

T R I B A L

TGSE Housing Conference

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Housing Viability

Agenda

- The Relevance Of Housing Viability
- What Is Housing Viability
- How Do Local Authorities Determine Viability For Planning Policy
- Factors Affecting Housing Viability
- Key Issues

Key Issues

- Housing Viability is now a fundamental component of delivering new housing
- Policies need to be based on robust, transparent, evidence
- Locally – viability will differ between and within districts across TGSE – challenge is dealing with that difference
- Stakeholder involvement
- Flexibility – a number of factors can affect viability

The Relevance of Housing Viability

- Paragraph 29 of Planning Policy Statement 3 (PPS3)
- PPS 3 is about housing delivery, mixed communities, and by implication, the use of the planning system to secure sites for affordable housing
- Requires a plan wide target for affordable housing to be set, which reflects development viability, as well as housing need
- PPS3 emphasises the need for viability of policy to be tested - taking into account likely levels of finance and funding

The Relevance of Housing Viability

- If the testing is not robust – or if policy is not flexible enough – it will be challenged at the independent examination
- Persimmon Homes, Barratt Homes and Millhouse Developments v Blyth Valley Borough Council
- Wakefield Metropolitan District Council v Barratt Homes
- Collaborative working in shaping policy
- Housing Viability is fundamentally relevant!!

What is Housing Viability – affordable housing

- *‘Affordable housing delivery from planning permissions is viable when the cost to the developer in the form of a **discounted price**, to the affordable housing provider can be accommodated in the scheme economics, **without undermining profitability**, and is reflected in the **price paid for the land**’*
 - - HCA good practice note July 2009
- Based on Residual Land Value
- Appraisal Models

How Do Local Authorities Determine Viability For Planning Policy?

- Remember, robust evidence base is necessary in case of challenge
- Appraisal Tools
- Aim is to identify local benchmark land values against which targets can be set -
- Different types of sites will be included in an analysis – broken down by greenfield/brownfield, size, housing market demand

How Do Local Authorities Determine Viability For Planning Policy?

- Develop key assumptions for each site:
 - Build costs
 - Site preparation / site abnormal costs
 - S106 / planning obligations
 - Sales values – new housing
 - Affordable housing assumptions
 - Grant level
 - Benchmark Land Values
- Stakeholder workshop

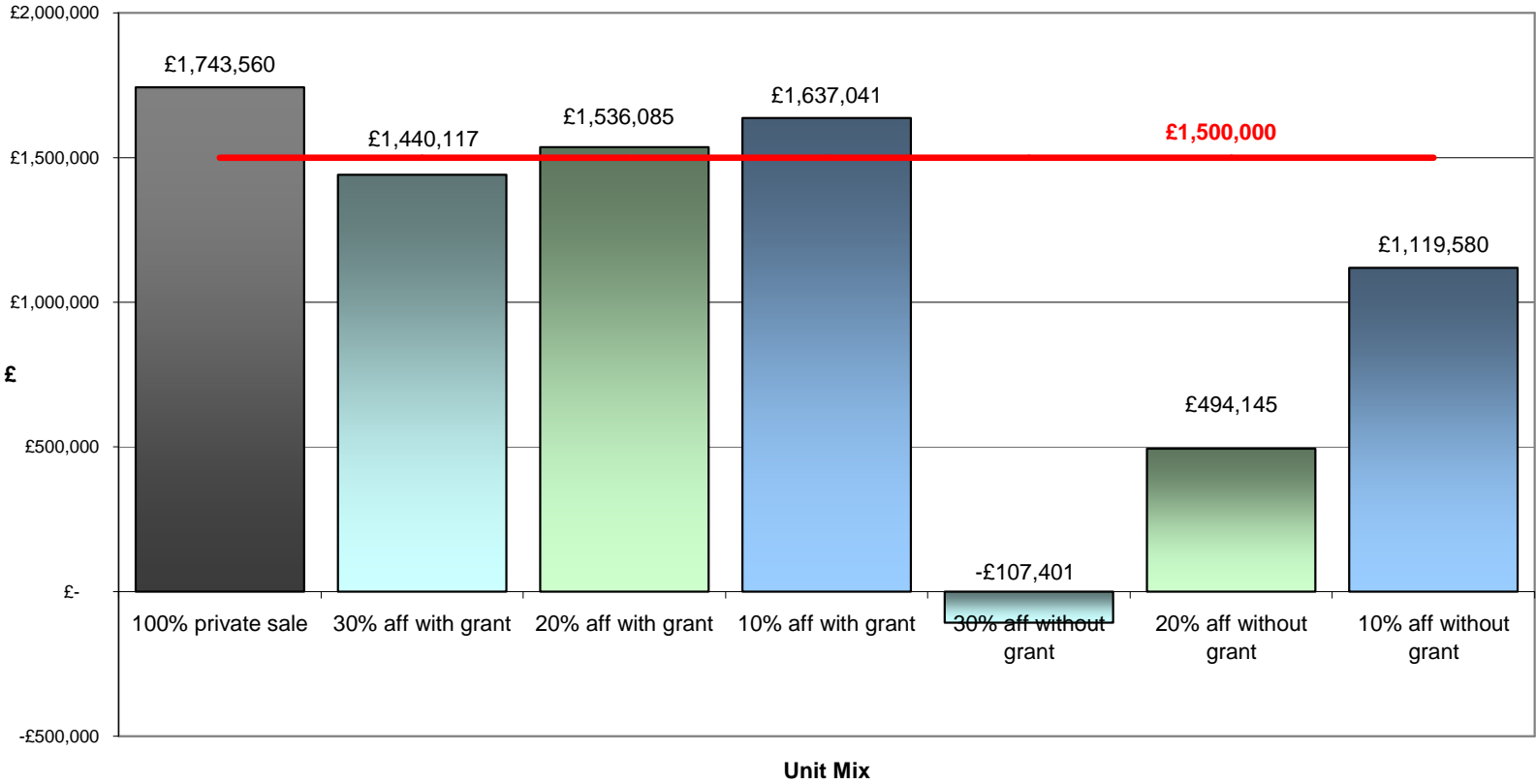
How Do Local Authorities Determine Viability For Planning Policy?

- Affordable Housing Assumptions
 - Percentage – units, habitable rooms or floor area
 - Mix of unit sizes – what does housing needs data show
 - Tenure – specify the balance of rent and intermediate
 - Standards – HCA, Space standards, Code for Sustainable Homes level
 - Affordability – maximum income levels for shared ownership?
 - Sale price to RSL – defined? Nil land value? Cost per square metre?

132 - Project X

Location	Suburban Brownfield
Size	Large
Units	100
Density	Low
Demand Type	Medium Demand

	Benchmark Land Value
	100% Private Sale - Residual Land Value
	30% Affordable - Residual Land Value
	20% Affordable - Residual Land Value
	10% Affordable - Residual Land Value



Factors Affecting Housing Viability

- Landowners expectations
- Infrastructure requirements / CIL
- Stakeholder buy-in
- Grant availability
- Code for Sustainable Homes
- Large sites and phasing
- Market changes