Supplementary evidence to Matter 6:1 Other Housing Issues requested by the Local Plan Inspector

This paper should be read in conjunction with the Council’s Statement on this matter.

The summary table below shows the viability results undertaken for the 40% affordable housing tested by Peter Brett Associates referred to in paragraph 1.2 of the Council’s Local Plan Examination Statement. The table, together with the explanatory text helps to illustrate the point made in paragraph 1.4 of the Council’s Statement and was extracted from an early incomplete and unpublished draft of the Viability Study.

The objective in the summary table is to show, for each notional development scenario, how much money might be theoretically available for a CIL charge. Reading Table from left to right, successive columns are as follows:

a. Number and type of dwellings: self-explanatory
b. Net site area: self-explanatory
c. Density: density in dwellings per ha
d. Total Floor Space: this is the total floorspace created by the development, including both market and affordable housing.
e. CIL chargeable Floor Space: the accommodation within the scheme liable to CIL, equal to the floorspace of market housing (affordable housing is not liable).
f. Residual value policy off - £ per hectare, and £ per sq m: The residual value is produced by an indicative appraisal before S106, affordable housing and CIL have been taken into account. The method and assumptions used in this appraisal to arrive at this number are described in the report. Briefly, the residual site value is the difference between the value of the completed development and the cost of that development, and developer’s profit.
g. Benchmark land value per ha and per sq m: the estimated minimum a developer would typically need to pay to secure a site of this kind, expressed in £ per ha or divided by its chargeable floorspace.

Cost of S106: this is the cost of the S106 requirements (excluding affordable housing) expressed as a rate per ha and per square metre. This sum is assumed to pay for small scale site-specific S106 requirements.
i. Cost of affordable housing: this is the cost of affordable housing per ha and per sq m, at the stated rate of affordable housing requirement.

j. CIL overage per ha and per sq m: this column identified the amount of money which is, in theory, available for CIL, after policy costs have been paid. It is expressed per ha and per sq m of chargeable development. Note that this sum is derived from the difference between the benchmark land value and the residual land value before policy contributions, once S106 and affordable housing costs have been taken into account. As noted earlier, this overage is an estimate of the CIL ‘ceiling’ – the maximum CIL that could be charged consistent with the development being financially viable, expressed per ha. Given the uncertainties surrounding viability appraisal, it is of course an approximate indicator, which should be used cautiously.
At a 40% affordable housing policy on all developments, the theoretical surplus available for CIL falls. South of the national park, theoretical CIL overages are relatively modest, and the 100 unit development becomes unviable.

North of the national park, higher sales values mean that development remains viable even at these rates of affordable housing contribution. Flats are very viable on these assumptions.

Table 8.2 Viability summary tables assuming affordable housing at 40% on all units, showing surplus available for CIL

The table above shows that although Chichester has historically achieved 40% affordable housing targets, some scenarios may not be as viable on current evidence. Peter Brett Associates therefore recommended that the affordable housing target be reduced to 30% to accommodate CIL funding.