
Herefordshire Viability Testing

11 Dwelling Affordable Housing Threshold Supplementary Report

February 2015



1. Re-testing at an 11 Dwelling Threshold for Affordable Housing

Overview

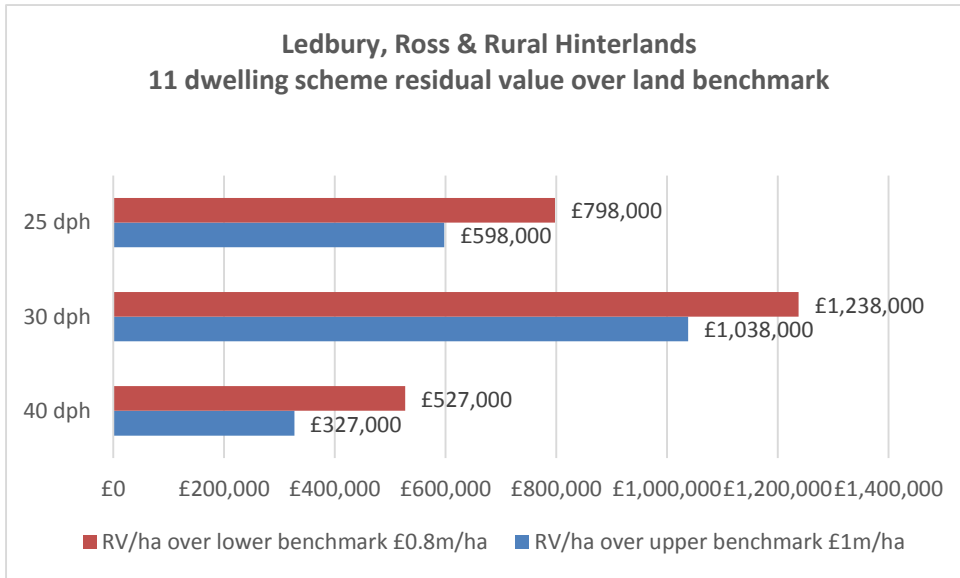
- 1.1 In response to a request from the Inspector, we have produced supplementary evidence which considers the viability of sites of 11 dwellings i.e. above the new national threshold for planning obligations (including affordable housing) of 10 dwellings but below the threshold of 15 dwellings as proposed in H1 of the draft Local Plan. The new national threshold was introduced by DCLG in November 2014. The analysis demonstrates that schemes of 11 dwellings are viable at the target percentages for affordable housing set out in H1. Viability is stronger in some market value areas than others and viability also varies with densities of development. Nevertheless, policy compliant sites of 11 dwellings are generally viable across Herefordshire.

Testing approach

- 1.2 Testing of an 11 dwelling scheme was undertaken for all market value areas with the appropriate affordable housing percentage. All other factors such as house prices; costs; affordable housing percentages; S106 contributions, land value benchmarks etc. were those used in the Economic Viability Assessment from May 2014 (CD8). However, tenure mixes have been updated to reflect the differing site sizes needed for this exercise and these are shown at the end of this report. Small sites are assumed to be 100% net developable, based on professional judgement, and the small children's play area will fit into the site as per Planning Obligations SPD 2010.
- 1.3 The results of the analysis have been factored up to 1 hectare site sizes for ease of comparison.

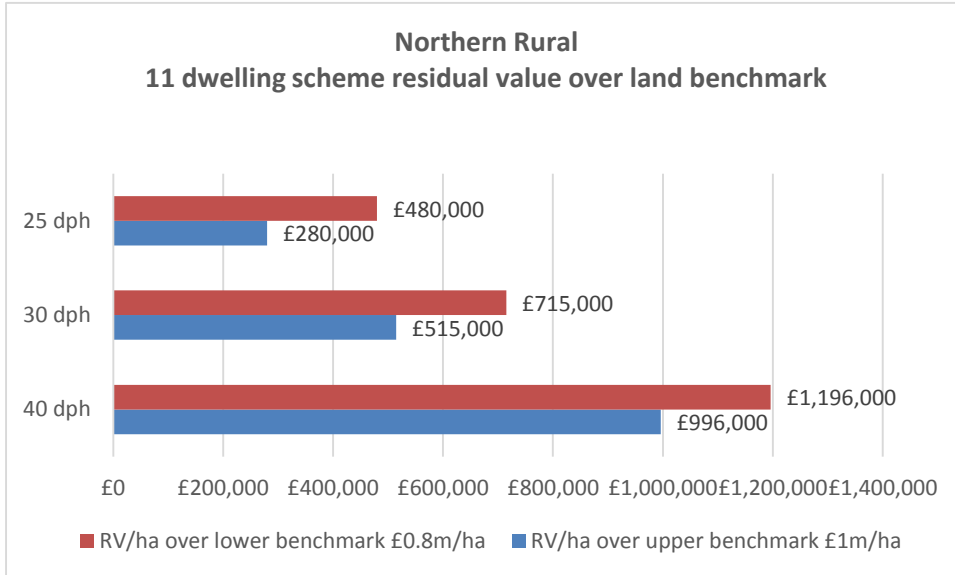
Ledbury, Ross and Rural Hinterland

- 1.4 At policy compliant affordable housing levels (40%), there is a positive residual land value above the upper and lower land benchmarks. The 11 dwelling case study is viable for all of the densities tested in the Ledbury, Ross and Rural Hinterland value area.



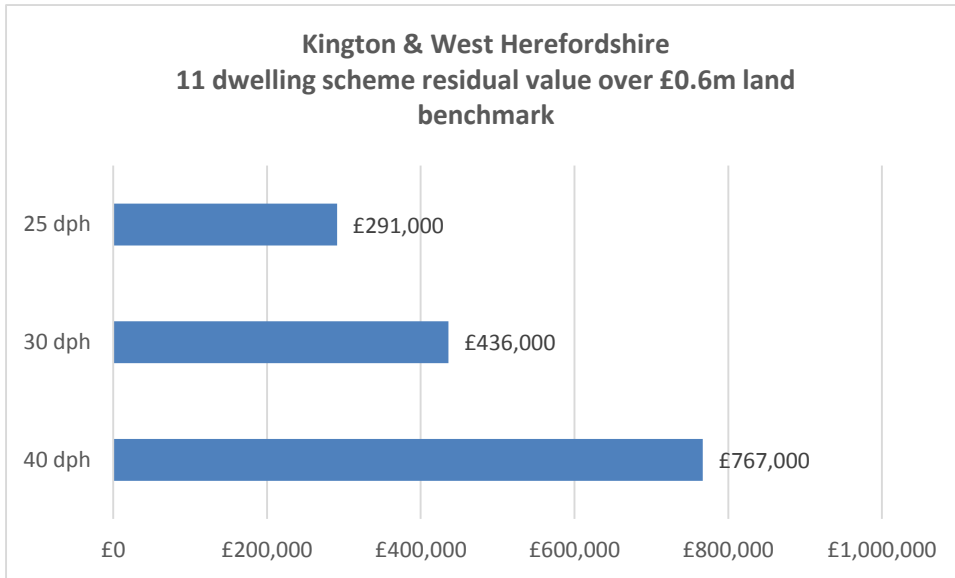
Northern Rural

1.5 At policy compliant affordable housing levels (40%), there is a positive residual land value above the upper and lower land value benchmarks. The 11 dwelling case study is viable for all of the densities tested in the Northern Rural value area.



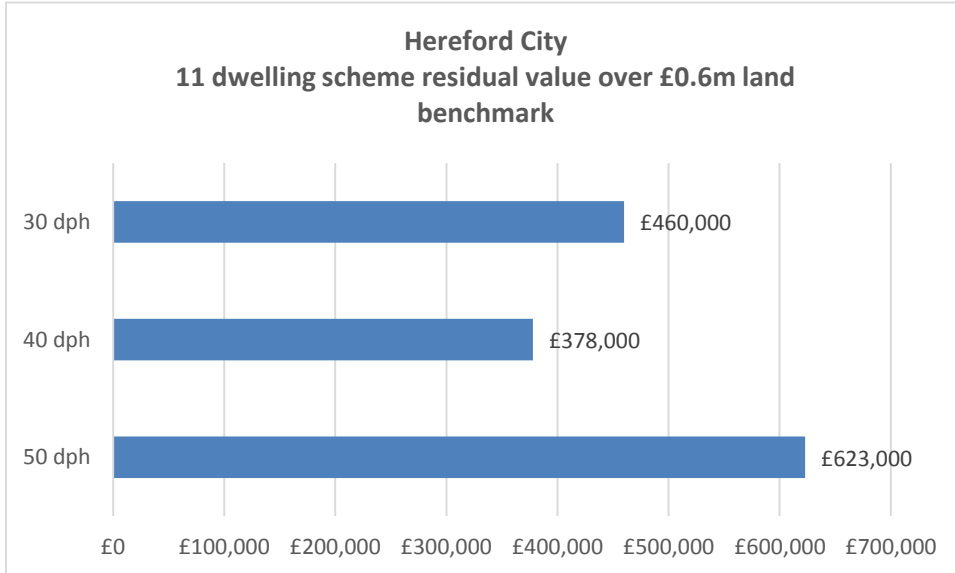
Kington and West Herefordshire

1.6 At policy compliant affordable housing levels (35%), there is a positive residual land value above the land value benchmark. The 11 dwelling case study is viable for all of the densities tested in the Kington and West Herefordshire value area.



Hereford City

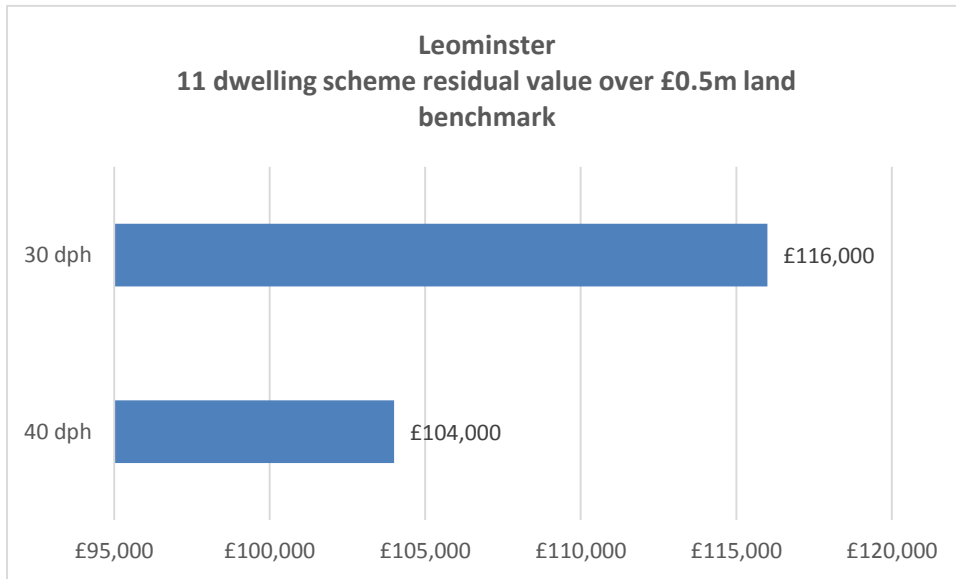
1.7 At policy compliant affordable housing (35%) there is a positive residual land value above the land value benchmark. The 11 dwelling case study is viable for all of the densities tested in the Hereford City value area.



Leominster

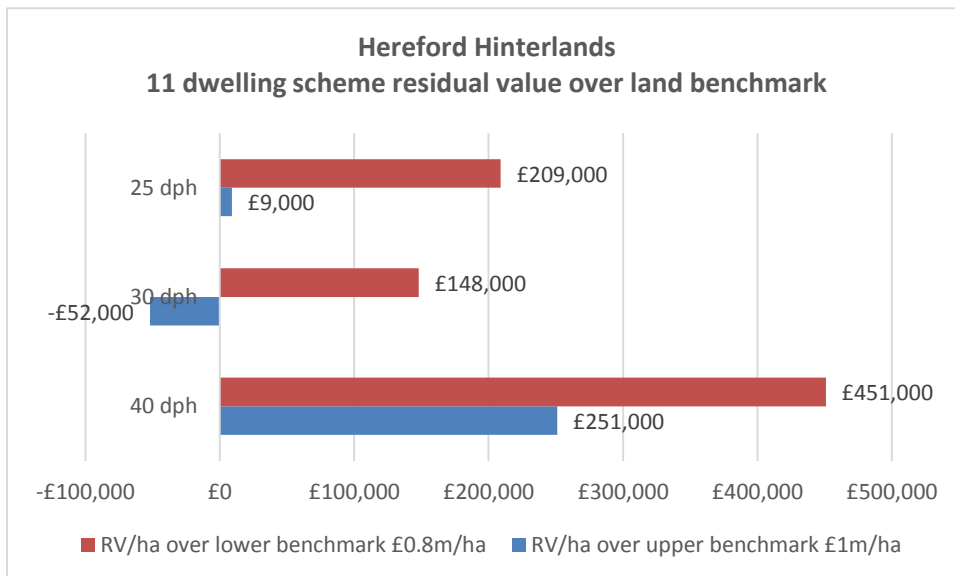
1.8 At policy compliant affordable housing contribution (25%) there is a positive residual land value above the land value benchmark. The 11 dwelling case study is

viable for all of the densities tested in the Leominster value area.



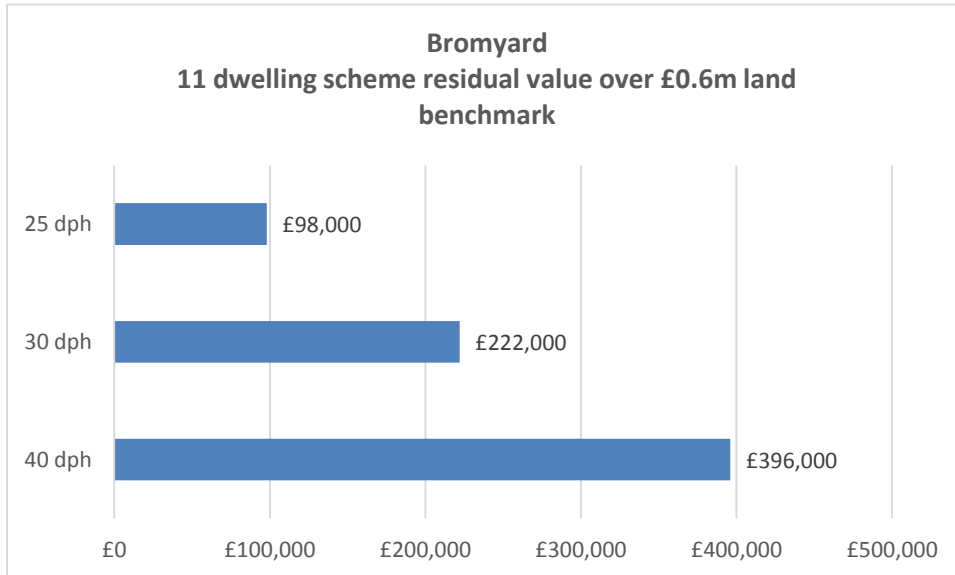
Hereford Hinterlands

1.9 At policy compliant affordable housing contribution (35%) there is a positive residual value above the lower land value benchmark for all of the densities of development tested. However, the 30dph scheme is below the upper benchmark and development is close to the benchmark at 25 dph. It is likely that development in this area will focus on the most valuable densities and dwelling mixes and on this basis 11 dwelling schemes supporting affordable housing can continue to come forward in the Hereford Hinterlands.



Bromyard

1.10 A policy compliant affordable housing contribution (40%) there is a positive residual land value above the land benchmark. The 11 dwelling case study is viable for all of the densities tested in the Bromyard value area.



2. Overview of re-testing at 11 dwelling threshold

- 2.1 The re-testing undertaken at an 11 dwelling threshold for affordable housing provides an overview of viability at this reduced threshold.
- 2.2 Policy compliant affordable housing can be achieved and deliver a residual land value in excess of the upper benchmark at all densities in Ledbury / Ross, Northern Rural, Kington & West Herefordshire, Hereford City and Bromyard. In Leominster, a positive land value is produced against benchmark land value at all densities.
- 2.3 In Hereford Hinterlands schemes of 30 dph produced residual land values below the upper benchmark land value. However schemes produced positive results against the lower benchmark land value at all densities.

Appendix I

Dwelling mixes used for viability testing at 11 dwelling threshold

	Mix @ 50dph	Mix @ 40dph	Mix @ 30dph	Mix @ 25dph	Affordable (rounded)
Ledbury, Ross, Rural Hinterland		2 x 2b terrace 4 x 3b terrace 2 x 3b semi 3 x 4b detached	2 x 2b terrace 1 x 3b terrace 2 x 3b semi 1 x 3b detached 4 x 4b detached 1 x 5b detached	1 x 2b terrace 1 x 4b terrace 2 x 3b semi 1 x 3b detached 5 x 4b detached 1 x 5b detached	4 dwellings = 40% 2 x SR (Social Rent) 2 x SO(Shared Ownership)
Northern Rural		2 x 2b terrace 3 x 3b terrace 2 x 3b semi 4 x 4b detached	1 x 2b terrace 1.5 x 3b terrace 2.5 x 3b semi 1.5 x 3b detached 3.5 x 4b detached 1 x 5b detached	1 x 2b terrace 1 x 4b terrace 2 x 3b semi 1 x 3b detached 5 x 4b detached 1 x 5b detached	4 dwellings = 40 2 x SR 2 x SO
Kington & West Herefordshire		2 x 2b terrace 3 x 3b terrace 2 x 3b semi 1 x 3b detached 3 x 4b detached	1 x 2b terrace 1.5 x 3b terrace 2.5 x 3b semi 1.5 x 3b detached 3.5 x 4b detached 1 x 5b detached	1 x 2b terrace 1 x 4b terrace 2 x 3b semi 1 x 3b detached 5 x 4b detached 1 x 5b detached	4 dwellings = 35% 2 x SR 2 x SO
Hereford City	5.1 x 2b terrace 5.9 x 3b terrace	5.1 x 2b terrace 5.9 x 3b terrace	1 x 2b terrace 1.5 x 3b terrace 2.5 x 3b semi 1.5 x 3b detached 3.5 x 4b detached 1 x 5b detached		4 dwellings = 35% 2 x SR 2 x SO
Leominster		4 x 2b terrace 5 x 3b terrace 2 x 4b detached	2.5 x 2b terrace 2.5 x 3b semi 1.5 x 3b detached 3.5 x 4b detached 1 x 5b detached	2 x 2b terrace 2 x 4b semi 5 x 4b detached 2 x 5b detached	3 dwellings = 25% 1.6 x SR 1.4 x SO
Hereford Hinterlands		2 x 2b terrace 3 x 3b terrace 2 x 3b semi 1 x 3b detached 3 x 4b detached	1 x 2b terrace 1.5 x 3b terrace 2.5 x 3b semi 1.5 x 3b detached 3.5 x 4b detached 1 x 5b detached	1 x 2b terrace 1 x 4b terrace 2 x 3b semi 1 x 3b detached 5 x 4b detached 1 x 5b detached	4 dwellings = 35% 2 x SR 2 x SO
Bromyard		2 x 2b terrace 3 x 3b terrace 2 x 3b semi 4 x 4b detached	1 x 2b terrace 1.5 x 3b terrace 2.5 x 3b semi 1.5 x 3b detached 3.5 x 4b detached 1 x 5b detached	1 x 2b terrace 1 x 4b terrace 2 x 3b semi 1 x 3b detached 5 x 4b detached 1 x 5b detached	4 dwellings = 40% 1 x SR 3 x SO