

## Matter 2 – Vision, Strategic Objectives, Spatial Strategy and Viability

### Issue 3: Viability

- 1. *How has the feedback from the consultation/stakeholder engagement on the Plan Viability Study (E55) been considered to ensure the assumptions of costs and values are realistic?***
  - 1.1. The HBF considers that this is a question for the Council and their consultants.
  
- 2. *Are the assumptions for build costs, developers' profits, abnormal costs, phasing and build rates for residential developments realistic and based on evidence?***
  - 2.1. The Viability Assessment sets a developers profit of 15% for market housing where there are 10 or less homes, 18% for market homes where there are more than 10 homes and 6% for affordable homes. The HBF is concerned that the profit used in relation to the affordable homes does not take into account the provision of First Homes and that the full impacts of First Homes on viability have not been considered. There will be an increased cost to developers selling First Homes in terms of marketing plus an increased risk as they will not be able to sell First Homes in bulk to a Registered Provider thus obtaining a more reliable up front revenue stream. This increased risk is not reflected in the 6% contractor's margin assumed for affordable housing because there is no longer a guaranteed, known end value. The HBF considers that the developers profit for affordable homes should therefore be increased.
  
- 3. *What is the assumed cost for Electric Vehicle Charging points based on and is it realistic?***
  - 3.1. Paragraph 6.3.18 identifies a cost allowance for an EV Charging point at £482. This is significantly lower than the £976 cost per car parking space for an average home suggested by Government<sup>1</sup>. There are also no costs for the upgrading of local electricity networks, which should be included in the Council's Viability Study.
  
- 4. *How have the costs for biodiversity net gain been determined?***
  - 4.1. Paragraph 6.3.30 states that 10% net gain has been undertaken for each typology on the basis of DEFRA's Impact Assessment<sup>2</sup> and assumes a price of £11,000 per biodiversity unit and 4.46 units per hectare, giving a cost of £49,060 per hectare. This cost per hectare sits between the Central scenario and Scenario C set out in the Impact Assessment for the North West.
  
- 5. *The Study states in paragraph 6.4.17 that financial contributions towards education have not been included in Section 106 costs. What is the justification for this? Is it appropriate and justified that surplus sums generated should be used as an indication of the level of education contribution that a scheme could provide?***
  - 5.1. The HBF does not consider that it is appropriate for the Viability Assessment to use surplus sums as an indication of the level of education contribution that a scheme could provide. The HBF notes that Policy CP12 identified education provision as an appropriate matter to be funded by planning contributions. It is also noted that the Plan includes a reference to

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<sup>1</sup> Electric Vehicle Charging in Residential and Non-Residential Buildings (July 2019)

<sup>2</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/839610/net-gain-ia.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/839610/net-gain-ia.pdf)

Pupil Place Forecasting that has been undertaken in support of the new Local plan and how this has identified the need for new primary and secondary school places in the Borough across the Plan period. It also identifies specific projects including a new Primary School in West Blackburn and extensions to Primary schools in North Blackburn and Darwen.

**6. *Does the viability evidence demonstrate that the policies in the Plan are realistic, and that the cumulative cost of all relevant policies will not undermine deliverability of the Plan?***

- 6.1. In plan-making, viability is inseparable from the deliverability of development. Viability assessment is highly sensitive to changes in its inputs whereby an adjustment or an error in any one assumption can have a significant impact.
- 6.2. Chapters 7 and 8 of the Viability Assessment clearly set out the viability issues within the Borough. The HBF considers that most sites should be deliverable at planning application stage without further viability assessment negotiations. Viability negotiations should occur occasionally rather than routinely. Trade-offs between policy requirements, affordable housing and infrastructure provision should not be necessary. However, if the viability of sites is overstated, policy requirements will be set at unrealistic levels. Landowners and developers will have to submit site-specific assessments to challenge assumptions in the Council's Viability Assessment. Such negotiations at planning application stage cause uncertainty for both the Council and developers, which may result in significant delay to housing delivery or even non-delivery.