the draft Plan policies in respect of their potential implications for viability, together with recommendations, where considered relevant, to address viability considerations.

Data Sources, Assumptions and Limitations

Data Sources

- 1.8 This report makes best use of available information and data as far as possible, and as appropriate. Data sources and the use of existing information is identified in the methodology section of the report.
- 1.9 In this context, the report has had regard to the background information set out in the existing evidence base, including the following publications:
- Local Development Framework: Economic Viability Assessment (Adams Integra, 2011);
 - CIL and Whole Plan Economic Viability Assessment (Dixon Searle LLP, 2014);
 - CIL and Whole Plan Economic Viability Assessment – Appendices (Dixon Searle LLP, 2014);
 - Core Strategy Local Plan Draft Infrastructure Assessment and Delivery Plan (SDC, 2015).

Assumptions and Limitations

- 1.10 The assumptions adopted for the purposes of the viability assessment are outlined in the methodology section.
- 1.11 It should be noted that those policies previously tested and now adopted within the Shepway Core Strategy and the CIL Charging Schedule (into effect 1st August 2016) have not been subject to re-testing to this study.
- 1.12 Reference to any land and property values within this report are generic for the purpose of testing the viability implications of the draft planning policies.
- 1.13 The information contained in this report should not be construed as a formal valuation or a valuation in accordance with the RICS Red Book.

Structure of Report

- 1.14 Following this Introductory Section, this report is structured as follows:
- **Section 2** – provides a brief summary of the relevant national planning policy framework related to viability alongside those emerging local plan policies, as contained in the Places and Policies Local Plan, which have most relevance to viability considerations. The economic and housing market is also considered to set the context for viability implications on the residential market;
 - **Section 3** – is concerned with the methodology adopted for the purposes of the viability assessment undertaken for the testing of the key residential sites (Stage 1) and the generic residential site typologies (Stage 2). The section provides a full overview of the assumptions adopted to reflect the local market and relevant planning policy considerations;

- **Section 4** – sets out an analysis of the viability assessments for Stage 1 and 2 respectively. This provides a summary of the implications for the viability of the residential sites and generic typologies, against the relevant adopted and draft planning policies of the emerging Plan;
- **Section 5** – draws together the final conclusions that take account of the findings of Stage 1 and 2, together with recommendations including consideration of the implications for emerging Local Plan policies.

2. RELEVANT PLANNING POLICY AND HOUSING MARKET CONTEXT

Introduction

- 2.1 This section provides a broad assessment of the planning policy context which is relevant to viability in plan making given the objective of this study to provide a high level viability assessment of the emerging Places and Policies Local Plan. It ensures the study has full regard to the requirements of the National Planning Policy Framework, together with the National Planning Policy Guidance. An overview of the relevant policy considerations of the Development Plan is also provided to establish the policy requirements for development, focused on those which have potential implications for the viable development of residential sites in the district.

National Planning Guidance

National Planning Policy Framework

- 2.2 The National Planning Policy Framework (NPPF) (March 2012) provides specific guidance for Local Planning Authorities in drawing up Local Plan, including the need to ensure viability and deliverability of plans.
- 2.3 Paragraph 173 outlines the importance of viability in plan-making and the need for careful attention to viability and costs in plan making (and decision taking) to ensure the objective of sustainable development. It further outlines that plans should be deliverable and states that:
- ‘...the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened.’
- 2.4 To ensure viability, paragraph 173 seeks to ensure that the costs of requirements likely to be applied to development (such as affordable housing, standards, infrastructure contributions, and other requirements), and taking account of development costs and mitigation, should provide competitive returns (to a willing landowner and developer), to enable development that is deliverable.
- 2.5 Paragraph 174 continues by outlining the need for the Local Plan to set policy on local standards, and that LPA’s should:
- ‘...assess the likely cumulative impacts on development in their area of all existing and proposed local standards, supplementary planning documents and policies that support the development plan, when added to nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle..’

Planning Practice Guidance – Viability

- 2.6 The Planning Practice Guidance (PPG) relating to Viability (March 2014) sets out key principles in understanding viability in plan making (and decision taking). It outlines that an understanding of Local Plan viability is critical to the overall assessment of deliverability, and that the realistic prospects for delivery should be tested to ensure that Local Plan visions and policies do not undermine scheme viability.
- 2.7 The PPG acknowledges that there is no standard answer or approach for assessing viability but outlines policy principles, which include the need for evidence based judgements, understanding of past trends, collaboration and a consistent understanding of viability across an area.
- 2.8 The guidance recognises that:
‘..Development of plan policies should be iterative – with draft policies tested against evidence of the likely ability of the market to deliver the plan’s policies, and revised as part of a dynamic process...’.
- The same paragraph outlines that evidence should be proportionate, in order to ensure that plans are underpinned by a broad understanding of viability (Paragraph: 005 Reference ID: 10-005-20140306).
- 2.9 The PPG does not advocate the individual viability testing of every site in assessing the viability of plans. It states that:
‘..site typologies may be used to determine viability at policy level. Assessment of samples of sites may be helpful to support evidence and more detailed assessment may be necessary for particular areas or key sites on which the delivery of the plan relies’ (Paragraph: 006 Reference ID: 10-006-20140306).
- 2.10 In assessing viability for plan making, the PPG outlines that the cumulative costs of development should be considered, and that emerging policy requirements may need to be adjusted. Furthermore, it advocates that current costs and values should be considered when assessing the viability of plan policy, to ensure policies are deliverable.

The Development Plan

- 2.11 The Development Plan for Shepway District consists of:
- The Shepway Core Strategy Local Plan (2013)

Shepway Core Strategy Local Plan (2013)

- 2.12 The adopted Shepway Core Strategy Local Plan covers the period to 2026 and is based on three distinct character areas which set the context for the Spatial Strategy of the Core Strategy. These relate to The Urban Area (Folkestone/Hythe); Romney Marsh, and the North Downs.
- 2.13 The District Spatial Strategy (set out in Policy SS1) outlines that major new development will be prioritised to previously developed land in the Urban Area, primarily in Folkestone, together with the sustainable towns and villages

of the district (as identified in Policy SS3). Two strategic allocations are identified at Folkestone Seafront (Policy SS6) and Shorncliffe Garrison at Folkestone (Policy SS7). In addition, two broad locations for development are identified at New Romney (Policy CSD8) and Sellindge (Policy CSD9).

- 2.14 In total, the Core Strategy (via Policy SS2) identifies a long term objective to provide for approximately 8,000 dwellings by end 2025/26 based on a growth target of 400 dwellings per annum. The same policy identifies a minimum delivery of 350 dwellings per annum (to 2030/31), with a target for at least 65% of dwellings to be provided on previously developed land.
- 2.15 The Core Strategy approach to the delivery of significant infrastructure in the district is addressed in Policy SS5, alongside Appendix 2 of the Core Strategy, which identifies the key infrastructure requirements to support the Spatial Strategy. The policy is closely aligned to the Community Infrastructure Levy (CIL) for Shepway, which has since been adopted post Core Strategy.
- 2.16 The policies of the Core Strategy have been previously tested and are not the subject of viability assessment for the purposes of this study.
- 2.17 Notwithstanding this, the provisions of Policy CSD1 (Balanced Neighbourhoods for Shepway) have been fully considered in the viability assessments undertaken for the purposes of the key sites and site typologies of this study (refer to Chapter 3). The policy is concerned with housing tenure, including the requirements for affordable housing, by scale of development (subject to viability). A policy requirement for 30% of affordable housing within private developments is identified for larger sites (15 or more dwellings, net gain, or land of 0.5ha or more in size), and provision for up to 20% affordable housing on smaller sites.
- 2.18 The requirements of Policy CSD2 (District Residential Needs) relating to the mix of residential development have also been considered in the viability testing of this study. This includes the policy objective that at least half of all new homes by 2026 will be three bed (or larger) dwellings, and that developments of 10 dwellings (Class C3) or more should include 20% of market dwellings to meet Lifetime Homes standards.

Places and Policies Local Plan – Preferred Options (2016)

- 2.19 The emerging Shepway Places and Policies Local Plan, once adopted, will form part of the Development Plan for the district. The Preferred Options version, published for consultation in October 2016, set out to allocate sites to meet the development needs identified in the Core Strategy together with draft development management policies, including those which set standards for new development and development contributions, where relevant.
- 2.20 The Places and Policies Local Plan identifies as part of ‘Part One – Places’, draft allocations for residential development sites, together with mixed use allocations incorporating residential use. A total of 55 sites are identified, which range in capacity from 5 up to 400 dwellings, with a number of the sites benefitting from planning permission or being subject to planning applications and under determination. This study has assessed 11 of the draft allocations which accord with the requirements of the brief. The sites (and study criteria) are identified in Chapter 3.

- 2.21 The draft allocations identified in Part One are supported by site specific criteria for development alongside generic site policies (set out at Statement 1) related to a number of relevant policies contained in the Core Strategy and the draft policies of the Preferred Options plan. These local policy considerations have been taken into account in the viability testing of the 11 key sites and the site typologies. In summary, Statement 1 outlines, amongst others, the following matters of relevance for viability purposes:
- Design and layout to accord with Building for Life 12 criteria alongside the design policies of the Preferred Options plan;
 - Affordable housing provision in accordance with Core Strategy Policy CSD1;
 - At least 20% of market housing should comply with at least Building Regulation part M4(2), or successor specification, in accordance with Core Strategy Policy CSD2;
 - All development to adhere to the Council's adopted CIL and/or Section 106 agreements where applicable, to meet the infrastructure needs, as per Core Strategy Policy SS5.
- 2.22 The second part of the Preferred Options plan, 'Part Two – Development Management Policies', sets out the local policy context for specific issues relating to the consideration of planning applications. These are intended to complement the area based and site-specific policies set out in Part One of the emerging Plan. A review of the draft policies, focused on those implications for the viability of development has been undertaken as part of this study.
- 2.23 The Council have undertaken a review of the draft allocations and policies in the Places and Policies Local Plan – Preferred Options, and have undertaken minor wording changes to take account of the consultation. This is due to be reported to the Council Cabinet in July 2017. It is anticipated that the publication of the final draft plan will occur in late 2017.

Shepway Community Infrastructure Levy (2016)

- 2.24 The Council adopted CIL in July 2016, with charges in place for development within Shepway from 1 August 2016.
- 2.25 In summary, the CIL charging schedule comprises a number of development types (residential and retail only) and locations in the District as follows:
- A total of four CIL residential zones, as identified by map: Zone A (£0 per sq. m); Zone B (£50 per sq. m); Zone C (£100 per sq. m); and Zone D (£125 per sq. m);
 - Two retail and related development zones: Folkestone Town Centre (£0 per sq. m); and the rest of the District, for developments proposing over 280 sq. m or more floorspace (£100 per sq. m).
- 2.26 All other development types ((B, C1, C2 & D uses) are rated at £0 per sq. m on a district wide basis.

- 2.27 The Strategic & Key Development Sites at Folkestone Harbour & Seafront (Policy SS6), Shorncliffe Garrison (SS7), New Romney Masterplan (CSD8) and Sellindge (CSD9) have a £0 per sq. m CIL rate.

Economic and Housing Market Context

- 2.28 Given the focus on the viability implications of emerging local plan policy on residential development in the district, it is important to understand the context within which national and local economic conditions can impact on economic viability. The following sub section provides an overview of headline trends.

Local Market

- 2.29 The housing market has recovered well in most parts of the UK since the 2008/09 recession and economic turmoil caused by the banking crisis. While the London housing market and prime commuter areas within the south east have experienced a relatively quick recovery, other locations, including Shepway and other parts of Kent have only realistically begun to witness a return to peak 2008 house price levels from around 2013/14 onwards.
- 2.30 While steady house price growth has been recorded from 2013 onwards, the levels of housing market growth have been seen to moderate since Spring 2016. Although house prices have continued to grow year on year, Land Registry data indicates annual house price growth in the Shepway district has decreased from 13.8% in June 2016, to 7.6% as at April 2016, with average house prices within the district, as at April 2017, reported to be £237,190.
- 2.31 Land Registry indices for the South East region indicate that to the end of April 2017, annual house price growth stood at 5.9%; a growth of 0.3% from the previous month. Comparison between new build and resale housing stock suggests that price growth for new build homes has grown by 12.5% while resale homes have increased by a more modest 5.1% over the year. It should however be noted that initial data for new build homes is limited, and thereby potentially result in more volatile percentage movements.

National Trends

- 2.32 On a national scale, recent research reports compiled and published by the Land Registry (June 2016) suggest slowing demand and continued tight supply of housing across the UK. UK house prices grew by 5.6% in the year to April 2017, 1.1 percentage points higher than March 2017. However, this still remains below the average annual house price growth seen in 2016 which was 7.3%.
- 2.33 With regard to housing demand, the Royal Institution of Chartered Surveyors' (RICS) residential market survey for April 2017 reports that housing market activity remained subdued. Transaction volumes and new buyer enquiries are broadly unchanged since November 2016. Despite this, the RICS reports that price expectations are moderately positive and should remain steady over the near term.

- 2.34 The RICS' new buyer enquiries figures are supported by the Bank of England Agent's summary of business conditions May2017 update, which confirms that housing market activity was subdued on both the demand and supply side.
- 2.35 On the supply-side the RICS reported the 14th consecutive month with no improvement in national listings of houses. The RICS reported tight supply conditions across a majority of the regions.
- 2.36 Looking to the future, there remains uncertainty as a result of Britain's decision to leave the European Union and how this could impact on the economy and the housing market. While the initial result of the EU referendum in June 2016 did not have the severe economic impact predicted by various commentators, now that the UK has triggered Article 50 and negotiations are on-going it is likely that home buyers, house builders and investors will adopt a cautious approach to their decision making over the next couple of years.
- 2.37 Current forecasts predict economic growth will slow down over the next couple of years and that rising inflation (forecast to reach 3.6% by the end of 2017) will put a squeeze on household budgets. This could therefore impact on the housing market and buyer's decisions to proceed with house purchases.

3. METHODOLOGY

Introduction

- 3.1 The study provides a high level viability assessment of the Places and Policies Local Plan – Preferred Options.
- 3.2 The methodology adopted for the assessment follows standard development appraisal conventions, using assumptions that reflect local market and planning policy circumstances. The study is specific to Shepway district and reflects the local plan policy requirements, as set out in the adopted Core Strategy and the Places and Policies Local Plan – Preferred Options (see Chapter 2). The methodology builds upon and is consistent with that used in the CIL Viability Assessment produced in July 2014 by DSP.
- 3.3 The assessment is undertaken in accordance with the requirements of the NPPF and national PPG on viability, as outlined in Chapter 2.

Key Sites and Site Typologies

- 3.4 This viability assessment is concerned with the testing of emerging plan policy on a selection of identified ‘Key Sites’ together with a general mix of site typologies across parts of the district. It should be noted that this report focuses on residential development only and does not appraise the viability of commercial sites.

Key Sites

- 3.5 The Places and Policies Local Plan – Preferred Options allocates a total of 55 sites for housing (Class C3) use. These range from the Urban Character Area, consisting of Folkestone and Hythe and the immediate surrounding countryside associated with sites listed under Policy UA1 to UA26; those in the Romney Marsh Character Area (Policies RM1 to RM13), and sites identified as Policies ND1 to ND13 in the North Downs area.
- 3.6 This study has focused on those allocated sites with a capacity of 50 dwelling or above that have formed the basis for individual viability assessment as Key Sites. Those larger site allocations that have secured planning permission, are subject to current planning applications or are subject to known developer interest are excluded from this exercise.
- 3.7 This assessment has considered the impact of the site specific policy for each site (as per Part One of the Places and Policies Local Plan – Preferred Options) alongside the requirements of the adopted Shepway Core Strategy Local Plan, Part Two - Development Management Policies of the Preferred Options plan, Shepway CIL Charging Schedule and nationally required standards. Furthermore, the assessed key sites, to date, have not been actively

progressed by the development industry. The Key Sites for individual assessment relate to the following:

Urban Character Area

- Policy UA7: Rotunda and Marine Parade Car Parks, Folkestone (allocation for 165 dwellings, comprising 100 dwellings at Rotunda and 65 dwellings at Marine Parade);
- Policy UA12: Former Gas Works, Ship Street, Folkestone (100 dwellings);
- Policy UA16: Affinity Water, Land at Cherry Garden Lane, Folkestone (70 dwellings);
- Policy UA18: Land East of Coolinge Lane, Sandgate, Folkestone (60 dwellings);
- Policy UA21: Smiths Medical Campus, Boundary Road, Hythe (80 dwellings);
- Policy UA24: Foxwood School and St Saviours Hospital, Seabrook Road, Hythe (185 dwellings);
- Romney Marsh Character Area;
- Policy RM4: Land West of Ashford Road, New Romney (60 dwellings);
- Policy RM5: Land to the South of New Romney (400 dwellings).

North Downs Character Area

- Policy ND4: Land Adjacent Kent Battle of Britain Museum, Aerodrome Road, Hawkinge (100 dwellings); and
- Policy ND8: Former Lympne Airfield (125 dwellings).

- 3.8 For viability assessment purposes, this study has split the site (Policy UA7) into two separate sites - Rotunda car park, and Marine car park. The same approach has been adopted for Policy UA24 into Foxwood School, and St Saviours Hospital respectively.

Site Typologies

- 3.9 Alongside the individual viability assessments of the Key Sites, the study has also tested the impact of the Places and Policies Local Plan – Preferred Options policies on a more generic basis, Shepway District Council instructed Chilmark and Urban Delivery to undertake viability assessments on the following typology schemes, set out in Table 1. These effectively relate to those allocated residential sites with a capacity of 49 dwellings or below, and which have been collated into typologies which consider the following:
- Whether the sites are greenfield or previously developed land;
 - The relevant CIL zone for the site;
 - Whether the site is above or below the affordable housing threshold (as per Core Strategy policy CSD1); and

- Whether the site is above for below the threshold for the provision of self-build/custom build plots (as per Policy HB6 of the Places and Policies Local Plan – Preferred Options).

Table 1: Site Typologies

Typology	Description
A	Rural greenfield site. 5 dwellings. CIL Zone D: Elham (£125/m ²).
B	Rural greenfield site. 11 dwellings. CIL Zone D: Elham (£125/m ²). 2 affordable dwellings provided on site in accordance with Core Strategy Policy CSD1.
C	Urban greenfield site. 40 dwellings. CIL Zone C: Folkestone (£100/m ²). 12 affordable dwellings provided on site in accordance with Core Strategy Policy CSD1.
D	Rural greenfield site. 25 dwellings. CIL Zone D: Elham (£125/m ²). 2 self-build / custom build plots in line with Places and Policies Local Plan Policy HB6. 8 affordable dwellings provided on site in accordance with Core Strategy Policy CSD1.
E	Urban previously developed site. 10 dwellings. CIL Zone A: Folkestone (£0/m ²).
F	Urban previously developed site. 30 dwellings. CIL Zone B: Romney Marsh (£50/m ²). 2 self-build / custom build plots in line with Places and Policies Local Plan Policy HB6. 9 affordable dwellings provided on site in accordance with Core Strategy Policy CSD1.
G	Urban previously developed site. 27 dwellings. CIL Zone B: Folkestone (£50/m ²). 8 affordable dwellings provided on site in accordance with Core Strategy Policy CSD1.

3.10 The assumed mix of housing types and associated assumptions are set out in further detail in the section below.

Relevant Local Policy to be Tested

3.11 In order to assess the viability of individual sites and the site typologies, it is necessary to ensure relevant site specific and development management policies set out in the Places and Policies Local Plan – Preferred Options, are considered in the assessment process.

3.12 Alongside a number of the key policies contained in the adopted Core Strategy Local Plan, certain draft development management policies in Part Two of the Preferred Options have been considered in view of the standards and requirements set out in the policies that apply to new residential development. These relate to the following policies and are identified in Table 2:

- **Policy CC1 Reducing carbon emissions**
- **Policy CC2 Sustainable construction**

- Policy CC3 SuDS
- Policy T2 Residential parking
- Policy T5 Cycle parking
- Policy HB1 Quality places through design
- Policy HB5 Internal and external space standards
- Policy HB6 Self build/custom build development (this is assessed in Chapter 4 separately)
- Policy C1 Creating a sense of place

Table 2: Cumulative Planning Policy Layers

Layer	Policy	Policy Layer
1	N/A HB5(1) and HB6(2)	Core policy
2	CC1 & CC2(3)	Core policy, Reducing carbon emissions, Sustainable construction
3	CC1, CC2 & CC3	Core policy, Reducing carbon emissions, Sustainable construction, SuDS
4	CC1, CC2, CC3 & T2	Core policy, Reducing carbon emissions, Sustainable construction, SuDS, Residential parking (electric charging points)
5	CC1, CC2, CC3, T2 & T5	Core policy, Reducing carbon emissions, Sustainable construction, SuDS, Residential parking (electric charging points), Cycle parking
6	CC1, CC2, CC3, T2, T5 & HB1 & C1(4)	Core policy, Reducing carbon emissions, Sustainable construction, SuDS, Residential parking (electric charging points), Cycle parking, Quality places through design, Creating a sense of place.

1 It should be noted that for the purpose of devising the hypothetical schemes to test, the proposed minimum space standards set out in policy HB5 have been adopted from the outset.

2 It should be noted that to test policy HB6, the above policy layering approach has been applied to identical hypothetical schemes that include and omit the proposed proportion of self-build and custom-build homes.

3 The cost implications of policies CC1 and CC2 are understood to be interlinked.

4 The cost implications of policies HB1 and C1 are understood to be interlinked.

3.13 To test the cumulative impact of adopted and proposed planning policies on viability, it has been necessary to analyse the cost implications of the draft policies. Upon review, whilst it was considered that the majority of draft policies would not have a directly attributable cost associated with their implementation, the policies that are considered to have a cost implication have been tested cumulatively, are those set out in Table 2.

- 3.14 The following sub sections outline the approach adopted for the viability assessments of the Key Sites and the site typologies.

Residual Land Valuation

- 3.15 While the NPPF and PPG stipulates that Local Plan policies should be viable and deliverable, there is little formal guidance on the approach and methodology to be adopted in testing viability.
- 3.16 The Local Housing Delivery Group advice note, published in 2012, recommends that the residual land value approach is taken when assessing the viability of local plan policies. In this methodology, the difference between the value and costs of development are compared with land values to determine whether development will be viable.
- 3.17 The residual land value is calculated by deducting all development costs from the Gross Development Land Value (the total capital receipts to be generated from the sale of private and affordable homes). The main costs to be deducted include build costs, professional fees, marketing costs, finance costs, s106 and CIL contributions and an allowance for the developer profit. Once these costs are accounted for, the remaining value is what can be used to acquire the land.
- 3.18 However, this residual land value will need to exceed the existing use value of a site if the current land owner is to be likely to release the land for development. The NPPF states that the landowner is entitled to a competitive return on its land.

Viability Benchmark

- 3.19 In order to benchmark the results of the residual appraisals, it is necessary to identify a suitable range of residential development land values within Shepway District.
- 3.20 To ascertain this land value benchmark, the study has reviewed evidence of development land sales across the district to calculate a suitable average land value per hectare.
- 3.21 The study has also had recourse to previous published viability evidence base studies undertaken to support the preparation and adoption of the Core Strategy Local Plan and the testing of the (now adopted) CIL charging Schedule.
- 3.22 Although the availability of robust sales evidence is limited, particularly for sites where there is a full policy compliant provision of affordable housing, research indicates that recent sites marketed within the Shepway District seek to achieve values in the order of £500,000 to £750,000+ per hectare. Subject to site density, this equates to a plot value of between £25,000 to £35,000 per private sale plot.
- 3.23 While specific sites may present additional value opportunities, other sites may present additional complexities and ‘abnormal’ costs that will detract

from the site value, such as remediation, drainage and flood attenuation costs etc. As such, developers will negotiate land prices on a site specific basis and further due diligence may discover impediments that can reduce value.

- 3.24 In view of this, where relevant, the site value should also be tested against the existing use value. However, this is only suitable where the identified site can continue to be used for a beneficial economic purpose without the requirement for an alternative development. For this viability assessment, the methodology is limited to a small selection of the Key Sites.
- 3.25 This study has adopted a base land value benchmark equivalent to £500,000 per hectare. While historic sales evidence may indicate this to be a low base value, the land value should reflect local planning policy and planning obligations such as 30% affordable housing, CIL and additional S106 contributions, where identified. For the purpose of this viability assessment, this benchmark is also applied to gross development site areas rather than the net developable areas for which acquisition prices are typically negotiated once potential development schemes have been considered in greater detail by purchasers.

Density, Housing Size and Tenure Mix

Density

- 3.26 With regard to the Key Sites, the proposed unit allocations set out in the specific site policies identified at Part One of the Places and Policies Local Plan – Preferred Options have been adopted. As a result of specific site characteristics and site areas, the development densities do vary from site to site.
- 3.27 In forming an opinion of site density for the Typology Sites, the density ranges from 30 to 55 dwellings per hectare depending on total number of units and mix of houses and flats. Depending on total unit numbers, it is assumed that dwellings (houses) will occupy a footprint of between 50 sq. m and 62 sq. m and that this will occupy approximately 20% of the proportional plot ratio – allowing for gardens, highways and incidental open space on the remainder of the site. As such, one dwelling (house) equates to a site area of between 250 sq. m and 310 sq. m ranging from a 2 bedroom house to a 4 bedroom house.
- 3.28 Where the sites include a cluster of flats, the site density is increased to reflect the lower proportion of private garden space and ratio of highways and incidental open space on the site. This equates to a ratio of approximately one flat per 80 sq. m of site area, assuming a three storey block.

Housing Size

- 3.29 In preparing the hypothetical development schemes for each site assessment, the following internal space standards (including ranges) have been adopted, in line with proposed planning policy, as set out in Policy HB5 Internal and external space standards and Appendix 4 of the Preferred Options Plan

related to Nationally Described Space Standards. These effectively form part of 'Core Policy' Layer 1:

- 1 Bedroom Flat = 51.5 sq. m
- 2 Bedroom Flat = 63-73 sq. m
- 2 Bedroom House = 72-81 sq. m
- 3 Bedroom House = 86.5 - 104.5 sq. m
- 4 Bedroom House = 100 - 124 sq. m

Housing Mix

3.30 The indicative housing mix has been informed by the findings of the published East Kent Strategic Housing Market Assessment (SHMA) from 2009, which has informed previous viability assessments in Shepway. (It is understood that an updated SHMA is currently being prepared although for consistency with the Core Strategy and CIL viability assessments undertaken in 2011 and 2014 respectively, the 2009 figures have been adopted). The mix of house types is therefore as follows:

- 1 Bedroom Flats: 25%
- 2 Bedroom Flats: 10%
- 2 Bedroom Houses: 15%
- 3 Bedroom Houses: 35%
- 4 Bedroom Houses: 15%

Tenure Mix

3.31 For the purpose of this viability assessment, it is assumed that 70% of homes will be provided as private market sale homes and 30% as Affordable Homes, assuming a mix of 60% Affordable Rented and 40% Shared Ownership in line with the Shepway Affordable Housing SPD, as confirmed at supporting justification to Core Strategy Policy CSD1 (paragraph 5.6).

Development Costs

3.32 There are a variety of costs that should to be taken into account in a residual land valuation. The main cost inputs are set out below with brief descriptions of the assumptions adopted for this study.

Build Costs/Policy Variance

3.33 In preparing the key site appraisals and typology assessments, cost advice has been provided by Trident Building Consultancy. These build cost rates are based on current RICS Building Cost Information Service rates (BCIS), adjusted to reflect the Shepway location.

3.34 The appraisals adopt a base build cost of £1,175 per sq. m for houses and £1,350 per sq. m for apartments. This cost is based on an objective cost

assessment for the construction of the hypothetical schemes. However, where sites may be of a scale that would attract interest from a national housebuilder, these costs have been reduced by 10% to reflect the scale of economy that such developers can typically achieve.

3.35 The 'Policy Layers' to be tested, as set out in Table 2.2, attract an additional cost allowance. The following additional costs attributed to the identified draft policies have been adopted:

- Policies CC1 & CC2: Additional £15 per sq. m on base build costs.
- Policy CC3: Additional £1,500 per dwelling.
- Policy T2: Additional £1,750 per dwelling.
- Policy T5: Additional £200 per bedroom.
- Policies HB1 & C1: Additional 4.5% of base build costs

3.36 The overall build costs could increase further should 'abnormal' costs arise and as such should be treated with caution. Where costs likely to be incurred exceed the estimated level, this could affect the ability of development schemes to support planning obligations and the adopted level of affordable housing. To mitigate the impact of unforeseen costs and cost inflation, the appraisals include a 5% build cost contingency.

3.37 Abnormal costs can impact on development viability. These costs can include such items as remediation of sites and the need for more extensive ground works to provide suitable foundations and flood attenuation works. However, for the purposes of this exercise, it is not possible to provide a reliable estimate of what these abnormal costs could be. In the absence of detailed site investigation, these assessments exclude any abnormal costs. In this instance, where an arbitrary allowance is included this could generate misleading results. However, it should be noted that BCIS costs do allow for a level of abnormal costs in regard to piling on sites with abnormal ground conditions etc, as such costs are often encountered on sites that form the basis of the BCIS data sample. Additionally, the appraisals undertaken for this exercise include a development contingency which will mitigate the impact of abnormal costs.

Infrastructure/Site Costs

3.38 In addition to the base build costs, an allowance has been made for infrastructure and site works. This figure has been applied at an average cost of 15% of base build costs. It should be noted however that such costs can vary from site to site depending on scheme layout, connectivity to existing services, site characteristics and ground conditions.

3.39 Where applicable, additional costs have been included to cover the provision of public open space and formal play areas (LEAP's), as per Policy C4 Formal play space provision.

3.40 It should be further noted that additional site costs are reflected in the policy testing, particularly the impact of Policies HB1, C1 and CC3, which are linked to creating a 'greater sense of place' and the provision of SuDS.

Professional Fees

- 3.41 In addition to construction costs, schemes will incur professional fees to allow for design, planning consultants, cost advice, engineering advice, highways consultancy, the cost of preparing and submitting the planning application and project management costs. To allow for this cost, the appraisals include a 10% allowance based on base build costs. Typically, professional fees can range between approximately 8% to 12% of build costs, depending on the complexity of the proposed development.
- 3.42 Also included is an allowance for site acquisition fees of 1% of the site acquisition price plus marketing and sales fees for the completed dwellings equivalent to 3% of the GDV plus legal fees of £750 per private dwelling. A fee of 0.5% of capital value is attributed to the transfer of the affordable homes to a Registered Provider.

S106 and CIL Costs

- 3.43 Each of the appraisals makes an allowance for the relevant adopted CIL contribution, as set out in the CIL Charging Schedule, ranging from £0 per sq. m to £125 per sq. m, depending on the location of the residential site in the district.
- 3.44 With regard to S106 contributions, information provided by Kent County Council indicates that the County would seek typical contributions of approximately £9,957 for each house and £2,716 for each flat built. This is to cover the cost of providing primary and secondary education as well as contributions towards social services, libraries, youth services and community services.
- 3.45 These figures have been applied to private market sale and affordable homes within these assessments.

Finance

- 3.46 The appraisals assume that development finance can be secured at a rate of 7%, inclusive of arrangement and exit fees, reflective of current funding conditions.

Profit

- 3.47 The developer's profit is typically associated with the perception of project risk. The greater the risk, the greater the required profit level, which is designed to off-set the risk of cost over-runs and unforeseen cost items. It should be noted that the minimum profit return required on a development scheme is not necessarily determined by the developer, but can be heavily influenced by the requirement of the lender.
- 3.48 For the purpose of undertaking this viability assessment the average acceptable profit level is adopted at 20% of private housing gross development value, reducing to 6% for the affordable housing. A lower return on the affordable housing is appropriate as there is limited sales risk on these units for the developer and the pre-sale of units to a Registered Provider can

result in early tiered payments being made to the developer, thereby improving cashflow throughout the overall development project.

Build and Sales Rates

- 3.49 The appraisals that inform the outputs of this viability assessment assume the following range of build rates:
- 1-5 units = 6 months
 - 6-11 units = 9 months
 - 11- 30 units = 12 months
 - 31-40 units = 18 months
 - 60-100 units = 21-24 months
 - 100-185 units = 24-30 months
 - 400 units = 60 months
- 3.50 The adopted sales rates vary depending on the scale of the development. It is anticipated smaller schemes of fewer than 40 dwellings may achieve an average sales rate of circa 2-3 units per month with larger scale developments achieving sales rates up to 4-5 units per month. It is also assumed that for larger schemes, developers will achieve sales on early phases while later phases remain under construction, thereby assisting developer cashflow.

Values

Market Sale Units

- 3.51 A review of sales evidence from new developments and re-sales within specific locations and across the district has resulted in the following average private residential sales values being adopted for the Key Sites:

Key Sites:

- £3,485 p/m² Rotunda and Marine Parade Car Parks, Folkestone
- £2,950 p/m² Former Gas Works, Ship Street, Folkestone
- £3,260 p/m² Affinity Water, Land at Cherry Garden Lane, Folkestone
- £3,700 p/m² Land East of Coolinge Lane, Sandgate, Folkestone
- £3,200 p/m² Smiths Medical Campus, Boundary Road, Hythe
- £3,600 p/m² Foxwood School & St Saviours Hospital, Seabrook Road, Hythe
- £2,950 p/m² Land West of Ashford Road, New Romney
- £2,950 p/m² Land to the South of New Romney
- £3,200 p/m² Land Adjacent Kent Battle of Britain Museum, Aerodrome Road, Hawkinge

- £3,300 p/m2 Former Lympne Airfield

Site Typologies:

- £3,600 p/m2 Elham CIL Zone D (Typology A, B and D)
- £3,500 p/m2 Folkestone CIL Zone C (Typology C)
- £2,800 p/m2 Folkestone CIL Zone A (Typology E)
- £2,950 p/m2 Romney Marsh CIL Zone B (Typology F)
- £2,950 p/m2 Folkestone CIL Zone B (Typology G)

3.52 It should be noted these values comprise an average believed to be achievable for a mix of houses and flats within each development scheme.

Affordable Housing Values

- 3.53 Affordable Housing values are based on a tenure split of 60% Affordable Rented and 40% Shared Ownership.
- 3.54 The Affordable Rents are based on a cap of the Local Housing Allowance (LHA) for the district as at the date of this report.
- 3.55 The Shared Ownership values are based on the assumed sale of 30% equity and annual rents applied to the remaining capital at up to 2.75% per annum. The appraisals do not allow for any staircasing. Where a higher equity sale is achieved and staircasing is anticipated to occur, this could result in a greater value attributable to the Shared Ownership units.
- 3.56 The 'blended' values for the Affordable Rented and Shared Ownership units has been adopted at the following rates:

Key Sites:

- £1,660 p/m2 Rotunda and Marine Parade Car Parks, Folkestone
- £1,500 p/m2 Former Gas Works, Ship Street, Folkestone
- £1,600 p/m2 Affinity Water, Land at Cherry Garden Lane, Folkestone
- £1,700 p/m2 Land East of Coolinge Lane, Sandgate, Folkestone
- £1,600 p/m2 Smiths Medical Campus, Boundary Road, Hythe
- £1,680 p/m2 Foxwood School and St Saviours Hospital, Seabrook Road, Hythe
- £1,500 p/m2 Land West of Ashford Road, New Romney
- £1,500 p/m2 Land to the South of New Romney
- £1,600 p/m2 Land Adjacent Kent Battle of Britain Museum, Aerodrome Road, Hawkinge
- £1,600 p/m2 Former Lympne Airfield

Site Typologies*:

- £1,840 p/m² Elham CIL Zone D (Typology B and D)
- £1,700 p/m² Folkestone CIL Zone C (Typology C)
- £1,500 p/m² Romney Marsh CIL Zone B (Typology F)
- £1,500 p/m² Folkestone CIL Zone B (Typology G)

**No Affordable Housing in Typologies A and E.*

- 3.57 It is acknowledged that the actual prices achievable for the affordable homes will vary between Registered Providers depending on their own business models and availability to finance and capital reserves. As such, the values stated in this report are generic and subject to change.

Self-Build and Custom-Build Plots

- 3.58 The Places and Policies Local Plan – Preferred Options sets out a specific policy relating to the provision of self-build and custom build housing. Policy HB6 requires that a proportion of plots within development schemes are offered to self-builders or as custom-build plots. The draft policy requires that all sites within the Folkestone and Hythe Urban Area over 40 dwellings should supply no less than 5% of dwelling plots for sale to those on the Council’s self-build and custom build register. For those sites within the North Downs and Romney Marsh Areas, the relevant trigger for 5% provision of plots for self-build/custom build, is sites delivering over 20 dwellings.
- 3.59 To test the impact of this policy on viability, separate appraisals have been run that considers the residual land value for the schemes, with and without this requirement.
- 3.60 With regard to the assumptions adopted for self-build/custom build, a cost of £30,000 has been included to provide a cleared and serviced plot. The assumed sale price reflects a proportion of 20% to 25% of the anticipated sale price for an equivalent completed 4 bedroom house on that scheme.
- 3.61 While the developer will receive a return on the sale of the plot, there is a risk that the full revenue likely to be generated from the sale of a completed unit will not be available to off-set other infrastructure costs, and as such could marginally impact on overall viability. However, this impact will need to be carefully considered by a developer on a site by site basis to ensure the asking prices for self-build plots does not fail to account for such costs that a self-builder would otherwise have incurred on a non-serviced plot.
- 3.62 In view of this approach, it is likely the sale of self-build plots will be a value-cost neutral exercise and should therefore have limited impact on the viability of residential development schemes.

4. APPRAISAL OUTPUTS

Introduction

- 4.1 The outputs from the viability assessments have been set out to demonstrate a cumulative impact of the different Policy Layers. The figures in the tables reflect the value per hectare and are ‘traffic light’ shaded appropriately to identify whether the value is exceeding or falling below the adopted land value benchmark. Green shading signifies a viable output and red indicates a non-viable output.

Summary of Key Site Appraisal Outputs

- 4.2 The Key Sites have been tested individually on the assumption that developments are constructed at the base build cost and assuming a 10% discount to reflect the potential economies that a large national housebuilder could achieve. The Key Sites are also tested on the basis of including a policy compliant number of self-build or custom-build plots, and excluding these self-build plots.
- 4.3 The approximate residual land values are set out in the following result tables, with land values in excess of £500,000 per hectare (gross) regarded as financially viable.
- 4.4 It should be noted that the site areas provided in this assessment are gross development areas. The price a developer would pay for a site will typically be based on the quantum of accommodation that can be built on the site and consequently this will be a reflection of the net developable area, which will exclude certain areas for community wide open space, protected areas and some areas set aside for SuDS, etc. The value per net developable area can only be assessed once a more detailed scheme has been designed. In this context, a viability threshold of £500,000 per hectare on a gross site area basis has been adopted at the current time.
- 4.5 Consequently, the residual land value figures reported in the tables below could be increased where non-developable land is excluded from the calculation. An example of this is the site known as Affinity Water located on Cherry Garden Lane in Folkestone. The gross site area is reported as 2.87 hectares. However, 1 hectare is to be set aside for public open space. As such, the estimated residual land value would reflect a value of £527,000 per ha on a gross area but increasing to £809,000 per ha on a net developable area basis, thereby reinforcing the opinion that the site is financially viable. Additionally, we note that the site plan for the Rotunda Car Park in Folkestone includes the steep embankment leading up to the Road of Remembrance. In reality, this area comprises around 50% of the total site area which could be undevelopable. This would reduce the gross site area of 1.02 hectares to a net developable area of circa 0.5 hectares but would increase the site value from £544,000 per hectare, to in excess of £1,000,000 per net developable hectare.

4.6 The Key Sites have also been assessed, where applicable, utilising an estimate of existing use value plus a premium to determine whether a site is financially viable. This information is contained in the individual Key Site Pro Formas attached at **Appendix A**. The existing use plus a premium appraisal are used to further corroborate whether each individual site is financially viable. This output has been taken into consideration in the shading adopted in the below tables.

Key Sites with Self-Build Plots at Base Build Costs

4.7 Table 3 below identifies the viability of the individual Key Sites cumulatively adding in additional policy from a base position set by the adopted Core Strategy (2013).

Table 3: Key Sites with Self-Build Plots at Base Build Costs

Places & Policies Local Plan, Shepway District Council							
Key Sites - Appraisal Summary - <u>Allowing for Self-Build Plots (Base Build Costs)</u>							
Viability Legend		Viability Benchmark: £500,000 / ha					
Financially non-viable							
Financially viable							
		Base Policy	CC1 & CC2	CC1, CC2 & CC3	CC1, CC2, CC3 & T2	CC1, CC2, CC3, T2 & T5	CC1, CC2, CC3, T2, T5 & HB1, C1
Site	Site Area (ha)	Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)
Rotunda Car Park, Folkestone	1.02	£1,023,529	£930,392	£930,392	£930,392	£906,863	£544,118
Marine Car Park, Folkestone	0.70	£918,571	£830,000	£830,000	£830,000	£807,143	£462,857
Former Gas Works, Ship Street, Folkestone	1.5	£1,050,000	£974,667	£884,667	£820,667	£793,333	£496,667
Affinity Water, Cherry Garden Lane, Folkestone	2.87	£730,314	£702,787	£670,035	£646,690	£636,585	£527,178
Land East of Cooling Lane, Sandgate	2.7	£1,066,667	£1,040,741	£1,010,741	£988,519	£979,259	£868,889
Smiths Medical Campus, Boundary Road, Hythe	3.2	£564,063	£535,313	£501,875	£477,813	£467,813	£355,625
Foxwood School, Hythe	6.3	£949,365	£922,381	£890,317	£867,619	£857,937	£749,683
St Saviours Hospital, Hythe (Flats in converted building)	1.14	£1,464,912	£1,427,193	£1,385,965	£1,343,860	£1,328,947	£1,190,351
Land West of Ashford Road, New Romney	3.22	£212,733	£191,304	£166,460	£148,447	£140,683	£39,130
Land to south of New Romney	22	£236,273	£215,545	£194,955	£178,727	£172,136	£96,182
Land adjacent to Kent Battle of Britain Museum, Aerodrome Road, Hawkinge	5.5	£494,364	£473,636	£449,273	£431,818	£424,364	£339,818
Former Lympne Airfield	7	£507,143	£486,571	£462,714	£445,286	£438,000	£354,857

- 4.8 As Table 3 identifies, five sites in the Urban Character Area are identified to be viable across all the policy layers, whilst the sites at Marine car park, and the former Gas Works in Folkestone are viable across the vast majority of the policy requirements. By contrast, a number of sites are failing to achieve a viable status once all proposed policy is applied. This includes the sites at New Romney together with land at Hawkinge and the former Lymington Airfield which are identified to be below the benchmark level of land value considered to be financially viable for this study.
- 4.9 It is important to recognise the analysis takes account of broad market conditions which vary across Shepway, with average achievable sale values starting from a low base point. The appraisals further include 30% affordable housing which can significantly impact on viability. Furthermore, and relevant to all tested scenario's, the assessments are based on gross site areas (see paragraph 4.5).

Key Sites with Self-Build Plots at Reduced Build Costs

- 4.10 Table 4 identifies the viability of the individual Key Sites, cumulatively adding in additional policy from the base set by the adopted Core Strategy (2013). The appraisals assume the developments will be undertaken by a national housebuilder which can secure improved economies of scale and reduced average build costs.

Table 4: Key Sites with Self-Build Plots at Reduced Build Costs

Places & Policies Local Plan, Shepway District Council							
Key Sites - Appraisal Summary - <u>Allowing for Self-Build Plots (Build Costs Reduced by 10%)</u>							
Viability Legend		Viability Benchmark: £500,000 / ha					
Financially non-viable							
Financially viable							
Site	Site Area (ha)	Base Policy	CC1 & CC2	CC1, CC2 & CC3	CC1, CC2, CC3 & T2	CC1, CC2, CC3, T2 & T5	CC1, CC2, CC3, T2, T5 & HB1, C1
		Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)
Rotunda Car Park, Folkestone	1.02	£1,991,176	£1,897,059	£1,897,059	£1,897,059	£1,873,529	£1,510,784
Marine Car Park, Folkestone	0.70	£1,835,714	£1,747,143	£1,747,143	£1,747,143	£1,724,286	£1,380,000
Former Gas Works, Ship Street, Folkestone	1.5	£1,763,333	£1,687,333	£1,598,000	£1,533,333	£1,506,000	£1,209,333
Affinity Water, Cherry Garden Lane, Folkestone	2.87	£990,244	£962,369	£929,965	£906,620	£896,516	£786,760
Land East of Coolinge Lane, Sandgate	2.7	£1,311,111	£1,285,185	£1,254,815	£1,232,963	£1,223,704	£1,112,963
Smiths Medical Campus, Boundary Road, Hythe	3.2	£831,563	£803,125	£769,688	£745,625	£735,625	£623,125
Foxwood School, Hythe	6.3	£1,203,492	£1,176,508	£1,144,444	£1,121,746	£1,112,063	£1,003,810
St Saviours Hospital, Hythe (Flats in converted building)	1.14	£1,799,123	£1,763,158	£1,722,807	£1,681,579	£1,667,544	£1,528,947
Land West of Ashford Road, New Romney	3.22	£411,801	£390,683	£365,839	£347,826	£340,062	£238,509
Land to south of New Romney	22	£432,682	£412,000	£391,364	£375,182	£368,591	£292,636
Land adjacent to Kent Battle of Britain Museum, Aerodrome Road, Hawkinge	5.5	£688,909	£668,364	£643,818	£626,364	£618,909	£534,545
Former Lympne Airfield	7	£698,857	£678,429	£654,571	£637,143	£629,857	£546,714

4.11 This assessment demonstrates that a reduction in build costs by 10% can improve viability significantly and indicates that the majority of the Key Sites are financially viable (above the benchmark land value) with all proposed planning policies applied, including the requirements of Policy HB6 related to self-build/custom build provision. However, the exceptions are the two sites at New Romney (Site Policy RM4 and RM5), where market evidence indicates that average sales values are towards the lower end of the value range identified in the district.

Key Sites without Self-Build Plots at Base Build Costs

- 4.12 Table 5 identifies the viability of the individual Key Sites, cumulatively adding in additional policy from a base set by the Core Strategy adopted in May 2013. These appraisals assume that the developments will be undertaken by a local or regional housebuilder at base build costs and that no self-build or custom-build plots will be provided (as required by qualifying sites under proposed Policy HB6).

Table 5: Key Sites with Base Costs and without Self-Build Plots

Places & Policies Local Plan, Shepway District Council							
Key Sites - Appraisal Summary - <u>No Self-Build Plots (Base Build Costs)</u>							
Viability Legend		Viability Benchmark: £500,000 / ha					
Financially non-viable							
Financially viable							
Site	Site Area (ha)	Base Policy	CC1 & CC2	CC1, CC2 & CC3	CC1, CC2, CC3 & T2	CC1, CC2, CC3, T2 & T5	CC1, CC2, CC3, T2, T5 & HB1, C1
		Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)
Rotunda Car Park, Folkestone	1.02	£1,023,529	£930,392	£930,392	£930,392	£906,863	£544,118
Marine Car Park, Folkestone	0.70	£918,571	£830,000	£830,000	£830,000	£807,143	£462,857
Former Gas Works, Ship Street, Folkestone	1.5	£1,114,000	£1,033,333	£944,000	£874,667	£847,333	£550,000
Affinity Water, Cherry Garden Lane, Folkestone	2.87	£780,139	£750,523	£717,770	£692,334	£682,230	£572,822
Land East of Coolinge Lane, Sandgate	2.7	£1,113,704	£1,086,667	£1,056,667	£1,033,333	£1,024,074	£913,704
Smiths Medical Campus, Boundary Road, Hythe	3.2	£595,625	£565,313	£531,563	£505,625	£495,625	£383,125
Foxwood School, Hythe	6.3	£998,254	£969,524	£937,460	£912,857	£903,175	£794,921
St Saviours Hospital, Hythe (Flats in converted building)	1.14	£1,464,912	£1,427,193	£1,385,965	£1,343,860	£1,328,947	£1,190,351
Land West of Ashford Road, New Romney	3.22	£219,255	£196,894	£171,739	£152,174	£144,720	£43,168
Land to south of New Romney	22	£247,318	£225,500	£204,773	£187,227	£180,636	£104,636
Land adjacent to Kent Battle of Britain Museum, Aerodrome Road, Hawkinge	5.5	£514,364	£492,364	£468,000	£449,091	£441,455	£357,091
Former Lympne Airfield	7	£521,143	£499,429	£475,429	£456,714	£449,429	£366,286

- 4.13 The outputs from this assessment should be compared directly with the outputs set out in Table 3. It remains that four sites identified in the New Romney and North Downs Character Areas are identified as raising viability concerns, particularly the two sites at New Romney (Sites RM4 and RM5) at

the base cost position, even without the policy requirement of Policy HB6 relating to self-build/custom build provision.

- 4.14 The assessments (summarised at Tables 3 and 5) indicate that the provision of self-build/custom build plots could impact on the viability of the proposed development of the Key Sites, although the overall actual impact on scheme viability is relatively minor.
- 4.15 These assessments assume that serviced plots will be marketed at a price equivalent to 20% of the market value of a completed 4 bedroom house, plus costs. Indicative sensitivity testing suggests that should the price of a self-build plot be increased to 25%+costs of the completed unit value, the impact of providing self-build plots is negligible.
- 4.16 However, where a volume house builder acquires a site, and is able to achieve greater cost efficiencies compared to a typical self-builder, there may be concern that it will be surrendering its ability to maximise its return and this could impact on overall viability and site value.
- 4.17 Notwithstanding this, it will be important for the Council to adopt a flexible approach to the implementation of Policy HB6. It is recognised that the policy, as currently drafted, contains a number of specific criteria which provide for flexibility, which include a marketing period (12 month) after which if there is no interest, then such plots will be considered for a return to open market housing.

Key Sites without Self-Build Plots at Reduced Build Costs

- 4.18 Table 6 identifies the viability of the individual Key Sites, cumulatively adding in additional policy from a base set by the Core Strategy adopted in May 2013. These appraisals assume that the developments will be undertaken by a national housebuilder which can benefit from improved economies of scale and reduced average build costs and that no self-build or custom build plots will be provided (as required by Policy HB6).

Table 6: Key Sites with Reduced Build costs and without Self-Build Plots

Places & Policies Local Plan, Shepway District Council							
Key Sites - Appraisal Summary - <u>No Self-Build Plots (Build Costs Reduced by 10%)</u>							
Viability Legend		Viability Benchmark: £500,000 / ha					
Financially non-viable							
Financially viable							
		Base Policy	CC1 & CC2	CC1, CC2 & CC3	CC1, CC2, CC3 & T2	CC1, CC2, CC3, T2 & T5	CC1, CC2, CC3, T2, T5 & HB1, C1
Site	Site Area (ha)	Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)
Rotunda Car Park, Folkestone	1.02	£1,991,176	£1,897,059	£1,897,059	£1,897,059	£1,873,529	£1,510,784
Marine Car Park, Folkestone	0.70	£1,835,714	£1,747,143	£1,747,143	£1,747,143	£1,724,286	£1,380,000
Former Gas Works, Ship Street, Folkestone	1.5	£1,870,000	£1,789,333	£1,700,000	£1,630,667	£1,603,333	£1,306,000
Affinity Water, Cherry Garden Lane, Folkestone	2.87	£1,058,188	£1,028,571	£995,819	£970,383	£960,279	£850,871
Land East of Cooling Lane, Sandgate	2.7	£1,367,407	£1,340,370	£1,310,370	£1,287,037	£1,277,778	£1,167,407
Smiths Medical Campus, Boundary Road, Hythe	3.2	£879,375	£849,063	£815,625	£789,688	£779,688	£667,188
Foxwood School, Hythe	6.3	£1,268,095	£1,239,365	£1,207,302	£1,182,698	£1,173,016	£1,064,762
St Saviours Hospital, Hythe (Flats in converted building)	1.14	£1,799,123	£1,763,158	£1,722,807	£1,681,579	£1,667,544	£1,528,947
Land West of Ashford Road, New Romney	3.22	£430,435	£407,764	£382,919	£363,354	£355,901	£254,037
Land to south of New Romney	22	£453,818	£432,000	£411,318	£393,773	£387,182	£311,182
Land adjacent to Kent Battle of Britain Museum, Aerodrome Road, Hawkinge	5.5	£720,545	£698,545	£674,182	£655,273	£647,818	£563,273
Former Lympne Airfield	7	£723,429	£701,857	£677,857	£659,143	£651,857	£568,571

4.19 The outputs from this assessment are commensurate with that identified in Table 4. This confirms that the vast majority of the Key Sites are considered to be viable. The only Key Sites identified to be below the land value benchmark relate to those in New Romney on land west of Ashford Road, and land to the south of New Romney (Policy RM4 and RM5).

4.20 In summary, the provision of self-build or custom build plots does not appear to impact on the overall viability of the Key Sites assessed in this study. For those sites identified to fall below the benchmark land value threshold under

the tested viability assessments, the impact of the draft Policy HB6 has no significant implication for these sites in viability terms.

Summary of Typology Outputs

- 4.21 The Site Typologies have been assessed on similar assumptions to that adopted for the Key Sites individual assessments (as summarised in Tables 3 – 6 above). However, with no specific sites identified, it has been necessary to estimate site area based on an assumed site density and proposed number of dwelling types for each typology.
- 4.22 A net developable area has been calculated based on the criteria set out in Table 7 below and the assumptions previously set out in paragraphs 3.26 to 3.28 of this report.

Table 7: Density calculations for Site Typologies

Site Type	Characteristics	Location / CIL	Number of Units	Housing Type	Density (Units per ha)	Net Developable Area (ha)
A	Rural greenfield	Elham CIL Zone D (£125/m ²)	5	Houses	30	0.17
B	Rural greenfield: 2 affordable dwellings	Elham CIL Zone D (£125/m ²)	11	Houses	40	0.28
C	Urban greenfield: 12 affordable dwellings	Folkestone CIL Zone C (£100/m ²)	40	Houses & Flats	55	0.73
D	Rural greenfield: 8 affordable dwellings: 2 self-build dwellings	Elham CIL Zone D (£125/m ²)	25	Houses	40	0.63
E	Urban previously developed	Folkestone CIL Zone A (£0/m ²)	10	Houses	40	0.25
F	Urban previously developed: 9 affordable dwellings: 2 self-build dwellings	Romney Marsh CIL Zone B (£50/m ²)	30	Houses & Flats	55	0.55
G	Urban previously developed: 8 affordable dwellings	Folkestone CIL Zone B (£50/m ²)	27	Houses & Flats	55	0.49

Site Typologies with Self-Build Plots at Base Build Costs

- 4.23 Table 8 below identifies the viability of the various Typology Sites, cumulatively adding in additional policy from a base set by the Core Strategy, as adopted in May 2013. Due to the limited scale of these proposed developments, the appraisals assume that the developments will be undertaken by a local or regional housebuilder at base build costs.

Table 8: Site Typologies with Base Costs and Self-Build Plots

Places & Policies Local Plan, Shepway District Council							
Site Typologies - Appraisal Summary - <u>Allowing for Self-Build Plots</u>							
Viability Legend		Viability Benchmark: £500,000 / ha					
Financially non-viable							
Financially viable							
Site Typology	Site Area (ha)	Base Policy	CC1 & CC2	CC1, CC2 & CC3	CC1, CC2, CC3 & T2	CC1, CC2, CC3, T2 & T5	CC1, CC2, CC3, T2, T5 & HB1, C1
		Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)
A: Rural greenfield	0.17	£3,036,000	£2,994,000	£2,958,000	£2,910,000	£2,886,000	£2,874,000
B: Rural greenfield: 2 affordable dwellings	0.28	£3,145,455	£3,090,909	£3,036,364	£2,974,545	£2,949,091	£2,930,909
C: Urban greenfield: 12 affordable dwellings	0.73	£2,107,875	£2,041,875	£1,964,875	£1,908,500	£1,883,750	£1,859,000
D: Rural greenfield: 8 affordable dwellings: 2 self-build dwellings	0.63	£2,544,000	£2,492,800	£2,438,400	£2,380,800	£2,358,400	£2,339,200
E: Urban previously developed	0.25	£1,872,000	£1,820,000	£1,764,000	£1,700,000	£1,680,000	£1,660,000
F: Urban previously developed: 9 affordable dwellings: 2 self-build dwellings	0.55	£771,833	£709,500	£632,500	£577,500	£555,500	£529,833
G: Urban previously developed: 8 affordable dwellings	0.49	£865,741	£798,519	£721,111	£662,037	£637,593	£611,111

- 4.24 As outlined in Table 8, all Site Typologies are considered to be financially viable. It should be noted that these developments are assumed to be built on efficient sites with minimal non-developable areas. As such, the £/ha values are seen to be relatively high in certain scenarios.
- 4.25 In summary, it is concluded that the emerging planning policies set out in the Places and Policies Local Plan – Preferred Options, do not negatively impact on the viability of the assessed Site Typologies.

Site Typologies without Self-Build Plots at Base Build Costs

- 4.26 Table 9 identifies the viability of the various Typology Sites, cumulatively adding in additional policy from a base set by the adopted Core Strategy. Given the limited scale of these proposed developments, the appraisals assume that the developments will be undertaken by a local or regional housebuilder at base build costs. However, in undertaking these

assessments, the requirement to include self-build plots (to accord with draft Policy HB6) in Typologies D and F have been excluded.

Table 9: Site Typologies with Base Costs and without Self-Build Plots

Places & Policies Local Plan, Shepway District Council							
Site Typologies - Appraisal Summary - <u>No Self-Build Plots</u>							
Viability Legend		Viability Benchmark: £500,000 / ha					
Financially non-viable							
Financially viable							
Site Typology	Site Area (ha)	Base Policy	CC1 & CC2	CC1, CC2 & CC3	CC1, CC2, CC3 & T2	CC1, CC2, CC3, T2 & T5	CC1, CC2, CC3, T2, T5 & HB1, C1
		Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)
A: Rural greenfield	0.17	£3,036,000	£2,994,000	£2,958,000	£2,910,000	£2,886,000	£2,874,000
B: Rural greenfield: 2 affordable dwellings	0.28	£3,145,455	£3,090,909	£3,036,364	£2,974,545	£2,949,091	£2,930,909
C: Urban greenfield: 12 affordable dwellings	0.73	£2,107,875	£2,041,875	£1,964,875	£1,908,500	£1,883,750	£1,859,000
D: Rural greenfield: 8 affordable dwellings: Nil self-build dwellings	0.63	£2,737,600	£2,681,600	£2,625,600	£2,563,200	£2,540,800	£2,523,200
E: Urban previously developed	0.25	£1,872,000	£1,820,000	£1,764,000	£1,700,000	£1,680,000	£1,660,000
F: Urban previously developed: 9 affordable dwellings: Nil self-build dwellings	0.55	£872,667	£804,833	£727,833	£667,333	£645,333	£619,667
G: Urban previously developed: 8 affordable dwellings	0.49	£865,741	£798,519	£721,111	£662,037	£637,593	£611,111

4.27 As can be identified, all Site Typologies under this scenario are considered to be financially viable. Comparing this directly with the outputs from Table 8, it can be seen that the £/ha site value is reduced where self-build plots are included. However, we would reiterate the comments made previously in this report that the council applies a flexible approach to the implementation of this policy while housebuilders ensure there is sufficient demand for specific types of self-build plots on their site and that the prices they can achieve will be cost-value neutral.

4.28 It is concluded however that the proposed planning policy, as set out in the Places and Policies Local Plan – Preferred Options, does not negatively impact on the ability for a developer to deliver these Site Typologies on a viable basis.

Sensitivity Testing

4.29 The property and development land market is subject to frequent changes and is heavily influenced by economic conditions. As such it is sensible to consider the influence of, and impact of potential changes to key variables

and undertake a series of sensitivity testing. For the purpose of these viability assessments, we have sought to test the impact of changes to sales values and construction costs and applied this to the Key Sites and Site Typologies (with self build provision in accordance with draft Policy HB6).

Key Sites with Self-Build Plots

4.30 Table 10 provides a summary of £/ha site values where the sales values have increased by 10% and build costs have increased by 5%.

Table 10: Key Sites with Self-Build Plots

Places & Policies Local Plan, Shepway District Council							
Key Sites - Appraisal Summary - <u>Allowing for Self-Build Plots (Base Build Costs)</u>							
Viability Legend		Viability Benchmark: £500,000 / ha					
Financially non-viable							
Financially viable							
Site	Site Area (ha)	Base Policy	CC1 & CC2	CC1, CC2 & CC3	CC1, CC2, CC3 & T2	CC1, CC2, CC3, T2 & T5	CC1, CC2, CC3, T2, T5 & HB1, C1
		Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)
Rotunda Car Park, Folkestone	1.02	£1,436,275	£1,343,137	£1,343,137	£1,343,137	£1,318,627	£955,882
Marine Car Park, Folkestone	0.70	£1,295,714	£1,207,143	£1,207,143	£1,207,143	£1,185,714	£840,000
Former Gas Works, Ship Street, Folkestone	1.5	£1,409,333	£1,333,333	£1,244,000	£1,180,000	£1,152,667	£855,333
Affinity Water, Cherry Garden Lane, Folkestone	2.87	£887,456	£859,930	£827,178	£803,833	£793,728	£684,321
Land East of Coolinge Lane, Sandgate	2.7	£1,257,037	£1,231,111	£1,201,111	£1,178,889	£1,169,630	£1,059,259
Smiths Medical Campus, Boundary Road, Hythe	3.2	£724,063	£695,625	£662,188	£638,438	£628,125	£515,938
Foxwood School, Hythe	6.3	£1,132,857	£1,105,714	£1,073,810	£1,051,111	£1,041,429	£933,175
St Saviours Hospital, Hythe (Flats in converted building)	1.14	£1,738,596	£1,701,754	£1,660,526	£1,617,544	£1,603,509	£1,464,912
Land West of Ashford Road, New Romney	3.22	£313,665	£292,236	£267,391	£249,379	£241,615	£140,062
Land to south of New Romney	22	£318,955	£298,227	£277,591	£261,409	£254,818	£178,818
Land adjacent to Kent Battle of Britain Museum, Aerodrome Road, Hawkinge	5.5	£608,364	£587,636	£563,273	£545,818	£538,364	£453,818
Former Lympe Airfield	7	£625,571	£605,143	£581,143	£563,714	£556,429	£473,286

4.31 This analysis indicates that should this scenario occur, the majority of the Key Sites are considered to be financially viable and deliverable. While the sites in New Romney remain non-viable, the sites at Hawkinge and Lympe appear

to be marginal with full policy applied but become viable where policies HB1 and C1 are scaled-back.

Site Typologies with Self-Build Plots

4.32 Table 11 provides a summary of £/ha site values where the sales values have increased by 10% and build costs have increased by 5%.

Table 11: Site Typologies with Self-Build Plots

Places & Policies Local Plan, Shepway District Council							
Site Typologies - Appraisal Summary - <u>Allowing for Self-Build Plots</u>							
Viability Legend		Viability Benchmark: £500,000 / ha					
Financially non-viable							
Financially viable							
Site Typology	Site Area (ha)	Base Policy	CC1 & CC2	CC1, CC2 & CC3	CC1, CC2, CC3 & T2	CC1, CC2, CC3, T2 & T5	CC1, CC2, CC3, T2, T5 & HB1, C1
		Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)	Land Value (£/ha)
A: Rural greenfield	0.17	£3,642,000	£3,594,000	£3,558,000	£2,910,000	£3,486,000	£3,474,000
B: Rural greenfield: 2 affordable dwellings	0.28	£3,727,273	£3,672,727	£3,618,182	£3,552,727	£3,530,909	£3,512,727
C: Urban greenfield: 12 affordable dwellings	0.73	£2,539,625	£2,470,875	£2,395,250	£2,337,500	£2,314,125	£2,289,375
D: Rural greenfield: 8 affordable dwellings: 2 self-build dwellings	0.63	£3,120,000	£3,070,400	£3,014,400	£2,956,800	£2,934,400	£2,916,800
E: Urban previously developed	0.25	£2,372,000	£2,320,000	£2,264,000	£2,200,000	£2,180,000	£2,160,000
F: Urban previously developed: 9 affordable dwellings: 2 self-build dwellings	0.55	£1,046,833	£982,667	£905,667	£852,500	£828,667	£804,833
G: Urban previously developed: 8 affordable dwellings	0.49	£1,199,815	£1,130,556	£1,053,148	£994,074	£969,630	£943,148

4.33 This analysis indicates that although the Site Typologies were already tested to be financially viable when applying base values and costs, the effect of the sensitivity testing scenario helps to increase land values, and further improves viability under this scenario.

5. CONCLUSIONS & RECOMMENDATIONS

Introduction

- 5.1 This study has sought to provide a high level viability assessment of specific Key Sites alongside a selection of site typologies which characterise proposed residential and residential led mixed use allocations set out in Part One of the Places and Policies Local Plan – Preferred Options (October 2013). It provides an assessment set within the context of national planning policy which is relevant to viability in plan making, and has had full regard to the requirements of the National Planning Policy Framework, together with the National Planning Policy Guidance.
- 5.2 At the fundamental level, the objective of the study has been to assess the viability implications of the emerging Plan with regard to the proposed site allocations for residential use, and local policy requirements for development, as contained in Part Two - Development Management Policies, of the Preferred Options publication. Taken together, this study helps to inform an understanding of the potential implications of emerging local plan policy for the viable development of residential sites in the district.
- 5.3 As outlined in Chapters 3 and 4, individual viability assessments have been undertaken for specific Key Sites together with an assessment of a range of generic Site Typologies. This exercise has helped to identify the potential implications of emerging local plan policy and associated requirements and standards for the viability of residential schemes, based on a range of development scenarios and policy ‘layers’. This has included the implications associated with draft Policy HB6 related to the provision of self-build/custom build housing on relevant sites.
- 5.4 This chapter draws the analyses together with summary conclusions and a series of recommendations for local planning policy.

Summary of Findings and Implications for Local Planning Policy

- 5.5 The key test contained in the NPPF is whether or not the cumulative impact of the policies and standards within the emerging Plan puts the Development Plan at serious risk. This viability assessment tests this position in relation to the emerging Places and Policies Local Plan for Shepway.
- 5.6 Furthermore, the viability appraisals set out in this study provide commentary to assist the Council in the ongoing preparation of the Places and Policies Local Plan. It should be reiterated that this assessment has only tested the impact of the emerging Plan. The policies of the adopted Shepway Core Strategy Local Plan (2013) and CIL Charging Schedule (2016) have not been re-tested and relevant adopted policies and CIL costs have been incorporated

into the base position for the purpose of viability testing of the Key Sites and Site Typologies.

Key Sites and Site Typologies

- 5.7 The high level viability testing in this study has identified that the majority of Key Sites and Site Typologies are considered to be financially viable (based on the adopted benchmark land value) where relevant emerging full local planning policy is applied. This is considered of particular relevance to the assessed Key Sites, which given their size, are considered to be of greatest development interest to the larger and/or national housebuilders that are well placed to deliver cost efficiencies and further improvements in scheme viability).
- 5.8 Notwithstanding this, whilst the majority of the Key Sites assessed are considered to be financially viable, the study has identified a number of draft Key Sites with viability concerns when tested across the various local policy scenarios. These include the following sites:
- **Marine Parade Car Park, Folkestone (Policy UA7):** Notwithstanding its seafront location, the viability assessments indicate that at base build costs, the residual land value is falling below the target benchmark. However, assessments further indicate that the application of greater cost efficiencies, typically available to a larger house builder, could improve viability to an acceptable level. Viability is also improved where sales values are assumed to increase beyond build cost inflation.
 - **Smith's Medical Campus, Hythe (Policy UA21):** The base assessment identifies that certain draft policies could impact upon viability of the site. These draft policies are typically related to the quality of design and materials. However, it is considered that where greater cost efficiencies can be achieved, it is anticipated such issues can be addressed without threatening scheme viability.
 - **Land West of Ashford Road, New Romney (Policy RM4):** The assessments consistently identify this site to present a viability issue. This is attributed to low achievable sales values, based on local market evidence. However, it is recognised that other developments are being delivered in the surrounding location indicating that the adoption of an appropriate design and density, alongside efficient build costs, could assist in the delivery of a housing scheme on this site.
 - **Land South of New Romney (Policy RM5):** As with the Policy RM4 site, the viability assessments consistently identify the site as being below the target viability benchmark. Key factors include low achievable sales values, infrastructure costs, and the extent of the realistic developable site area given the requirements of open space, playing fields, SuDS etc. However, improvements to future scheme viability can be secured through appropriate design, density and build cost efficiencies.
 - **Land Adjacent to Kent Battle of Britain Museum, Hawkinge (Policy ND4):** The assessments for this site indicate a viability concern where full costs are attributed. It is believed however that where cost efficiencies can

be implemented, the site will be deliverable (subject to appropriate site investigation given its former use as a military airfield).

- **Former Lympe Airfield (Policy ND8):** The assessments for this site indicate a viability concern where base costs are applied. However, should unit prices for the complete development increase, it is considered this would improve site viability and delivery. Equally, where greater cost efficiencies can be achieved, it is further considered that development of this site would be financially viable.

Development Management Policies

5.9 Alongside the viability testing of selected Key Sites and Site Typologies (as identified in Part One of the emerging Plan) which sought to assess the cumulative impact of the policies in the emerging Plan, a high level review of the draft policies set out in the Places and Policies Local Plan – Preferred Options has been undertaken. This has focused on the Development Management policies set out in Part Two of the Plan, to understand whether the emerging policies may have an impact on development viability, and whether there are draft policies which could be considered to be potentially onerous in viability terms.

5.10 Whilst many of the emerging Development Management policies have some impact on the costs of development, the majority have limited implications for scheme viability. Notwithstanding this, there are a number of draft policies, principally those related to standards and requirements for development, which by their nature, impact on development costs. It is important that viability considerations are fully understood and assessed at the time of a development proposal, and therefore it will be necessary for the Council to adopt a flexible implementation of policies, where appropriate, to ensure scheme viability and site delivery. A summary of relevant draft policies is provided below.

- **Policies HB1 (Quality Places Through Design) and C1 (Creating a Sense of Place)** are concerned with the promotion of high quality, well designed development schemes that offer a sense of place. Whilst the promotion of good design is a core objective of national and local planning guidance, additional costs can arise through enhanced hard and soft landscaping, public art and specific features. Whilst this is not specific to Shepway, this policy requirement has typically led to the greatest cost addition in the viability testing of this study.
- **Policy HB6 (Self-build/Custom Build Development)** requires developers to set aside a certain proportion of plots for self-builders, or for custom-build projects. As commented in Chapter 4, the requirements of the draft policy does not appear to impact on the overall viability of the assessed Key Sites (including those sites identified to fall below the benchmark land value threshold). In addition, the testing of this draft policy has identified that plot pricing within specific schemes will be a critical factor to determining viability. It is considered the provision of a cleared and serviced plot with outline planning permission in place should attract a premium from self-builders, and as such, could justify a pricing that permits at least a cost-value natural outcome. This position is confirmed

by discussions with developers that are already offering self-build plots, who indicate a relatively healthy interest in sites offered on this basis.

- **Policies CC1 (Reducing carbon emissions) and CC2 (Sustainable Construction)** are underpinned by climatic change considerations. The viability testing of this study has indicated that this will add a marginal cost increase to the base build cost. However, this requirement represents a core planning objective and was previously delivered through standards such as the Code for Sustainable Homes (Level 3 to 4 often being regarded as a benchmark).
- **Policy CC3 (SuDS)** relates to the provision of a suitable sustainable drainage and water management solution. While the implementation of SuDS can contribute a significant cost, the provision of SuDS represent a core sustainable objective for new development and provide wider scheme benefits beyond flood risk and drainage management, such as open space and place-making features.
- **Policy T2 (Residential Parking)** sets out various criteria, which amongst others, includes the requirement for a charging point for electric vehicles in every private car parking space. It is also noted that the Council's preferred car parking solution is to provide on-street parking in well designed streets. The cost of providing electric charging points has been estimated to cost around £1,750 per space and can therefore amount to a significant sum on larger schemes. Notwithstanding this, changes in government policy to promote electric vehicles are anticipated to drive greater cost efficiencies for recharging technology over time, and this cost could be expected to reduce.
- **Policy T5 (Cycle Parking)** requires that residential developments provide one secure parking space per bed space. It is envisaged that these will be located within the curtilage of a private dwelling or a communal facility for blocks of flats and sheltered accommodation. The provision of a covered and secure space can add cost to development, although this is considered to be relatively minor.

5.11 Whilst the above specific draft policies are considered to have implications of varying magnitude for the viability of potential residential allocation sites in Shepway, none of the policies are considered to threaten scheme viability.

5.12 A review of the viability implications of the draft policies set out in Part Two - Development Management Policies of the Plan is attached at **Appendix B**. Whilst no fundamental concerns have been identified, a number of comments are provided to assist the Council in its consideration of viability related matters for plan making.

Recommendations

5.13 In summary, it is concluded that the findings of the high level review of the cumulative impact of the policies within the Places and Policies Local Plan – Preferred Options do not threaten or put the emerging Development Plan at risk.

5.14 However, the study has identified the following recommendations:

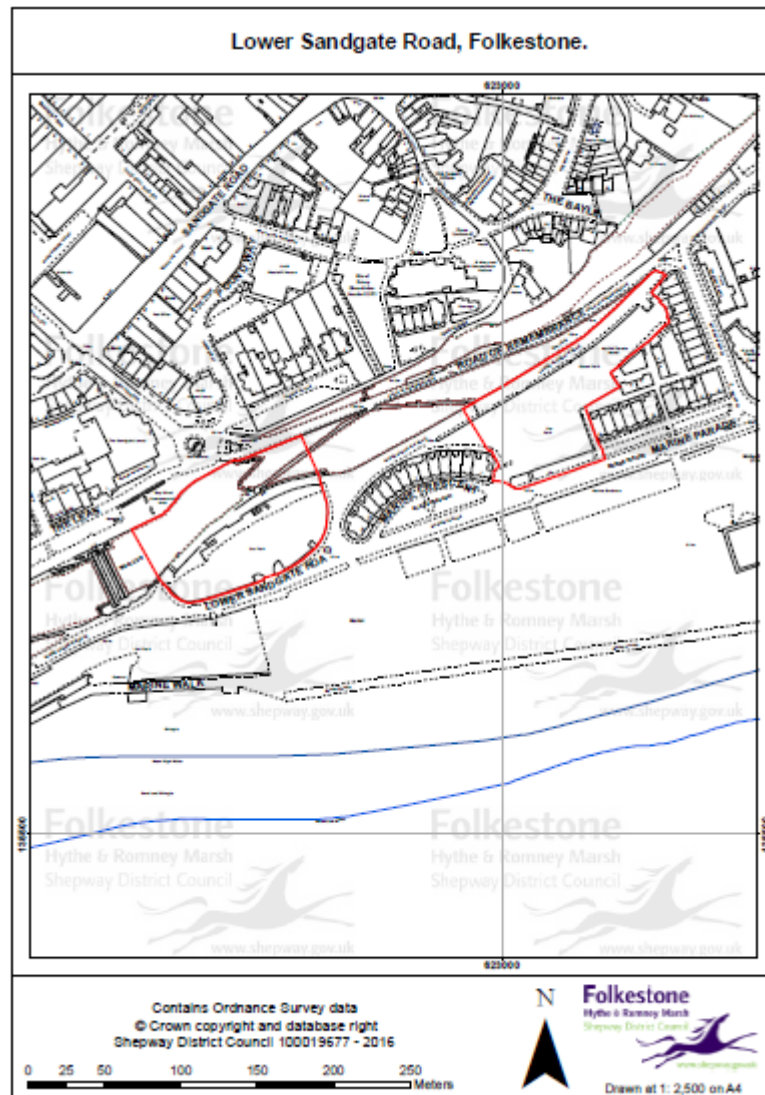
- **R1:** The high level viability testing has been undertaken to inform the plan-making process as opposed to detailed viability assessments of individual sites. As such, the sites have been assessed on the basis of a theoretical development scenario and do not benefit from site specific costs information which will vary on a case by case basis. This has obvious limitations. Where appropriate, the Council should allow for individual development viability assessments at the time a planning application is submitted, to ensure viability considerations are fully assessed, particularly for those sites, where in time, they may not be able to bear the full requirements of policy.
- **R2:** It is suggested the Council maintain the policies as drafted (subject to suggested comments in Appendix B).
- **R3:** Related to the above recommendation, a number of draft policies should ensure flexibility to address viability considerations. This is already recognised in draft Policy CC2 related to Sustainable Construction, which adopts a flexibility clause. It is considered that ‘subject to viability considerations’ could be incorporated to policy wording and supporting justification for certain policies (refer to Appendix B).
- **R4:** It is important that viability is monitored over time. The Council will need to ensure monitoring of development values and costs, where possible, and regular dialogue is maintained with the development industry to ensure updated understanding of market values and costs.

APPENDICES

APPENDIX A: KEY SITE PRO FORMAS

Rotunda Car Park, Lower Sandgate Road, Folkestone – Site Pro Forma

Site Plan (Red line site to west)



Site Area

Gross Area = 1.02 ha (2.5 acres)

Net Developable Area = 0.5 ha (1.25 acres) (estimate)

Description

The Rotunda Car Park extends east from the Leas Lift Funicular Railway and the Coastal Park to Marine Crescent to the west. The site's northern boundary currently forms the top of the cliff below Road of Remembrance (as identified on the plan above). The land is on a slightly elevated position from Lower Sandgate Road and slopes gently in a north to south direction.

Site Constraints:

The site is understood to be unconstrained by policy designations although the cliff/embankment that forms the northern half of the site is identified as protected open space. It is therefore believed that the Net Developable Area is approximately 50% of the site as identified by the red line plan above.

Rotunda Car Park, Lower Sandgate Road, Folkestone – Site Pro Forma

The site is situated within the Folkestone Conservation Area, is located in proximity to and adjoins a series of listed buildings, and is within an area of archaeological potential. Future development proposals will need to ensure these heritage considerations are fully addressed.

Site Planning Policy: Policy UA7

The Rotunda Car Park is allocated for residential development with an estimated capacity of 100 dwellings. Development proposals will be supported where:

1. The layout enhances the links between the town and the seafront by providing appropriate contributions to fund upgrades to the cliff paths (upgrading the slope access from the seafront site to Road of Remembrance to be step-free and provision of new or upgrades to existing pavement from Leas Cliff Hall to the Site).
2. The existing accesses are retained with new emergency access provided via Lower Sandgate Road.
3. The scheme preserves or enhances the character and setting of nearby Heritage Assets, including the Folkestone Conservation Area, the Area of Archaeological Interest and nearby Listed Buildings.
4. The archaeological potential of the land is properly considered and measures agreed to monitor and respond to any finds of interest.
5. A Flood Risk assessment is provided to establish any potential risk associated from the proximity to the Pent Stream.
6. Any potential contamination from earlier car parking uses is investigated and mitigated as part of the development proposal.
7. Contributions are made towards improvements in connectivity between the seafront and town centre, as required by policy CSD6.
8. Any net loss of open space should be provided in the immediate vicinity of the site.

Proposed Development for Viability Test Purposes

Assume 100 dwellings with following split:

Private Market Units:

- 1 bedroom flat = 46 units @ 51.5 sq. m
- 2 bedroom flat = 24 units @ 72 sq. m

Affordable Units (60/40 Rented/Shared Ownership):

- 1 bedroom flat = 20 units @ 51.5 sq. m
- 2 bedroom flat = 10 units @ 72 sq. m

The development does not assume this site will support the provision of any self-build or custom-build plots.

At least 20% of market housing should comply with at least Building Regulation part M4(2), or successor specification.

Viability Summary:

On the basis that the site currently comprises a 138 space public car park, the viability of any redevelopment of this site should be benchmarked against the Current Use Value.

On the basis this car park is described as 'poor quality and rarely used' it is assumed that the annual occupancy may be in the region of 30-40% across the year. It is assumed that each space may generate a revenue of approximately £4 per day. This would generate a gross annual income of circa £60,000 to

Rotunda Car Park, Lower Sandgate Road, Folkestone – Site Pro Forma

£81,000. Allowing for business rates and operating costs, it is estimated the net annual revenue could be in the order of £45,000 to £62,000. (These figures should be verified by the Council).

Applying an investment yield of between 6.5% and 8% would generate a Current Use Value of between £560,000 and £950,000.

For the purpose of this viability assessment the lower end of this range has been adopted, plus a premium of 20%, to calculate the benchmark land value that would indicate a financially viable development. This figure is therefore assumed to be in the order of £670,000.

Appraisal Results

Assuming Base Build Costs:

- Residual Land Value for the scheme: £555,000
- Value per hectare: £544,000 (Gross)
- Value per hectare: £1,110,000 (Net)

Assuming 10% Reduction on Base Build Costs (to reflect volume house builder):

- Residual Land Value for the scheme: £1,541,000
- Value per hectare: £1,510,000 (Gross)
- Value per hectare: £3,082,000 (Net)

In view of these assessments, where a major house builder is able to achieve greater cost efficiencies, it is perceived that this development site is **financially viable**.

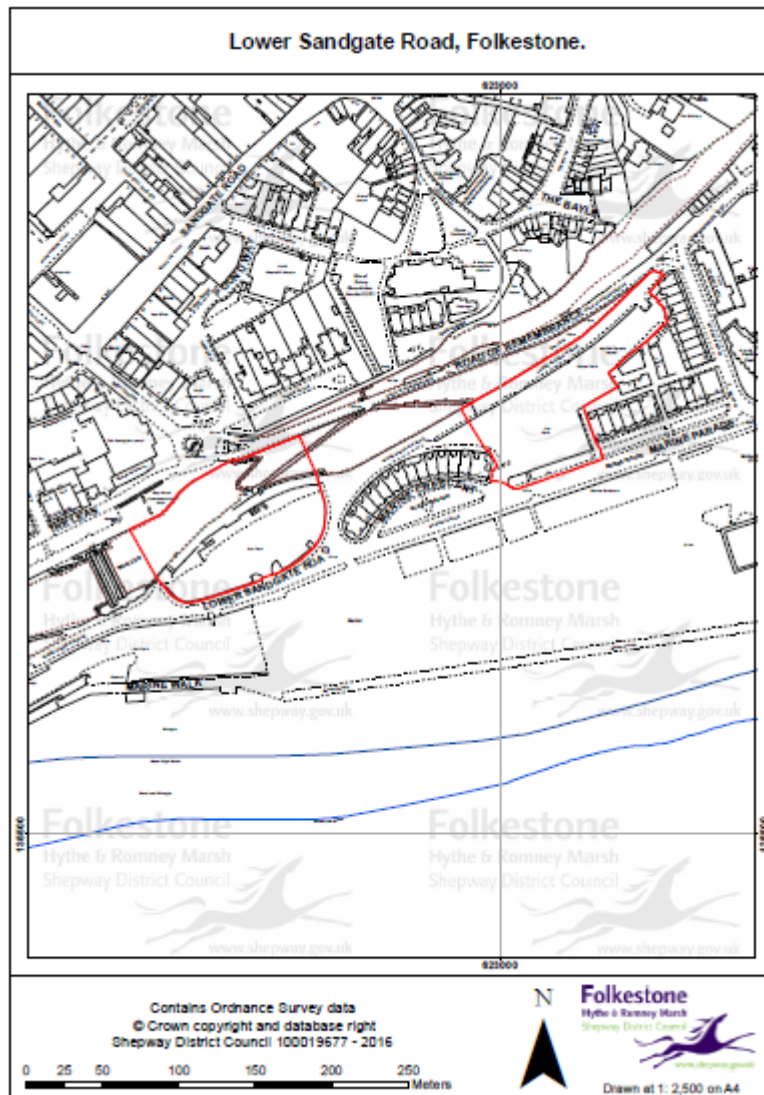
It should be noted that these appraisals omit any costs for site remediation, which if extensive would adversely impact on the viability of this development site.

It should also be noted that these schemes include a policy compliant provision of on-site affordable housing.

By their nature, Residual Land Value appraisals are highly sensitive to varying inputs. Should any costs or values adopted in these appraisals change, the output could vary significantly with regards to the site viability. It is recommended that more detailed viability appraisals are completed as and when the site is likely to come forward for development.

Marine Parade Car Park, Marine Parade, Folkestone – Site Pro Forma

Site Plan (Red line site to east)



Site Area

Gross Area = 0.7 ha (1.7 acres)

Description

The Marine Parade Car Park and Coach Park is situated between Marine Crescent fronting Marine Parade, extends behind properties in Marine Terrace and shares a northern boundary with Lower Sandgate Road. The site is flat and consists of hardstanding used for the parking of cars and coaches. Small areas of protected open space exist to the front (south) of the site.

Site Constraints

The site is understood to be unconstrained by policy designations although the Undercliff is identified as an area protected by Policy LR9.

Marine Parade Car Park, Marine Parade, Folkestone – Site Pro Forma

The site is situated within the Folkestone Conservation Area, is located in proximity to and adjoins a series of listed buildings, and is within an area of archaeological potential. Future development proposals will need to ensure these heritage considerations are fully addressed.

Site Planning Policy: Policy UA7

The Marine Car and Coach Park is allocated for residential development with an estimated capacity of 65 dwellings. Development proposals will be supported where:

1. The layout enhances the links between the town and the seafront by providing appropriate contributions to fund upgrades to the cliff paths (upgrading the slope access from the seafront site to Road of Remembrance to be step-free and provision of new or upgrades to existing pavement from Leas Cliff Hall to the Site).
2. The existing accesses are retained with new emergency access provided via Lower Sandgate Road.
3. The scheme preserves or enhances the character and setting of nearby Heritage Assets, including the Folkestone Conservation Area, the Area of Archaeological Interest and nearby Listed Buildings.
4. The archaeological potential of the land is properly considered and measures agreed to monitor and respond to any finds of interest.
5. A Flood Risk assessment is provided to establish any potential risk associated from the proximity to the Pent Stream.
6. Any potential contamination from earlier car parking uses is investigated and mitigated as part of the development proposal.
7. Contributions are made towards improvements in connectivity between the seafront and town centre, as required by policy CSD6.
8. Any net loss of open space should be provided in the immediate vicinity of the site.

Proposed Development for Viability Test Purposes

Assume 65 dwellings with following split:

Private Market Units:

- 1 bedroom flat = 30 units @ 51.5 sq. m
- 2 bedroom flat = 15 units @ 72 sq. m

Affordable Units (60/40 Rented/Shared Ownership):

- 1 bedroom flat = 13 units @ 51.5 sq. m
- 2 bedroom flat = 7 units @ 72 sq. m

The development does not assume this site will support the provision of any self-build or custom-build plots.

At least 20% of market housing should comply with at least Building Regulation part M4(2), or successor specification.

Viability Summary:

On the basis that the site currently comprises a 155 space car park, the viability of any redevelopment of this site should be benchmarked against the Current Use Value.

On the basis this car park is described as 'poor quality and rarely used' it is assumed that the annual occupancy may be in the region of 30-40% across the year. It is assumed that each space may generate a revenue of approximately £4 per day. This would generate a gross annual income of circa £68,000 to

Marine Parade Car Park, Marine Parade, Folkestone – Site Pro Forma

£91,000. Allowing for business rates and operating costs, it is estimated the net annual revenue could be in the order of £51,000 to £71,000. (These figures should be verified by the Council).

Applying an investment yield of between 6.5% and 8% would generate a Current Use Value of between £600,000 and £1,030,000 net of purchaser's costs.

For the purpose of this viability assessment, the lower end of this range has been adopted, plus a premium of 20%, to calculate the benchmark land value that would indicate a financially viable development. This figure is therefore assumed to be in the order of £720,000.

Appraisal Results

Assuming Base Build Costs:

- Residual Land Value for the scheme: £324,000
- Value per hectare: £462,000

Assuming 10% Reduction on Base Build Costs (to reflect volume house builder):

- Residual Land Value for the scheme: £966,000
- Value per hectare: £1,380,000

In view of these assessments, where a major house builder is able to achieve greater cost efficiencies, it is perceived that this development site is **financially viable**.

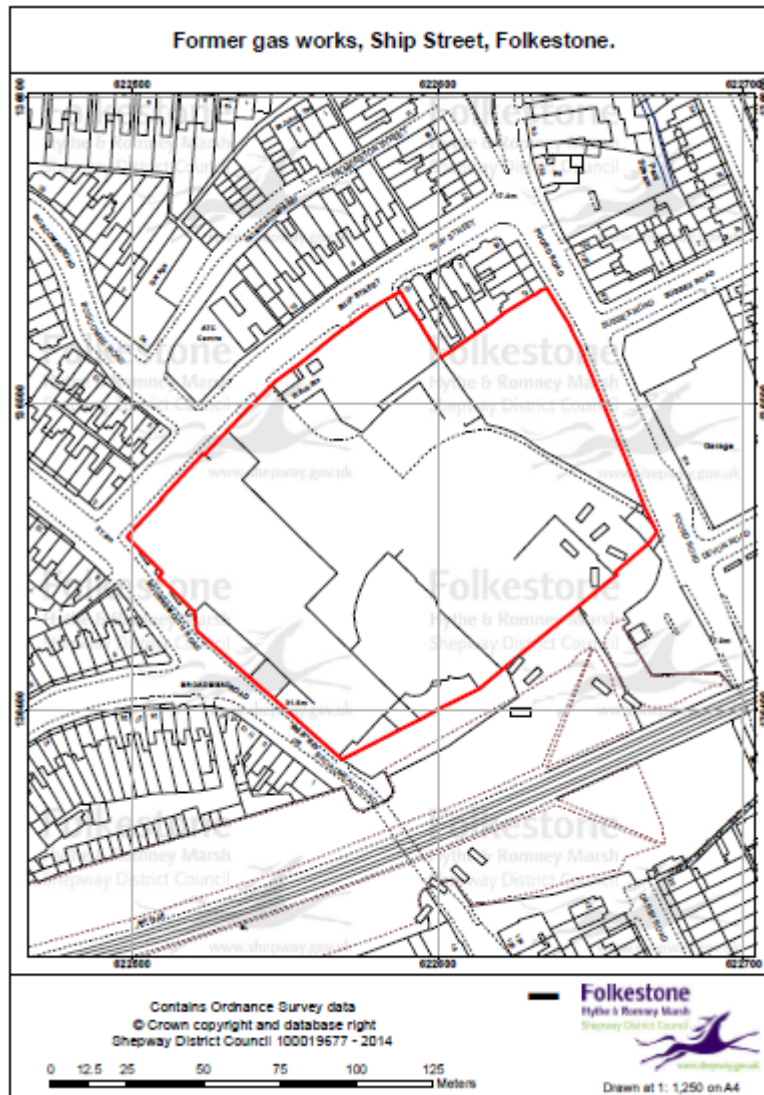
It should be noted that these appraisals omit any costs for site remediation, which if extensive would adversely impact on the viability of this development site.

It should also be noted that these schemes include a policy compliant provision of on-site affordable housing.

By their nature, Residual Land Value appraisals are highly sensitive to varying inputs. Should any costs or values adopted in these appraisals change, the output could vary significantly with regards to the site viability. It is recommended that more detailed viability appraisals are completed as and when the site is likely to come forward for development.

Former Gas Works, Ship Street, Folkestone – Site Pro Forma

Site Plan



Site Area

Gross Area = 1.5 ha (3.7 acres)

Description

The Former Gas Works on Ship Street is a redundant National Grid site surplus to requirements following decommission and is situated within an area of largely residential properties. The site currently consists of scrubland with almost all of the structures relating to the former use having been removed approximately 15 years ago. Beyond the southern boundary, there is a large group of trees that provide a natural buffer to the railway line and provide a green backdrop for a future re-use.

Site Constraints

The site rises from the bottom of Ship Street to the junction with Bournemouth Road, albeit this should not be a significant restriction to development. The relatively untouched nature of the site over the last decade will require a thorough up-to-date investigation of the wildlife potential of the site.

Former Gas Works, Ship Street, Folkestone – Site Pro Forma

It is understood that decontamination works have been undertaken on the site but there is still a need for a program of monitoring.

Flood risk will need to be investigated as a small part of the site falls within Flood Zone 3a. The site is located in close proximity to the Grade II listed railway viaduct, the setting of which will need to be taken into account with any future development scheme.

Site Planning Policy: Policy UA12

The site is allocated for residential development with an estimated capacity of 100 dwellings and public open space. Development proposals will be supported where:

1. Full ecological and arboricultural investigations are undertaken and adequate mitigation or protection measures identified where necessary.
2. The archaeological potential of the land is properly considered and measures agreed to monitor and respond to any finds of interest.
3. Contributions will be required to the offsite enhancements of the public open space and play at Radnor Park.
4. Appropriate and proportionate contributions are made to Doctors Surgery in Folkestone through a site specific S106 agreement.
5. The scale, design and layout of the development should seek to sustain and enhance the setting of the nearby Grade II Listed Railway Viaduct.
6. Any potential contamination from earlier uses is investigated and fully mitigated as part of the development.
7. The design approach utilises the special characteristics of the site to deliver a high quality and innovative urban development.
8. The development demonstrates how each property will benefit from acceptable private amenity space to meet the needs of occupants via innovative design and layout.
9. The development has at least 5 self / custom build plots on site.
10. The archaeological potential of the land is properly considered and measures agreed to monitor and respond to any finds of interest.

Proposed Development for Viability Test Purposes

Assume 100 dwellings with following split:

Private Market Units:

- 1 bedroom flat = 15 units @ 51.5 sq. m
- 2 bedroom flat = 4 units @ 72 sq. m
- 2 bedroom house = 14 units @ 81 sq. m
- 3 bedroom house = 21 units @ 95.5 sq. m
- 4+ bedroom house = 12 units @ 124 sq. m

Affordable Units (60/40 Rented/Shared Ownership):

- 1 bedroom flat = 8 units @ 51.5 sq. m
- 2 bedroom flat = 6 units @ 72 sq. m
- 2 bedroom house = 2 units @ 81 sq. m
- 3 bedroom house = 11 units @ 95.5 sq. m
- 4+ bedroom house = 2 units @ 124 sq. m

Former Gas Works, Ship Street, Folkestone – Site Pro Forma

The development allows for the inclusion of 5 self-build or custom-build plots. These are assumed to comprise 3 and 4 bedroom size units.

At least 20% of market housing should comply with at least Building Regulation part M4(2), or successor specification.

The proposed development includes a Locally Equipped Area for Play (LEAP).

Viability Summary

On the basis that the site has been cleared and is anticipated to be redeveloped for residential use, it would be anticipated that the land owner should expect to receive the prevailing residential land value for the site. While residential land values can vary substantially depending on the specific development proposal, market review evidence for this study indicates that residential land should achieve a value of at least £500,000 per ha.

To these viability assessments, a benchmark Residual Land Value of £500,000 per ha has been adopted as a minimum threshold to achieve to indicate whether a site is financially viable.

Appraisal Results

Assuming Base Build Costs with Self-Build Plots:

- Residual Land Value for the scheme: £745,000
- Value per hectare: £496,000

Assuming Base Build Costs without Self-Build Plots:

- Residual Land Value for the scheme: £825,000
- Value per hectare: £550,000

Assuming 10% Reduction on Base Build Costs (to reflect volume house builder) with Self-Build Plots:

- Residual Land Value for the scheme: £1,814,000
- Value per hectare: £1,209,000

Assuming 10% Reduction on Base Build Costs (to reflect volume house builder) without Self-Build Plots:

- Residual Land Value for the scheme: £1,959,000
- Value per hectare: £1,306,000

In view of these assessments, where a major house builder is able to achieve greater cost efficiencies, it is perceived that this development site is **financially viable**.

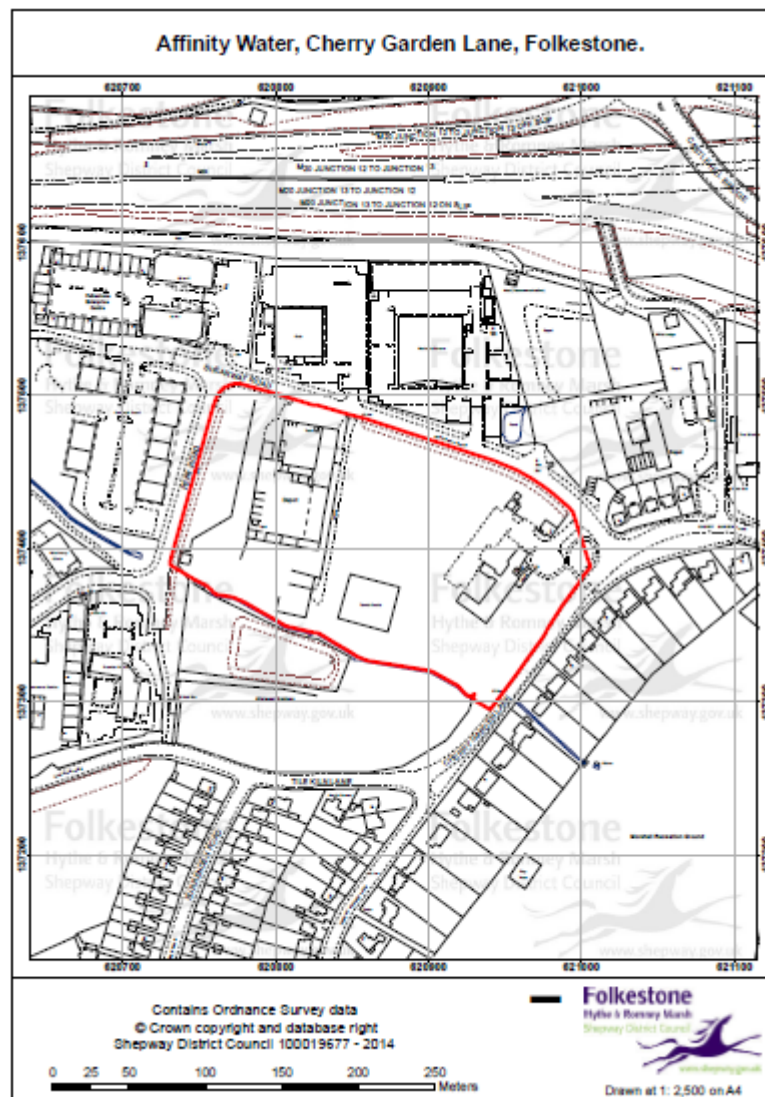
It should be noted that these appraisals omit any costs for additional site remediation, which if extensive would adversely impact on the viability of this development site.

It should also be noted that these schemes include a policy compliant provision of on-site affordable housing.

By their nature, Residual Land Value appraisals are highly sensitive to varying inputs. Should any costs or values adopted in these appraisals change, the output could vary significantly with regards to the site viability. It is recommended that more detailed viability appraisals are completed as and when the site is likely to come forward for development.

Affinity Water, Cherry Garden Lane, Folkestone

Site Plan



Site Area

Gross Area = 2.87 ha (7.09 acres)

Net Developable Area = 1.87 ha (4.62 acres) to allow for 1ha of public open space

Description

The site is rectangular and consists of very low-density employment use at present. To the west is a depot that consists of a small courtyard of single storey buildings with associated car parking. To the east are a small number of slightly larger two storey buildings. In between is a large extent of open green space and two private tennis courts. Along the eastern side of the open space there are a number of trees, one of which is protected by a Tree Preservation Order (TPO).

The southern boundary of the site is tree lined and provides a landscaped buffer to the allotment provision beyond. To the north is a Bannatynes Health Club and offices situated in Martello House. Shearway and Concept Court Business Parks are located to the west of the site.

Affinity Water, Cherry Garden Lane, Folkestone

Site Constraints

There are a number of trees along the eastern side, one of which is protected by a Tree Preservation Order (TPO). The site is understood to be largely free of environmental planning constraints, albeit a small area is in an area of Archaeological Potential and the site is located in a Source Protection Zone 1, a sensitive location from a groundwater protection perspective.

Site Planning Policy: Policy UA16

The site is allocated for residential development with an estimated capacity of 70 dwellings and an area of public open space of approximately 1 ha in size. Development proposals will be supported where:

1. The proposal forms part of a wider strategy showing how the existing facilities will be re-provided within the area north of Shearway Road.
2. A masterplan of the whole site is provided that demonstrates a comprehensive approach to development.
3. A new footway is provided along the southern edge of Shearway Road.
4. The line of trees along the southern boundary and the tree with the TPO are retained and protected for its amenity value.
5. The archaeological potential of the land is properly considered and measures agreed to monitor and respond to any finds of interest.
6. The public open space includes publicly accessible on-site play equipment and appropriate planting.
7. The development has at least 4 self / custom build plots on site.

Proposed Development for Viability Test Purposes

Assume 70 dwellings with following split:

Private Market Units:

- 1 bedroom flat = 11 units @ 51.5 sq. m
- 2 bedroom flat = 3 units @ 72 sq. m
- 2 bedroom house = 8 units @ 81 sq. m
- 3 bedroom house = 16 units @ 95.5 sq. m
- 4+ bedroom house = 8 units @ 124 sq. m

Affordable Units (60/40 Rented/Shared Ownership):

- 1 bedroom flat = 5 units @ 51.5 sq. m
- 2 bedroom flat = 4 units @ 72 sq. m
- 2 bedroom house = 2 units @ 81 sq. m
- 3 bedroom house = 7 units @ 95.5 sq. m
- 4+ bedroom house = 2 units @ 124 sq. m

The development allows for the inclusion of 4 self-built or custom-build plots. These are assumed to comprise 3 and 4 bedroom size units.

At least 20% of market housing should comply with at least Building Regulation part M4(2), or successor specification.

The proposed development includes a Locally Equipped Area for Play (LEAP).

Affinity Water, Cherry Garden Lane, Folkestone

Viability Summary

On the basis that the site is currently used for a combination of offices and workshop space, the viability of any redevelopment of this site should be benchmarked against the Current Use Value. However, it has not been possible to obtain details of the existing buildings and as a site owned by a utility company, the non-domestic rating valuation is held as part of a central list and does not provide information of floor areas. In view of this, the study has adopted a benchmark based on broad residential land values for this location.

It is estimated that a development scheme should achieve a residual land valuation equivalent to £500,000 to £750,000 per hectare to be deemed financially viable. This would generate an overall site value of between £1,450,000 and £2,150,000.

Appraisal Results

Assuming Base Build Costs with Self-Build Plots:

- Residual Land Value for the scheme: £1,513,000
- Value per hectare: £527,000 (Gross)
- Value per hectare: £809,000 (Net)

Assuming Base Build Costs without Self-Build Plots:

- Residual Land Value for the scheme: £1,644,000
- Value per hectare: £572,000 (Gross)
- Value per hectare: £879,000 (Net)

Assuming 10% Reduction on Base Build Costs (to reflect volume house builder) with Self-Build Plots:

- Residual Land Value for the scheme: £2,258,000
- Value per hectare: £786,000 (Gross)
- Value per hectare: £1,207,000 (Net)

Assuming 10% Reduction on Base Build Costs (to reflect volume house builder) without Self-Build Plots:

- Residual Land Value for the scheme: £2,442,000
- Value per hectare: £850,000 (Gross)
- Value per hectare: £1,305,000 (Net)

In view of these assessments, where a major house builder is able to achieve greater cost efficiencies, it is perceived that this development site is **financially viable**.

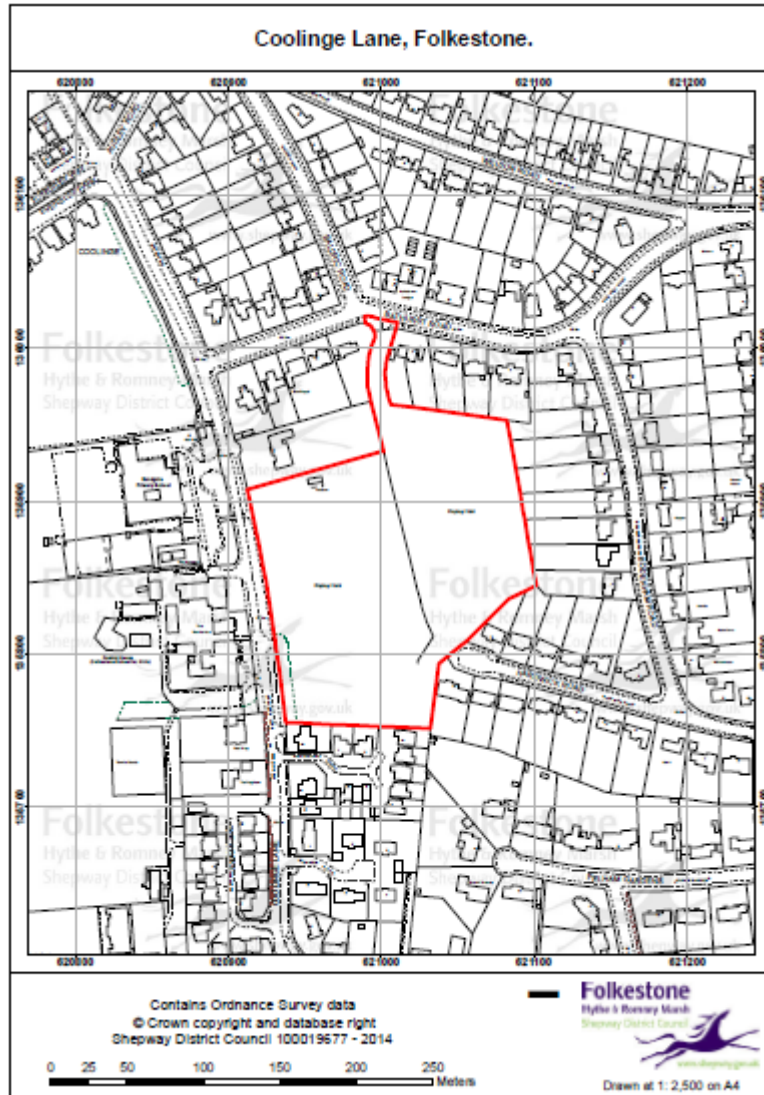
It should be noted that these appraisals omit any costs for site remediation, which if extensive would adversely impact on the viability of this development site.

It should also be noted that these schemes include a policy compliant provision of on-site affordable housing.

By their nature, Residual Land Value appraisals are highly sensitive to varying inputs. Should any costs or values adopted in these appraisals change, the output could vary significantly with regards to the site viability. It is recommended that more detailed viability appraisals are completed as and when the site is likely to come forward for development.

Land East of Cooling Lane, Sandgate, Folkestone – Site Pro Forma

Site Plan



Site Area

Gross Area = 2.7 ha (6.7 acres)

Description

The site is a broadly square parcel of approximately 2.7 ha of undeveloped land. It consists of two former sports pitches divided by a linear group of mature trees. It is surrounded by built development on all sides, with the north, east and south boundaries all abutting residential properties. The western boundary is formed by Cooling Lane beyond which is Sandgate Primary School and The Folkestone School for Girls, both of which benefit from their own dedicated sports and recreational provision. The wider area is largely characterised of traditional designed two storey detached family homes.

Site Constraints

The site is largely unrestricted. However, the western site boundary is located within close proximity of Penfold House, a Grade II Listed Building.

Land East of Coolinge Lane, Sandgate, Folkestone – Site Pro Forma

It is considered the mature tree belt should be retained given its role in providing separation between the two parts of the site.

Site Planning Policy: Policy UA18

The site is allocated for residential development with an estimated capacity of up to 60 dwellings and approximately 1.2 ha of retained publicly accessible open space. Development proposals will be supported where:

1. An area of publicly accessible open space to incorporate natural play, planting, including edible planting and high quality landscaping is provided.
2. Access is provided from both Coolinge Lane and either Bathurst or Hardwick Road, with improved cycle and pedestrian connectivity provided from the site to the surrounding area.
3. The design of the development ensures that the setting of the nearby Penfold House Folkestone School for Girls Grade II Listed Building is sustained and enhanced.
4. The development has at least 2 self / custom build plots on site 5. The mature tree belt across the site is retained and enhanced.
5. Existing trees and hedgerows around perimeter of site are retained and enhanced.
6. The ecological potential of the site is fully investigated and mitigated (where necessary) as part of the application proposal.
7. The archaeological potential of the land is properly considered and measures agreed to monitor and respond to any finds of interest.
8. Proposals include either:
 - a. A strategy to mitigate the loss of playing pitch provision either as a like for like replacement elsewhere, on site provision or via the upgrade of existing off site facilities; or
 - b. It adequately demonstrated that there is an over provision of playing pitches in the local area and that there would not be a detrimental impact on pitch provision because of the loss of these pitches.

Proposed Development for Viability Test Purposes

Assume 60 dwellings with following split:

Private Market Units:

- 1 bedroom flat = 9 units @ 51.5 sq. m
- 2 bedroom flat = 2 units @ 72 sq. m
- 2 bedroom house = 7 units @ 81 sq. m
- 3 bedroom house = 14 units @ 95.5 sq. m
- 4+ bedroom house = 8 units @ 124 sq. m

Affordable Units (60/40 Rented/Shared Ownership):

- 1 bedroom flat = 5 units @ 51.5 sq. m
- 2 bedroom flat = 4 units @ 72 sq. m
- 2 bedroom house = 2 units @ 81 sq. m
- 3 bedroom house = 6 units @ 95.5 sq. m
- 4+ bedroom house = 1 units @ 124 sq. m

The development allows for the inclusion of 2 self-build or custom-build plots. These are assumed to comprise 3 and 4 bedroom size units.

Land East of Coolinge Lane, Sandgate, Folkestone – Site Pro Forma

At least 20% of market housing should comply with at least Building Regulation part M4(2), or successor specification.

The proposed development includes a Locally Equipped Area for Play (LEAP).

Viability Summary

On the basis that the site comprises a former playing field and is anticipated to be redeveloped for residential use, it would be anticipated that the land owner should expect to receive the prevailing residential land value for the site. While residential land values can vary substantially depending on the specific development proposal, evidence from the study market review indicates that residential land should achieve a value of at least £500,000 per ha.

However, given the nature and location of this site, we would expect competition from developers to be high and for the purpose of these viability assessments, a benchmark Residual Land Value of £750,000 per ha has been adopted as a minimum threshold to achieve to indicate whether a site is financially viable.

Appraisal Results

Assuming Base Build Costs with Self-Build Plots:

- Residual Land Value for the scheme: £2,346,000
- Value per hectare: £868,000

Assuming Base Build Costs without Self-Build Plots:

- Residual Land Value for the scheme: £2,467,000
- Value per hectare: £913,000

Assuming 10% Reduction on Base Build Costs (to reflect volume house builder) with Self-Build Plots:

- Residual Land Value for the scheme: £3,005,000
- Value per hectare: £1,112,000

Assuming 10% Reduction on Base Build Costs (to reflect volume house builder) without Self-Build Plots:

- Residual Land Value for the scheme: £3,152,000
- Value per hectare: £1,167,000

In view of these assessments, it is perceived that this development site is **financially viable**.

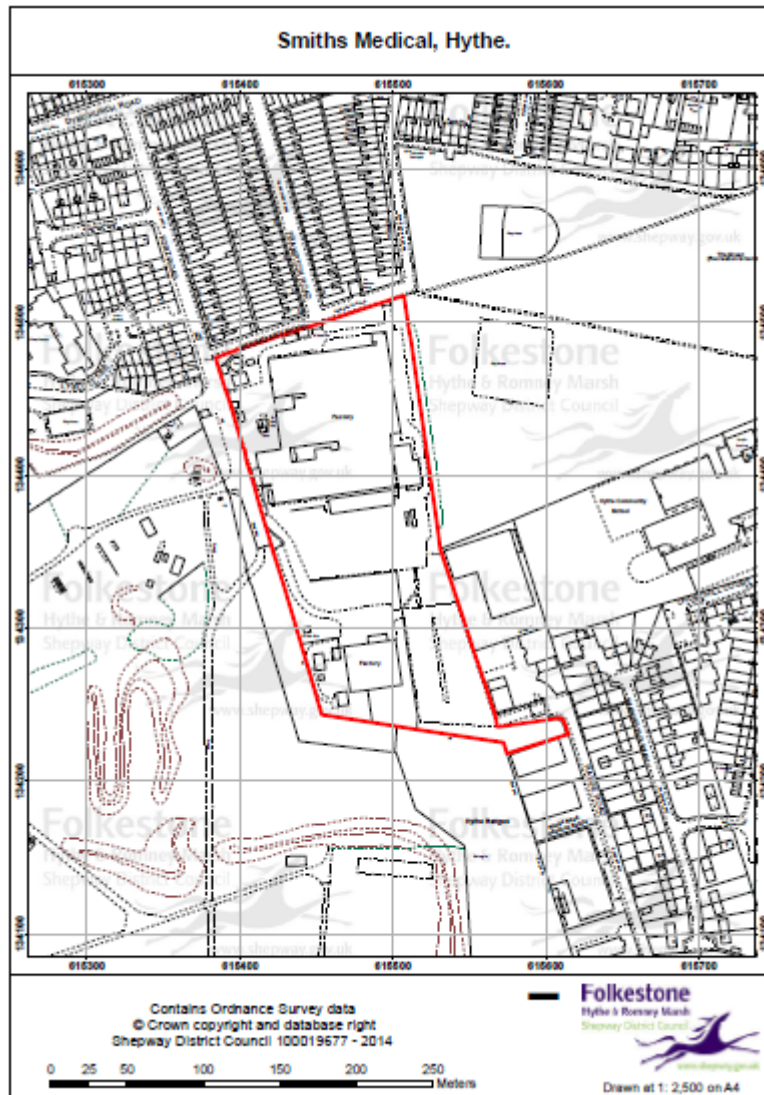
It should be noted that these appraisals omit any costs for site remediation, which although is unlikely for this site, if extensive would adversely impact on the viability of this development site.

It should also be noted that these schemes include a policy compliant provision of on-site affordable housing.

By their nature, Residual Land Value appraisals are highly sensitive to varying inputs. Should any costs or values adopted in these appraisals change, the output could vary significantly with regards to the site viability. It is recommended that more detailed viability appraisals are completed as and when the site is likely to come forward for development.

Smiths Medical Campus, Boundary Road, Hythe – Site Pro Forma

Site Plan



Site Area

Gross Area = 3.2 ha (7.9 acres)

Description

Smiths Medical is a Class B1 and B2 commercial facility located on Boundary Road, Hythe. The site is comprised of a number of different industrial uses and buildings. The main facilities are predominantly located at the northern extent of the site, typically of single storey warehouses with a number of two-storey office elements.

To the south of the main campus is a more modern factory building and car park, which has a gated access from Fort Road. To the north of the site are established residential roads (Ford Road, Frampton Road and Nicholas Road) which are characterised by predominantly Victorian/ Edwardian two-storey terraced houses. To the east is Hythe Green, a large recreation ground that contains both children's play facilities and a multi-use games area, whilst to the south and west is Ministry of Defence land in use as firing ranges (Hythe Ranges).

Smiths Medical Campus, Boundary Road, Hythe – Site Pro Forma

Site Constraints

In respect of environmental constraints, the site is located within Flood Risk 3 (Coastal Flooding). However, the higher section of the site (southern) is identified as being at lower risk of flooding in the Strategic Flood Risk Assessment.

Site Planning Policy: Policy UA21

The site is allocated for mixed residential development with an estimated capacity of approximately 80 dwellings and Commercial use B1/B8. Development proposals will be supported where:

1. The design and layout of the whole site should provide vehicular access for residential and business development from Fort Road with an additional new relief road connection to Range Road. No vehicular access should be from Boundary Road.
2. Retention of the established factory unit and car park located at the southern end of the site.
3. The archaeological potential of the land is properly considered and measures agreed to monitor and respond to any finds of interest.
4. Any potential contamination from former use is investigated and appropriately mitigated as part of the development.
5. Ecological investigations are undertaken adequate mitigation measures identified (if necessary) to ensure development does not have an adverse impact upon the Hythe Ranges Local Wildlife Site.
6. The development has at least 4 self / custom build plots on site.

Proposed Development:

Assume 80 dwellings with following split:

Private Market Units:

- 1 bedroom flat = 13 units @ 51.5 sq. m
- 2 bedroom flat = 3 units @ 72 sq. m
- 2 bedroom house = 8 units @ 81 sq. m
- 3 bedroom house = 19 units @ 95.5 sq. m
- 4+ bedroom house = 10 units @ 124 sq. m

Affordable Units (60/40 Rented/Shared Ownership):

- 1 bedroom flat = 6 units @ 51.5 sq. m
- 2 bedroom flat = 5 units @ 72 sq. m
- 2 bedroom house = 3 units @ 81 sq. m
- 3 bedroom house = 8 units @ 95.5 sq. m
- 4+ bedroom house = 1 units @ 124 sq. m

The development allows for the inclusion of 4 self-build or custom-build plots. These are assumed to comprise 3 and 4 bedroom size units.

At least 20% of market housing should comply with at least Building Regulation part M4(2), or successor specification.

The proposed development includes a Locally Equipped Area for Play (LEAP).

Smiths Medical Campus, Boundary Road, Hythe – Site Pro Forma

Viability Summary

It is estimated that the current use value of the premises is in the order of £1,300,000 to £1,500,000 based on its rateable value and assuming an investment yield of 12% to 14% would be sought by an investor. A high yield has been adopted based on the low likelihood of finding an alternative occupier for this premises in its current condition and configuration. Assuming a premium of 20% would be sought from the land owner to release the site, it is estimated that a minimum residual land value of £1,560,000 would be necessary.

Appraisal Results

Assuming Base Build Costs with Self-Build Plots:

- Residual Land Value for the scheme: £1,138,000
- Value per hectare: £356,000

Assuming Base Build Costs without Self-Build Plots:

- Residual Land Value for the scheme: £1,226,000
- Value per hectare: £383,000

Assuming 10% Reduction on Base Build Costs (to reflect volume house builder) with Self-Build Plots:

- Residual Land Value for the scheme: £1,994,000
- Value per hectare: £623,000

Assuming 10% Reduction on Base Build Costs (to reflect volume house builder) without Self-Build Plots:

- Residual Land Value for the scheme: £2,135,000
- Value per hectare: £667,000

In view of these assessments, where a major house builder is able to achieve greater cost efficiencies, it is perceived that this development site is **financially viable**.

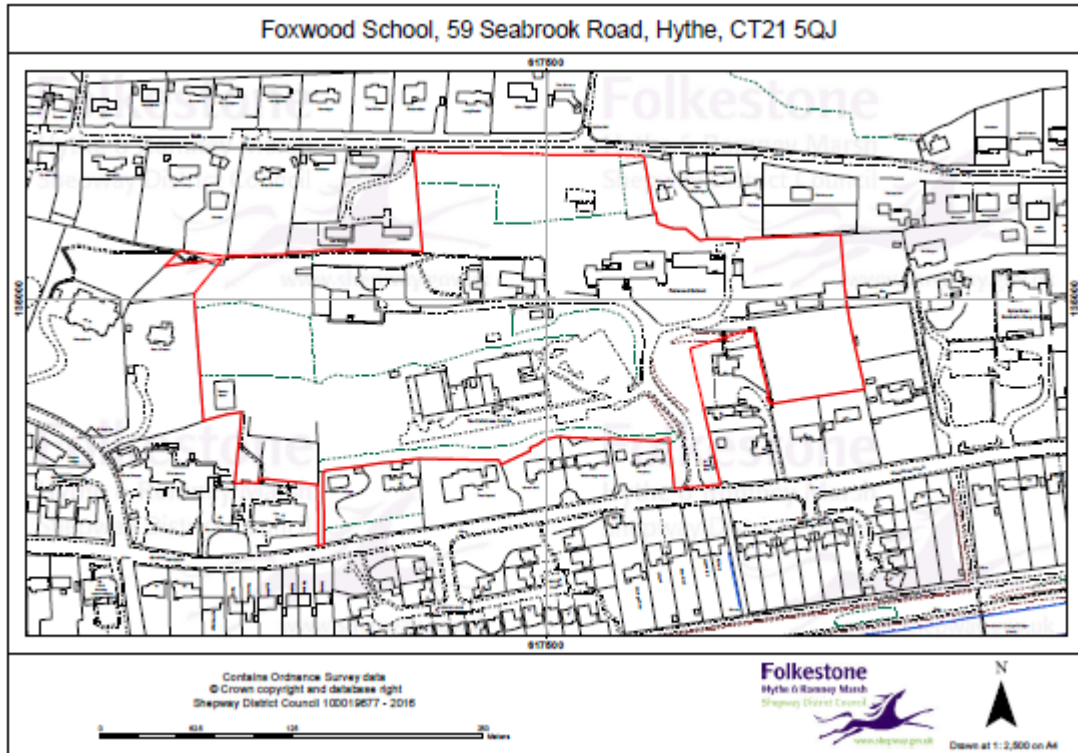
It should be noted that these appraisals omit any costs for site remediation, which if extensive would adversely impact on the viability of this development site.

It should also be noted that these schemes include a policy compliant provision of on-site affordable housing.

By their nature, Residual Land Value appraisals are highly sensitive to varying inputs. Should any costs or values adopted in these appraisals change, the output could vary significantly with regards to the site viability. It is recommended that more detailed viability appraisals are completed as and when the site is likely to come forward for development.

Foxwood School, Seabrook Road, Hythe – Site Pro Forma

Site Plan



Site Area

Gross Area = 6.3 ha (15.5 acres)

Description

Foxwood School (now closed) sits on a large plot fronting Seabrook Road. Due to the nature of the street and the significant rising topography, the built form of the site is located at a higher level to that of the street.

There are approximately eight buildings spread across the site in two distinct parcels. These buildings vary from traditional pitched roof school buildings to more modern flat roof facilities. The site also benefits from a well-established tree lined driveway.

Site Constraints

There are Tree Preservation Orders that apply to the site. The site is located immediately south of the Kent Downs Area of Outstanding Natural Beauty, a landscape of national importance. The site is within an Area of Special Character and are prominent on the hillside. The site is also located near the Royal Military Canal, a Scheduled Monument and Local Wildlife Site.

Site Planning Policy: Policy UA24

Foxwood School is allocated for a landscape led residential development with an estimated capacity of approximately 150 dwellings. Development proposals will be supported where:

1. The design proposals are genuinely landscape led to take account of the environmental and topographical features of the sites and to ensure important long and short distance views are retained

Foxwood School, Seabrook Road, Hythe – Site Pro Forma

and the proposal preserves the character and setting of the Kent Downs Area of Outstanding Natural Beauty, the Area of Special Character and the Local Wildlife Site.

2. The design of the development should seek to enhance the setting of the nearby Grade II Listed Building The Black Cottage and Scheduled Monument the Royal Military Canal.
3. An appropriate mix of housing and/or apartments is provided that respects the constraints of the sites.
4. The archaeological potential of the land is properly considered and measures are agreed to monitor and respond to any finds of interest.
5. Access is derived from Seabrook Road with no vehicular access via Cliff Road.
6. Ecological and arboricultural investigations are undertaken and adequate mitigation measures identified to ensure development does not have an adverse impact upon protected trees or wider established habitats.
7. The provision of open space and children's play space being provided and a management company is established for its long term maintenance.
8. The Foxwood School site has at least 6-8 self / custom build plots on site.
9. The Dutch House (71 Seabrook Road) must be retained and incorporated in to any design.

Proposed Development for Viability Test Purposes

Assume 150 dwellings with following split:

Private Market Units:

- 1 bedroom flat = 24 units @ 51.5 sq. m
- 2 bedroom flat = 6 units @ 72 sq. m
- 2 bedroom house = 17 units @ 81 sq. m
- 3 bedroom house = 35 units @ 95.5 sq. m
- 4+ bedroom house = 17 units @ 124 sq. m

Affordable Units (60/40 Rented/Shared Ownership):

- 1 bedroom flat = 11 units @ 51.5 sq. m
- 2 bedroom flat = 9 units @ 72 sq. m
- 2 bedroom house = 4 units @ 81 sq. m
- 3 bedroom house = 15 units @ 95.5 sq. m
- 4+ bedroom house = 4 units @ 124 sq. m

The development allows for the inclusion of 8 self-build or custom-build plots. These are assumed to comprise 3 and 4 bedroom size units.

At least 20% of market housing should comply with at least Building Regulation part M4(2), or successor specification.

The proposed development includes a Locally Equipped Area for Play (LEAP).

Viability Summary

On the basis that the site comprises a disused school with little prospect of it being re-used for this purpose, the site is anticipated to be redeveloped for residential use and it would be anticipated that the land owner should expect to receive the prevailing residential land value for the site. While residential land values can vary substantially depending on the specific development proposal, evidence from the study market review indicates that residential land should achieve a value of at least £500,000 per ha.

Foxwood School, Seabrook Road, Hythe – Site Pro Forma

For the purpose of these viability assessments, a benchmark Residual Land Value of £500,000 per ha has therefore been adopted as a minimum threshold to achieve to indicate whether a site is financially viable.

Appraisal Results

Assuming Base Build Costs with Self-Build Plots:

- Residual Land Value for the scheme: £4,723,000
- Value per hectare: £750,000

Assuming Base Build Costs without Self-Build Plots:

- Residual Land Value for the scheme: £5,008,000
- Value per hectare: £795,000

Assuming 10% Reduction on Base Build Costs (to reflect volume house builder) with Self-Build Plots:

- Residual Land Value for the scheme: £6,324,000
- Value per hectare: £1,003,000

Assuming 10% Reduction on Base Build Costs (to reflect volume house builder) without Self-Build Plots:

- Residual Land Value for the scheme: £6,708,000
- Value per hectare: £1,064,000

In view of these assessments it is perceived that this development site is **financially viable**.

It should be noted that these appraisals omit any costs for site remediation. Any cost of remediation could impact on the viability of this development site.

It should also be noted that these schemes include a policy compliant provision of on-site affordable housing.

By their nature, Residual Land Value appraisals are highly sensitive to varying inputs. Should any costs or values adopted in these appraisals change, the output could vary significantly with regards to the site viability. It is recommended that more detailed viability appraisals are completed as and when the site is likely to come forward for development.

St Saviours Hospital, Hythe – Site Pro Forma

Site Plan



Site Area

Gross Area = 1.14 ha (2.8 acres)

Description

St Saviours Hospital is located immediately east of Foxwood School and comprises a former private hospital that closed in late 2015. It is understood the premises have remained vacant since this date.

St Saviours Hospital occupies a plot fronting Seabrook Road. Given the significant rising topography, the built form of the site is located at a higher level to that of the street and as a consequence the main building is prominent from the streetscene. The original part of the building dates from the 1850's with substantial extensions undertaken in the 1960's to accommodate a hospital. To the west of the main building is the oldest part of the site, the Dutch House (71 Seabrook Road), an early 20th Century dwelling that pre-dates the hospital use. The third building, situated in the eastern extent is an annexe added to extend the hospital. An established vehicular access from Seabrook Road exists on the southern boundary.

St Saviours Hospital, Hythe – Site Pro Forma

Site Constraints

A number of Tree Preservation Orders apply to the site. The site is located immediately south of the Kent Downs Area of Outstanding Natural Beauty, a landscape of national importance. The site is within an Area of Special Character and is a prominent location on the hillside. The site is also located near the Royal Military Canal, a Scheduled Monument and Local Wildlife Site.

The Dutch House is a Listed Building.

Site Planning Policy: Policy UA24

St Saviours Hospital is allocated for a landscape led residential development with an estimated capacity of approximately 35 dwellings. Development proposals will be supported where:

1. The design proposals are genuinely landscape led to take account of the environmental and topographical features of the sites and to ensure important long and short distance views are retained and the proposal preserves the character and setting of the Kent Downs Area of Outstanding Natural Beauty, the Area of Special Character and the Local Wildlife Site.
2. The design of the development should seek to enhance the setting of the nearby Grade II Listed Building The Black Cottage and Scheduled Monument the Royal Military Canal.
3. An appropriate mix of housing and/or apartments is provided that respects the constraints of the sites.
4. The archaeological potential of the land is properly considered and measures are agreed to monitor and respond to any finds of interest.
5. Access is derived from Seabrook Road with no vehicular access via Cliff Road.
6. Ecological and arboricultural investigations are undertaken and adequate mitigation measures identified to ensure development does not have an adverse impact upon protected trees or wider established habitats.
7. The provision of open space and children's play space being provided and a management company is established for its long term maintenance.
8. The Foxwood School site has at least 6-8 self / custom build plots on site.
9. The Dutch House (71 Seabrook Road) must be retained and incorporated in to any design.

Proposed Development:

Assume 35 dwellings with following split:

Private Market Units:

- 1 bedroom flat = 0 units @ 51.5 sq. m
- 2 bedroom flat = 3 units @ 72 sq. m
- 2 bedroom house = 8 units @ 81 sq. m
- 3 bedroom house = 14 units @ 95.5 sq. m
- 4+ bedroom house = 0 units @ 124 sq. m

Affordable Units (60/40 Rented/Shared Ownership):

- 1 bedroom flat = 0 units @ 51.5 sq. m
- 2 bedroom flat = 1 units @ 72 sq. m
- 2 bedroom house = 3 units @ 81 sq. m
- 3 bedroom house = 6 units @ 95.5 sq. m
- 4+ bedroom house = 0 units @ 124 sq. m

The development does not include any self-build or custom-build plots.

St Saviours Hospital, Hythe – Site Pro Forma

At least 20% of market housing should comply with at least Building Regulation part M4(2), or successor specification.

Viability Summary:

On the basis that the site comprises a disused hospital with little prospect of it being re-used for this purpose, the site is anticipated to be redeveloped for residential use and it would be anticipated that the land owner should expect to receive the prevailing residential land value for the site. While residential land values can vary substantially depending on the specific development proposal, evidence from the study market review indicates that residential land should achieve a value of at least £500,000 per ha.

For the purpose of these viability assessments, a benchmark Residual Land Value of £500,000 per ha has therefore been adopted as a minimum threshold to achieve to indicate whether a site is financially viable.

Appraisal Results

Assuming Base Build Costs without Self-Build Plots:

- Residual Land Value for the scheme: £1,357,000
- Value per hectare: £1,190,000

Assuming 10% Reduction on Base Build Costs (to reflect volume house builder) without Self-Build Plots:

- Residual Land Value for the scheme: £1,743,000
- Value per hectare: £1,528,000

In view of these assessments it is perceived that this development site is **financially viable**.

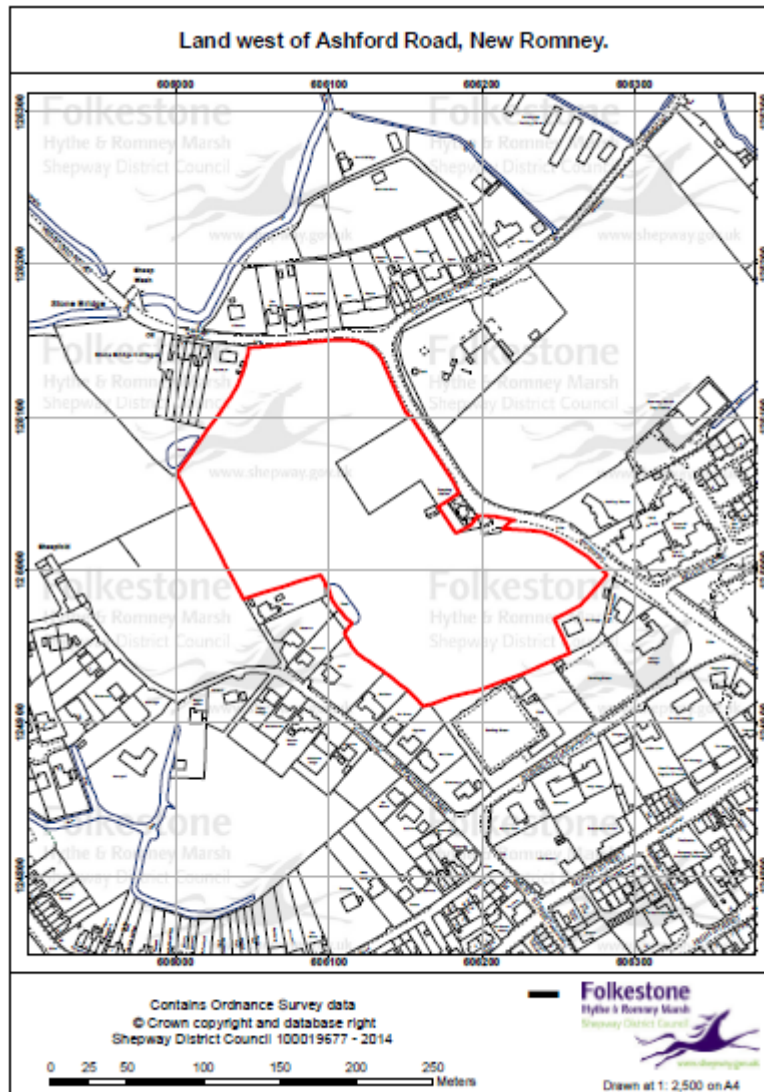
It should be noted that these appraisals omit any costs for site remediation. Any cost of remediation could impact on the viability of this development site.

It should also be noted that these schemes include a policy compliant provision of on-site affordable housing.

By their nature, Residual Land Value appraisals are highly sensitive to varying inputs. Should any costs or values adopted in these appraisals change, the output could vary significantly with regards to the site viability. It is recommended that more detailed viability appraisals are completed as and when the site is likely to come forward for development.

Land West of Ashford Road, New Romney – Site Pro Forma

Site Plan



Site Area

Gross Area = 3.22 ha (7.9 acres)

Description

The site currently consists of fields which are used for grazing together with a number of small structures / sheds associated with equestrian use. The site is bounded by a mix of mature hedgerow and fencing, with further mature hedgerows dividing the site. Ashford Road runs along the east of the site and beyond this is land allocated for development in the adopted Core Strategy. To the south of the site is residential development and the New Romney Bowls Club. To the south west, the site adjoins the gardens of residential properties on Spitalfield Lane, a mixture of modern, detached dwellings and to the west further open grazed fields. Ashford Road also runs along the north of the site beyond which are modern residential properties.

Site Constraints

It is understood the site may be susceptible to flooding.

Land West of Ashford Road, New Romney – Site Pro Forma

In addition, a Sewage Pumping Station immediately adjoins the site, which will require further investigation with Southern Water.

Site Planning Policy: Policy RM4

Land west of Ashford Road, New Romney is allocated for residential development with an estimated capacity of 60 dwellings. Development proposals will be supported where:

1. A footpath and appropriate lighting is provided along the road frontage with Ashford Road.
2. Access is through the existing site access on Ashford Road, with an additional emergency access provided at the north of the site.
3. A pedestrian crossing point, to the satisfaction of the local highway authority, is provided across Ashford Road, to include dropped kerbs and tactile paving.
4. A Traffic Assessment is required to take account of the cumulative impact of development on the local road network, and contributions will be sought for any required improvements to mitigate the impact of this development.
5. The development has at least 3 self / custom build plots.
6. A surface water drainage strategy forms a fundamental constituent of the design concept for the site, and is submitted to the satisfaction of the statutory authority.
7. Existing trees and hedgerows within / around perimeter of site are retained and enhanced.
8. The archaeological potential of the land is properly considered and measures agreed to monitor and respond to any finds of interest.
9. The design of the development should seek to minimise the effects on the setting of the nearby Listed Buildings and Scheduled Monument.
10. Provision is made for open and play space on site or nearby, and reinforces the integration and connectivity of green infrastructure as per Core Strategy Policy CSD5.
11. The rural western edge of the development should be fragmented and softened with a strong focus on landscaping to form a buffer.
12. A Phase 1 Habitat Survey should be undertaken by a licenced ecologist to assess the presence of Protected Species on or near the site. The pond on this site should be assessed for ecological importance and, if appropriate, compensation for its loss (if it occurs) will be required.
13. Appropriate and proportionate contributions are made to medical facilities in New Romney through a site specific S106 agreement.
14. Access to the Sewage Pumping Station must not be restricted and this adjoining use should be mitigated in the site design.

Proposed Development for Viability Test Purposes

Assume 60 dwellings with following split:

Private Market Units:

- 1 bedroom flat = 10 units @ 51.5 sq. m
- 2 bedroom flat = 3 units @ 72 sq. m
- 2 bedroom house = 6 units @ 81 sq. m
- 3 bedroom house = 14 units @ 95.5 sq. m
- 4+ bedroom house = 7 units @ 124 sq. m

Affordable Units (60/40 Rented/Shared Ownership):

- 1 bedroom flat = 4 units @ 51.5 sq. m
- 2 bedroom flat = 3 units @ 72 sq. m

Land West of Ashford Road, New Romney – Site Pro Forma

- 2 bedroom house = 2 units @ 81 sq. m
- 3 bedroom house = 7 units @ 95.5 sq. m
- 4+ bedroom house = 1 units @ 124 sq. m

The development allows for the inclusion of 3 self-build or custom-build plots. These are assumed to comprise 3 and 4 bedroom size units.

At least 20% of market housing should comply with at least Building Regulation part M4(2), or successor specification.

The proposed development includes a Locally Equipped Area for Play (LEAP).

Viability Summary for Viability Test Purposes

On the basis that the site comprises an area of grazing land, and is anticipated to be redeveloped for residential use, it would be anticipated that the land owner should expect to receive the prevailing residential land value for the site. While residential land values can vary substantially depending on the specific development proposal, evidence from the study market review indicates that residential land should achieve a value of at least £500,000 per ha.

For the purpose of these viability assessments, a benchmark Residual Land Value of £500,000 per ha has been adopted as a minimum threshold to achieve to indicate whether a site is financially viable.

Appraisal Results

Assuming Base Build Costs with Self-Build Plots:

- Residual Land Value for the scheme: £126,000
- Value per hectare: £39,000

Assuming Base Build Costs without Self-Build Plots:

- Residual Land Value for the scheme: £139,000
- Value per hectare: £43,000

Assuming 10% Reduction on Base Build Costs (to reflect volume house builder) with Self-Build Plots:

- Residual Land Value for the scheme: £768,000
- Value per hectare: £238,000

Assuming 10% Reduction on Base Build Costs (to reflect volume house builder) without Self-Build Plots:

- Residual Land Value for the scheme: £818,000
- Value per hectare: £254,000

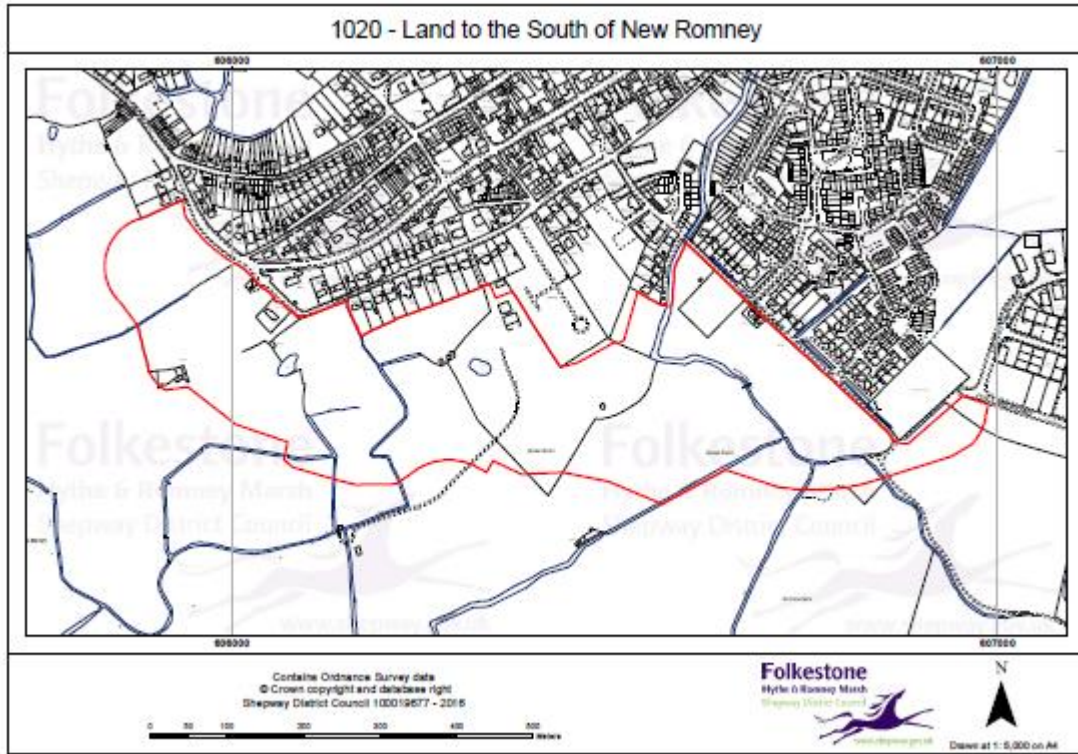
In view of these assessments, it is perceived that this development site is **financially non-viable**.

It should be noted that these appraisals omit any costs for site remediation, which if extensive would further impact on the viability of this development site.

It should also be noted that these schemes include a policy compliant provision of on-site affordable housing. By their nature, Residual Land Value appraisals are highly sensitive to varying inputs. Should any costs or values adopted in these appraisals change, the output could vary significantly with regards to the site viability. It is recommended that more detailed viability appraisals are completed as and when the site is likely to come forward for development.

Land to South of New Romney – Site Pro Forma

Site Plan



Site Area

Gross Area = 22 ha (54.3 acres)

Description

The site is situated to the southern boundary of the existing settlement and comprises a mix of farmland, used for grazing and arable farming.

Site Constraints

The site may be susceptible to flooding.

Upon site survey, it was noted that telegraph cables currently traverse the site. These may require diversion.

Site Planning Policy: Policy RM5

Land to the south of New Romney is allocated for residential led, mixed use development to provide up to 400 dwellings, improved access to Mountfield Road Industrial Estate, health care and other community facilities, high quality open space and appropriate on and off site transport infrastructures improvements. Development proposals for this site shall:

1. Form a single comprehensive masterplan.
2. Provide for an appropriate distributor road, connecting between Mountfield Road Industrial Estate and Lydd Road so as to reduce congestion through the High Street and open up Mountfield Road as an enhanced employment location.

Land to South of New Romney – Site Pro Forma

3. Have an integrated approach that takes note of the nearby Mountfield Road Industrial Estate and its future growth proposals.
4. Provide an appropriate design response to the Romney Marsh local Landscape Area, utilising Landscape and Visual Impact Assessment to inform master planning.
5. Provide for on site medical facilities that provide for an appropriate healthcare hub to serve the town of New Romney and the wider rural area.
6. Include consideration of extra care housing and C2 residential carehome facilities.
7. Sustainable Urban Drainage and surface-water management should be integral to the good urban design principles adopted for the development of the site.
8. Include assessment of archaeology, habitat and ecology and seek to ensure that open space provision seeks to reinforce the integration and connectivity of green infrastructure.
9. The design of the development should seek to reduce effects on the setting of the nearby Listed Buildings and Scheduled Monument.
10. Provide for significant and meaningful open space, incorporating appropriate play space, sports pitches and facilities and allotment provision to meet the identified needs of the development.

Proposed Development for Viability Test Purposes

Assume 400 dwellings with following split:

Private Market Units:

- 1 bedroom flat = 36 units @ 51.5 sq. m
- 2 bedroom flat = 5 units @ 72 sq. m
- 2 bedroom house = 46 units @ 81 sq. m
- 3 bedroom house = 93 units @ 95.5 sq. m
- 4+ bedroom house = 46 units @ 124 sq. m

Affordable Units (60/40 Rented/Shared Ownership):

- 1 bedroom flat = 29 units @ 51.5 sq. m
- 2 bedroom flat = 23 units @ 72 sq. m
- 2 bedroom house = 11 units @ 81 sq. m
- 3 bedroom house = 40 units @ 95.5 sq. m
- 4+ bedroom house = 11 units @ 124 sq. m

Carehomes:

- 1 bedroom flat = 30 units @ 51.5 sq. m
- 2 bedroom flat = 10 units @ 72 sq. m

The development allows for the inclusion of 20 self-build or custom-build plots. These are assumed to comprise 3 and 4 bedroom size units.

At least 20% of market housing should comply with at least Building Regulation part M4(2), or successor specification.

Proposed non-residential uses include a new Medical Centre of 1,784 sq. m.

The proposed development includes a Locally Equipped Area for Play (LEAP).

Land to South of New Romney – Site Pro Forma

Viability Summary

On the basis that the site comprises areas of farm and grazing land and is anticipated to be redeveloped for residential use, it would be anticipated that the land owner should expect to receive the prevailing residential land value for the site. While residential land values can vary substantially depending on the specific development proposal, evidence from the study market review indicates that residential land should achieve a value of at least £500,000 per ha.

For the purpose of these viability assessments, a benchmark Residual Land Value of £500,000 per ha has been adopted as a minimum threshold to achieve to indicate whether a site is financially viable.

Appraisal Results

Assuming Base Build Costs with Self-Build Plots:

- Residual Land Value for the scheme: £2,116,000
- Value per hectare: £96,000

Assuming Base Build Costs without Self-Build Plots:

- Residual Land Value for the scheme: £2,302,000
- Value per hectare: £104,000

Assuming 10% Reduction on Base Build Costs (to reflect volume house builder) with Self-Build Plots:

- Residual Land Value for the scheme: £6,438,000
- Value per hectare: £292,000

Assuming 10% Reduction on Base Build Costs (to reflect volume house builder) without Self-Build Plots:

- Residual Land Value for the scheme: £6,846,000
- Value per hectare: £311,000

In view of these assessments, it is perceived that this development site is **financially non-viable**.

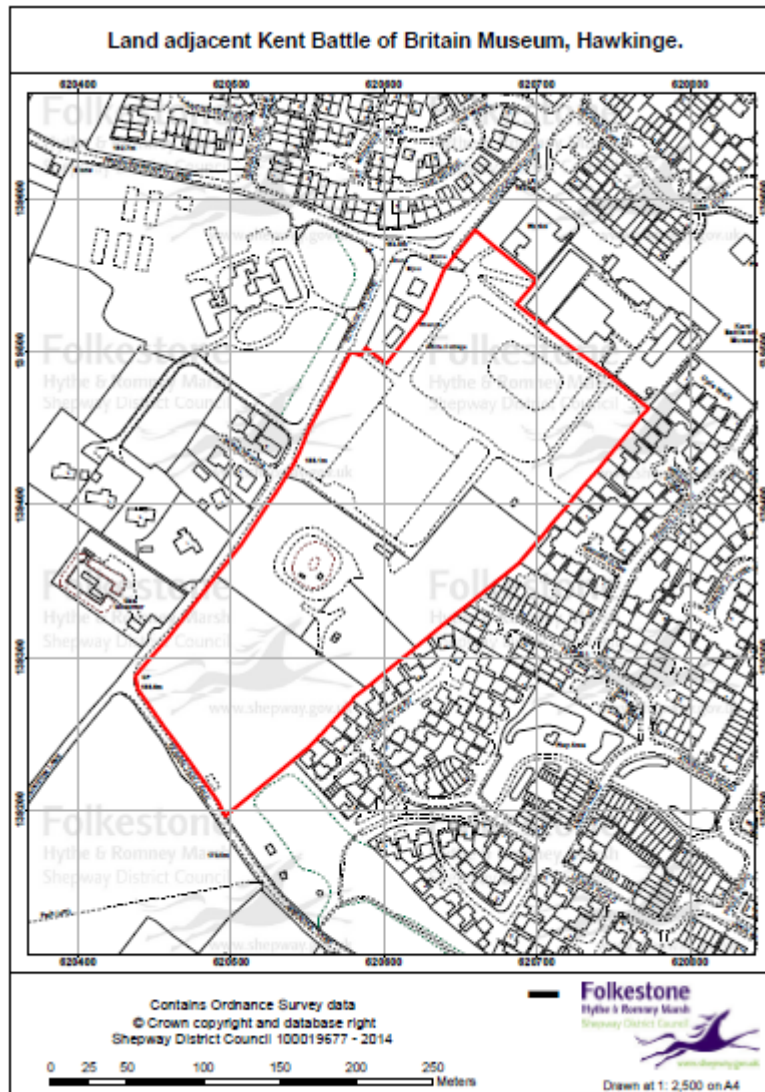
It should be noted that these appraisals omit any costs for site remediation, which if extensive would further impact on the viability of this development site.

It should also be noted that these schemes include a policy compliant provision of on-site affordable housing.

By their nature, Residual Land Value appraisals are highly sensitive to varying inputs. Should any costs or values adopted in these appraisals change, the output could vary significantly with regards to the site viability. It is recommended that more detailed viability appraisals are completed as and when the site is likely to come forward for development.

Land Adjacent to the Kent Battle of Britain Museum, Aerodrome Road, Hawkinge – Site Pro Forma

Site Plan



Site Area

Gross Area = 5.5 ha (13.5 acres)

Description

The site is located on Aerodrome Road and Elvington Lane, on the western edge of the town. The site is currently a vacant part of the former WWII airfield, comprising of demolished hangars, a taxi-way, a refuelling area and a fuel store. This site is bounded by scrub and fencing and is a large site within the settlement boundary.

Immediately to the north of the site lies the privately operated Battle of Britain Museum. Adjoining the site to the east and south east are a number of residential closes with gardens backing onto the site, comprising a mix of dwelling types (detached, semi and terrace), typically of two or two and half storey. The site is well contained by existing built development.

Land Adjacent to the Kent Battle of Britain Museum, Aerodrome Road, Hawkinge – Site Pro Forma

Site Constraints

The site is understood to be subject to substantial ground contamination including asbestos, fuel and potentially unexploded ordnance left over its operational use during the Second World War.

Site Planning Policy: Policy ND4

The site is allocated for residential development with an estimated capacity of 100 dwellings. Development proposals will be supported where:

1. The proposal achieves the highest quality of design of both buildings and surrounding space and reinforces local rural distinctiveness to help maintain the Kent Downs AONB as a special place.
2. The proposal acknowledges surrounding street patterns and urban grain, with a greater density of housing against the existing built edge.
3. Development should ensure pedestrian permeability within and beyond the site.
4. Open spaces and planting are used to provide a visual link to the countryside and an attractive backdrop to development.
5. The rural edge of the development should be fragmented and softened with a strong focus on landscaping.
6. The primary vehicle access is located on Aerodrome Road with appropriate visibility splays.
7. An appropriate contaminated land remediation strategy is provided.
8. Assessment of non-designated heritage assets has been carried out and used to inform the design work.
9. The archaeological potential of the land is properly considered and measures agreed to monitor and respond to any finds of interest.
10. Measures are taken to avoid pollution to groundwater.

Development proposals must be able to demonstrate survey work has been carried out with the Kent Battle of Britain Museum to establish parking requirements for the museum. These requirements must be fully met and incorporated into any scheme.

Proposed Development for Viability Test Purposes

Assume 100 dwellings with following split:

Private Market Units:

- 1 bedroom flat = 15 units @ 51.5 sq. m
- 2 bedroom flat = 4 units @ 72 sq. m
- 2 bedroom house = 12 units @ 81 sq. m
- 3 bedroom house = 23 units @ 95.5 sq. m
- 4+ bedroom house = 12 units @ 124 sq. m

Affordable Units (60/40 Rented/Shared Ownership):

- 1 bedroom flat = 8 units @ 51.5 sq. m
- 2 bedroom flat = 6 units @ 72 sq. m
- 2 bedroom house = 3 units @ 81 sq. m
- 3 bedroom house = 10 units @ 95.5 sq. m
- 4+ bedroom house = 2 units @ 124 sq. m

The development allows for the inclusion of 5 self-build or custom-build plots. These are assumed to comprise 3 and 4 bedroom size units.

Land Adjacent to the Kent Battle of Britain Museum, Aerodrome Road, Hawkinge – Site Pro Forma

At least 20% of market housing should comply with at least Building Regulation part M4(2), or successor specification.

The proposed development includes a Locally Equipped Area for Play (LEAP).

Viability Summary:

On the basis that the site comprises an area of derelict land and is anticipated to be redeveloped for residential use, it would be anticipated that the land owner should expect to receive the prevailing residential land value for the site. While residential land values can vary substantially depending on the specific development proposal, evidence from the study market review indicates that residential land should achieve a value of at least £500,000 per ha.

For the purpose of these viability assessments, a benchmark Residual Land Value of £500,000 per ha has therefore been adopted as a minimum threshold to achieve to indicate whether a site is financially viable.

Appraisal Results

Assuming Base Build Costs with Self-Build Plots:

- Residual Land Value for the scheme: £1,869,000
- Value per hectare: £339,000

Assuming Base Build Costs without Self-Build Plots:

- Residual Land Value for the scheme: £1,964,000
- Value per hectare: £357,000

Assuming 10% Reduction on Base Build Costs (to reflect volume house builder) with Self-Build Plots:

- Residual Land Value for the scheme: £2,940,000
- Value per hectare: £534,000

Assuming 10% Reduction on Base Build Costs (to reflect volume house builder) without Self-Build Plots:

- Residual Land Value for the scheme: £3,098,000
- Value per hectare: £563,000

In view of these assessments, where a major house builder is able to achieve greater cost efficiencies, it is perceived that this development site is **financially viable**.

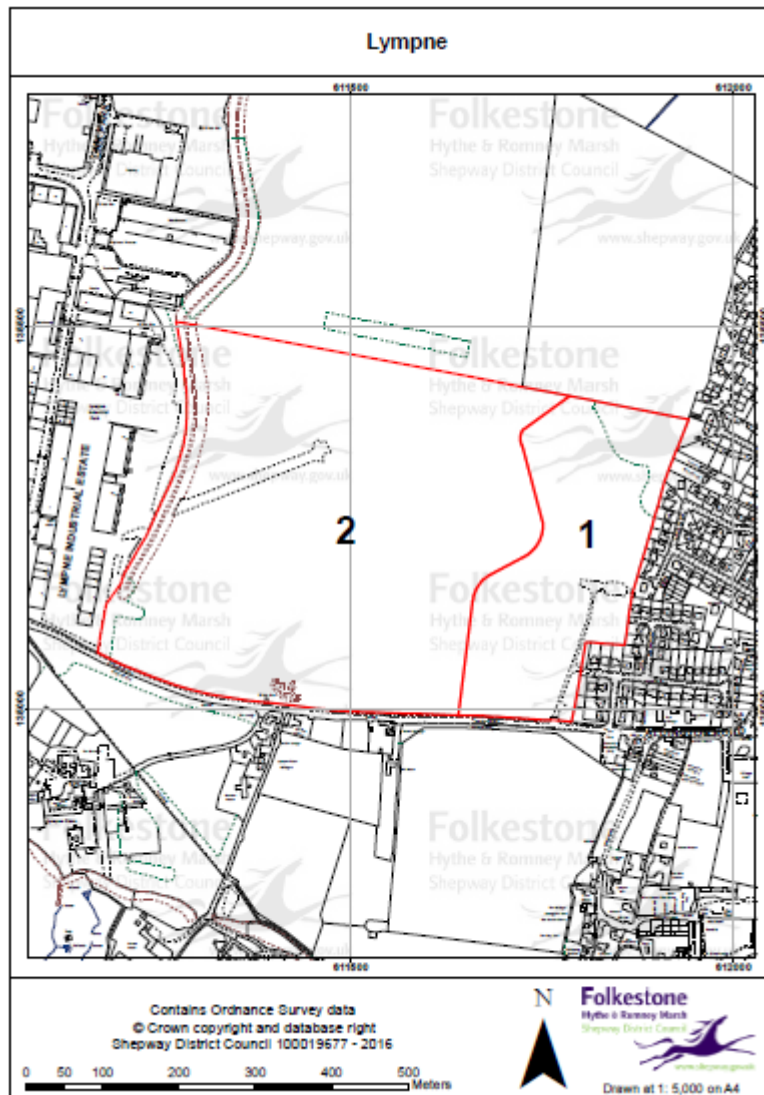
It should be noted that these appraisals omit any costs for site remediation, which in this instance is expected to be extensive. This cost of remediation could impact on the viability of this development site.

It should also be noted that these schemes include a policy compliant provision of on-site affordable housing.

By their nature, Residual Land Value appraisals are highly sensitive to varying inputs. Should any costs or values adopted in these appraisals change, the output could vary significantly with regards to the site viability. It is recommended that more detailed viability appraisals are completed as and when the site is likely to come forward for development.

Former Lypne Airfield – Site Pro Forma

Site Plan



Site Area

Gross Area (Site 1) = 7 ha (17.3 acres)

Description

This site is located to the west of the village, adjoining the AONB and the settlement boundary. The site is on the former Lypne airfield which was a military and later civil airfield, ceasing operation in 1984. An element of hardstanding remains although much of the former airfield is open land.

Site 1 is bounded by hedgerow, trees and fencing in part. On its eastern side it adjoins the village of Lypne and a number of residential properties in Beacon Way, Tournay Close, Harman Avenue and Belcaire Close. The properties on these roads are predominantly detached bungalows in a cul de sac arrangement built in the late twentieth century. To the west of the site is the Lypne Industrial Estate, to its north a large area of land, Link Park, which will be developed for industrial and business uses. To the south is Aldington Road and the AONB which is characterised by thick hedgerows and trees with fields beyond and the occasional detached property.

Former Lympne Airfield – Site Pro Forma

Site Constraints

There may be ground contamination following previous uses as a military and civil airfield. It is understood that areas of hardstanding remain on site that will have to be removed.

Site Planning Policy: Policy ND8

Site 1 is allocated for residential development with an estimated capacity of 125 dwellings. Development proposals will be supported where:

1. Existing trees and hedgerows within/around perimeter of site are retained and enhanced as part of a comprehensive landscaping scheme.
2. The northern building edge is fragmented and softened with a strong landscape buffer.
3. Open spaces and planting are used to provide a visual link to the countryside and North Downs Scarp and an attractive backdrop to development.
4. Site 1 has on site open space to meet the recreational needs of residents.
5. The development has at least 6 self / custom build plots on site.
6. Appropriate and proportionate contributions are made to improvements at the Newingreen Junction.
7. Site 2 remains undeveloped.
8. A new footpath across Site 2 is provided in parallel with the development of Site 1.
9. The proposal acknowledges the surrounding urban grain, fronting dwellings on to existing streets and following the existing built edge where possible.
10. Footpaths are provided to link in with the existing network.
11. A primary vehicle access is provided on to Aldington Road.
12. An assessment of non-designated heritage assets and an archaeological survey is carried out and appropriate mitigation measures put in place if required.
13. Adequate waste water infrastructure has been provided.
14. Contaminated land is fully remediated prior to construction works.

Proposed Development for Viability Test Purposes

Assume 125 dwellings with following split:

Private Market Units:

- 1 bedroom flat = 20 units @ 51.5 sq. m
- 2 bedroom flat = 5 units @ 72 sq. m
- 2 bedroom house = 14 units @ 81 sq. m
- 3 bedroom house = 29 units @ 95.5 sq. m
- 4+ bedroom house = 15 units @ 124 sq. m

Affordable Units (60/40 Rented/Shared Ownership):

- 1 bedroom flat = 9 units @ 51.5 sq. m
- 2 bedroom flat = 7 units @ 72 sq. m
- 2 bedroom house = 4 units @ 81 sq. m
- 3 bedroom house = 13 units @ 95.5 sq. m
- 4+ bedroom house = 3 units @ 124 sq. m

The development allows for the inclusion of 6 self-build or custom-build plots. These are assumed to comprise 3 and 4 bedroom size units.

Former Lympne Airfield – Site Pro Forma

At least 20% of market housing should comply with at least Building Regulation part M4(2), or successor specification.

The proposed development includes a Locally Equipped Area for Play (LEAP).

Viability Summary

On the basis that the site comprises an area of open land and is anticipated to be redeveloped for residential use, it would be anticipated that the land owner should expect to receive the prevailing residential land value for the site. While residential land values can vary substantially depending on the specific development proposal, evidence from our market review indicates that residential land should achieve a value of at least £500,000 per ha.

For the purpose of these viability assessments, a benchmark Residual Land Value of £500,000 per ha has therefore been adopted as a minimum threshold to achieve to indicate whether a site is financially viable.

Appraisal Results

Assuming Base Build Costs with Self-Build Plots:

- Residual Land Value for the scheme: £2,484,000
- Value per hectare: £354,000

Assuming Base Build Costs without Self-Build Plots:

- Residual Land Value for the scheme: £2,564,000
- Value per hectare: £366,000

Assuming 10% Reduction on Base Build Costs (to reflect volume house builder) with Self-Build Plots:

- Residual Land Value for the scheme: £3,827,000
- Value per hectare: £546,000

Assuming 10% Reduction on Base Build Costs (to reflect volume house builder) without Self-Build Plots:

- Residual Land Value for the scheme: £3,980,000
- Value per hectare: £566,000

In view of these assessments, where a major house builder is able to achieve greater cost efficiencies, it is perceived that this development site is **financially viable**.

It should be noted that these appraisals omit any costs for site remediation. Any cost of remediation could impact on the viability of this development site.

It should also be noted that these schemes include a policy compliant provision of on-site affordable housing.

By their nature, Residual Land Value appraisals are highly sensitive to varying inputs. Should any costs or values adopted in these appraisals change, the output could vary significantly with regards to the site viability. It is recommended that more detailed viability appraisals are completed as and when the site is likely to come forward for development.

APPENDIX B: REVIEW OF PART TWO – DEVELOPMENT MANAGEMENT
POLICIES

Review of Part Two - Development Management Policies

Plan Policy Reference	Policy Title	Viability Implication	Comment
Housing and Built Environment			
HB1	Quality Places Through Design	HB1 outlines the objectives for good design and that planning permission will be granted subject to criteria.	The policy does not outline thresholds but reference is made to Building for Life 12 Toolkit in the supporting justification (paragraph 9.7) and is considered a useful tool for the Council in assessing proposals. All major development will include BfL12 assessments as part of the local list requirements.
HB2	Cohesive Design	HB2 requires that for major developments, complex or sensitive sites, a design statement is required to demonstrate compliance with Building for Life 12.	The demonstration of compliance with BfL12 in the policy is addressed by a series of questions as opposed to the explicit demonstration as to how the development will meet the considerations. Supporting justification paragraph 9.12 outlines the Council's support for BfL12 and outlines the aim to achieve all of its recommendations '...within major development as far as is reasonably practicable'. Suggest HB2 is consistent with this position and HB2 second para is amended to read '...which demonstrate compliance with Building for Life 12 as far as is reasonably practicable'.
HB3	Development of residential gardens	N/A	N/A
HB4	Alterations and extensions to existing buildings	N/A	N/A
HB5	Internal and external space standards	HB5 outlines that all new development and conversions will be granted subject to criteria, and allows variations in external space standards	Reference to the relevant standards document and/or prevailing standards is suggested for Policy HB5.1.

		if so demonstrated in the submitted DAS.	
HB6	Self build/custom build development	Policy HB6 outlines support for the provision of self-build and custom build development and sets thresholds and quantum of self-build/custom build in the district character areas, subject to three policy criteria.	The policy identifies thresholds for the provision of self-build and custom build in the district, including a set target which varies by scheme size within different geographical areas of Shepway, as established in the Core Strategy. The overall objective of Policy HE6 is to be supported and has been fully tested as part of the viability appraisal of the draft Plan policies. The policy is subject to a number of criteria which are considered appropriate to ensure development meets integration requirements but also provides sufficient flexibility to consider alternative provision as appropriate. The policy supports the Government's commitment towards support for self-build and custom build at the national level.
HB7	Local housing needs in rural areas	The policy is supportive of local needs housing within or adjoining villages of a suitable scale and type to meet identified needs, subject to criteria.	Policy HB7.6 outlines that local needs housing proposals do not involve cross subsidy to ensure that appropriate local needs housing is proposed and remains available to meeting local needs, that that the planning mechanism for control is ensured by means of condition or agreement.
HB8	Residential Development in the countryside	N/A	N/A
HB9	Conversion and reconfiguration of residential care homes and institutions	Policy HB9 requires proposals for the conversion of residential care home/institution (C2) to residential (C3), hotel/b&b (C1), or non-residential institution (D1) subject to criteria.	Policy HB9.1 and HB9.2 relate to the viability of continued existing use in a building and commercial economic capacity. Both criteria are considered suitable viability related criteria of the policy.
HB10	Development of new or extended residential institutions (C2 use)	N/A	N/A

HB11	Accommodation for gypsies and travellers	N/A	N/A
Economy			
E1	Employment sites	N/A	N/A
E2	Tourism	N/A	N/A
E3	Hotels/Guest Houses	Policy E3 requires proposals for a change of use or redevelopment of hotels/guest houses or self-catering units which result in a loss of visitor accommodation will only be permitted subject to criteria.	There is no explicit reference in the policy to show the viability of continued existing use in a building and commercial economic capacity only that it is no longer practicable to use the premises as holiday accommodation, subject to the satisfaction of criteria. Similar type viability related wording to Policy HB9 could be adopted. It is recognised that this draft policy will be informed by a separate evidence base (supporting justification paragraph 10.20).
E4	Touring and static caravan sites	N/A	N/A
E5	Farm diversification	N/A	N/A
E6	Farm shops	N/A	N/A
E7	Reuse of rural buildings	N/A	N/A
E8	Broadband provision	Policy E8 requires that provision for broadband is fully designed into development and is future proofed in terms of broadband infrastructure.	The key importance of broadband infrastructure is reflected in Policy E8, which represents a standard utility requirement for development. The provision of broadband fully supports objectives to promote sustainable growth for commercial and residential development.

Community			
C1	Creating a sense of place	Policy C1 requires that all new major development support a deliverable project for securing a sense of place through matters such as landscaping, public art, water features and/or lighting. Thresholds for residential and commercial development are identified.	Policy C1 supports the objective to ensure design and landscaping provide new developments with a sense of place. Evidence of the deliverability of this objective is sought via a Design and Access Statement alongside a recognition of the need for community consultation alongside the planning mechanisms to address larger phased development and public art on a permanent basis.
C2	Safeguarding community facilities	N/A	N/A
C3	Provision of open space	Policy C3 requires that all development of over 5 dwellings contribute towards, or provide provision of open space in accordance with published standards and national guidance.	The policy establishes the principle of open space provision or contribution towards open space, subject to the sufficient existing open space existing in close proximity that can accommodate the new development. It is recognised that a new evidence base study will inform future open space requirements.
C4	Formal play space provision	Policy C4 requires the provision of formal play space for new residential and mixed-use development subject to identified thresholds for development.	The policy outlines the provision of on-site facilities or an off-site contribution towards formal play space. It also accepts that deferred contributions will be acceptable in relation to existing/designated formal open space provision.
C5	Local green spaces	N/A	N/A

Transport			
T1	Street hierarchy and site layout	Policy T1 outlines a commitment to ensuring a commitment to street design with identified objectives for new major development.	The policy is supportive of new major development where it is demonstrated in the DAS that attention has been given to street design. The policy forms part of the wider objectives to ensure high quality development that is well integrated and supports connectivity.
T2	Residential parking	Policy T2 sets out a criteria based policy to ensure the needs of residents and visitors are met, and that parking is fully integrated into new development.	The policy outlines a number of criteria including thresholds for the provision of certain requirements. Policy T2.6 outlines a requirement for a variety of parking treatments on a single site over 5 dwellings whilst Policy T2.9 identifies the requirement for an electric charging point for every private car parking space. It is important to ensure development is future proofed although it may be more appropriate to promote the provision of electric charging points where practically appropriate as opposed to a requirement for each private dwelling.
T3	Residential garages	N/A	N/A
T4	Lorry parking	N/A	N/A
T5	Cycle parking	Policy T5 outlines cycle parking provision for new residential development, subject to the nature of development.	The policy sets out the principle to ensure cycle facilities are provided for private and sheltered residential schemes. Standards appear high for private residential schemes whilst the policy seeks to ensure that the requirements of BfL12 are incorporated in the provision of cycle facilities.

Natural Environment			
NE1	Enhancing and managing access to the natural environment	N/A	N/A
NE2	Biodiversity	Policy NE2 is supportive of development that demonstrates the incorporation of biodiversity into design subject to criteria.	The policy recognises that where harm to biodiversity cannot be prevented or mitigated, that appropriate mitigation is sought. Policy NE2.6 outlines the planning mechanisms for securing compensation in line with identified Council plans.
NE3	To protect the District's landscapes and countryside	N/A	N/A
NE4	Equestrian development	N/A	N/A
NE5	Light pollution and external illumination	N/A	N/A
NE6	Land stability	Policy NE6 outlines support for development of land that can be safely developed, subject to supporting evidence set out in a risk assessment.	Policy NE6 sets out to bring unstable land into beneficial use where possible. Such unstable land is subject to many considerations which include viability issues given the abnormal costs associated with the investigation and proposed measures. It is recommended that the policy wording is amended to include for viability considerations to read '...The Council will look favourably on schemes that can bring unstable land back into use, subject to other planning and viability considerations'.
NE7	Contaminated land	Policy NE7 outlines the requirement for supporting technical evidence to establish the extent and nature of contamination on specified sites, alongside support for development that implement measures that address identified criteria.	The remediation of contaminated land can have major implications for viability of development. The policy is focused on the acceptability and suitability of development from an investigative and remediation perspective. It is important the costs of remediation are recognised in the supporting justification to the policy.

NE8	Integrated coastal zone management	Policy NE8 relates to coastal area development and sets out support for proposals that accord with identified criteria including its regard for the aims and objectives of the Shoreline Management Plan and the emerging Marine Plan.	The policy outlines the need for consistency for proposals set out in the Coastal Defence Strategies and Shoreline Management Plans relevant to coastal communities and the coastline. This is of relevance to the district given the extent of land within areas of high flood risk. Similar comments apply to that for NE7 in that the policy as drafted is acceptable although it is important considerations of viability are recognised in decision making.
NE9	Development around coast	N/A	N/A
Climate change			
CC1	Reducing carbon emissions	Policy CC1 outlines the commitment towards the reduction of carbon emissions and sets targets based on defined thresholds of development through the promotion of on-site renewable energy and in the case of growth areas and substantial new development, site wide renewable and low carbon energy solutions.	The policy underpins one of the Core Strategy objectives to reduce carbon emissions. Policy CC1.1 outlines a target sets against Buildings Regulations for a certain threshold of development. It will be important to ensure reference is made to the relevant Buildings Regulations or certainly wording which refers to the provisions of prevailing Building Regulations, to account for future changes in regulations. There is scope to consider the viability implications of such requirements both for an individual and site wide scheme, given the recognition that the policy wording allows for demonstration via an appropriate assessment (Policy CC1.1) and is technically feasible (Policy CC1.2). This could include reference to viability considerations as part of policy wording. The supporting justification to the policy states that carbon emissions and sustainable

			construction has been viability tested for the purposes of CIL.
CC2	Sustainable construction	Policy CC2 sets out the requirements for new development to achieve sustainable construction, subject to identified criteria, a number of which identify targets for minimum standards to achieve policy objectives.	Alongside Policy CC1, this policy sets out to ensure new development supports objectives to maximise objectives for sustainable construction in development. Importantly the policy contains a flexibility clause which is supported given the recognition that such requirements can have for scheme viability. It is acceptable that such matters should be the subject of negotiation subject to evidence at the appropriate time, should viability or other concerns be a threat to the delivery of development.
CC3	SuDS	Policy CC3 sets out the promotion of SuDS in development schemes, subject to core technical and locational criteria.	The promotion of SuDS forms a core surface water drainage objective and is wholly supported.
CC4	Wind turbine development	N/A	N/A
CC5	Domestic wind turbines and existing residential development	N/A	N/A
CC6	Solar Farms	N/A	N/A
Health and Wellbeing			
HW1	Promoting healthier food environments	N/A	N/A
HW2	Improving the health and wellbeing of the local population and reducing health inequalities	Policy HW2 seeks to address health inequalities, and sets a threshold for the preparation of a Health Impact Assessment to assess the health implications arising from development, and the impact for local health services and facilities.	The requirements of the policy recognise that certain development can have implications for the capacity of existing health facilities and services. The policy acknowledges that where appropriate mitigation is required, this can be secured through planning mechanisms such as

			planning obligations or planning condition, as appropriate.
HW3	Development that supports healthy, fulfilling and active lifestyles	N/A	N/A
HW4	Protecting and enhancing rights of way	N/A	N/A
Historic Environment			
HE1	Heritage assets	Policy HE1 outlines support for proposals which secure an appropriate and viable use of heritage assets which accord with conservation/heritage, and accessibility objectives.	The policy correctly balances the heritage considerations against the economic viability of use to enhance and protect the use of heritage assets. This is wholly supported.
HE2	Archaeology	N/A	N/A
HE3	Local list of buildings and sites of architectural or historic interest	N/A	N/A
HE3	Communal gardens	N/A	N/A



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