

## **Appendix 7 – Viability Assessment information**

### **SHLAA Viability Methodology**

Paragraph 40 of the DCLG guidance and the Council's own methodology paper identifies the need for the SHLAA process to consider whether all sites within the study are achievable ie make a judgement about the economic viability of a site and the capacity of the developer to complete and sell the housing over a certain period. Viability is affected by market factors, cost factors and delivery factors. The SHLAA viability assessment needs to be applied to both new sites but also those with planning permission.

To help undertake this work a selection of developers, agents and architects who are currently active in the County will be invited onto a panel to provide judgements on the viability of sites included within the SHLAA using the following guidelines:

- Rule out sites of 5 dwellings and below from the study, sites in non sustainable locations with no relationship with the settlement or have significant policy restrictions on them ie flood zone.
- For both detailed planning consents and new sites a 1 year lead in for sites under 50 and a 2 year lead in for sites over 50 dwellings has been agreed. Developers will need to advise on the timing of the delivery of housing for Hereford and possibly Leominster/Ross where it is anticipated major infrastructure works will be required to support the level of growth that could occur for specific sites.
- The following build rates should be applied. One developer will result in 50 dwellings a year being provided, 2 developers will result in 100 dwellings a year and 3 developers 150 dwellings a year.
- With respect to cost factors planning charges of £3,000 for 1 bed dwelling, £8,000 for 2 bed flat, £12,000 for 2/3 bed dwelling, £18,000 for 4 bed dwelling will be applied for this exercise. Figures have been taken as mid estimates from the Council's SPD on Planning obligations.
- Sites of above 50 dwellings are likely to be providing additional facilities other than housing. This needs to be addressed through the densities applied to sites of 50 dwellings and above. It is suggested that there is a 5% reduction in densities for sites between 50 and 150 dwellings and 10% reduction for sites greater than 150 dwellings.
- In line with building regulation requirements a minimum of design code level 3 will be applied to all new builds. It is estimated that this will cost between £5,000 –£7,000 per dwelling.
- The SHLAA site schedules identify known constraints which will need to be mitigated against. These cost factors will need to be included in the assessment.

The above set of criteria was agreed by the SHLAA developers panel meeting on the 21<sup>st</sup> January 2009. These criteria need to be applied by the developer panels to all SHLAA sites and current planning permissions when assessing the viability of sites.

## SHLAA Panel Assessment Form

<b>Summary info</b> Panel date Panel name SHLAA site ref
<b>City/Town Location:</b>
<b>Ownership details</b> Single (1) Multiple (2) Unknown (3)
<b>Market Factors</b> Economic viability of existing use  Good (1) Poor (2) Unviable (3)
Market demand for housing in area  High (1) Medium (2) Low (3)
Assumed dwelling type  Houses (H) Flats (F) Mixed (M) Other (e.g. extra care) (O)
<b>Costs</b> Contamination mitigation costs  High (H) Medium (2) Low (3) None (4)
Physical constraints mitigation costs (e.g. steep slopes, drainage, safety factors)  High (1) Medium (2) Low (3) None (4)
Exceptional planning obligation costs (e.g. highway junctions)  High (1) Medium (2) Low (3) None (4)

<p>Infrastructure Constraints</p> <p>High (1)  Medium (2)  Low (3)  None (4)</p>
<p><b>Delivery</b></p> <p>Is this site being promoted by a developer/agent?</p> <p>Yes (1)  No (2)  Don't know (3)</p>
<p>Is the intention to bring this site to the open market within the plan period?</p> <p>Yes (1)  No (2)  Don't know (3)</p>
<p>Appropriate density (dwellgs/ha):</p>
<p>Total potential dwellings on site:</p>
<p>Build out rates 2009 – 2026 (amount of housing per year(s):</p>
<p>Financial viability of site for housing</p> <p>Viable (1)  Unviable (2)</p>
<p>Availability</p> <p>1 to 5 years (1)  6 to 10 years (2)  11 to 15 years (3)  Beyond 15 years (4)  Unknown (5)</p>
<p><b>Declaration of interest</b></p> <p>Yes (1)  No (2)</p>
<p><b>Comments/further details</b> (e.g. ownership: other constraints etc)</p>