

## **Matter 8: Viability**

*Issue 1: Does the Plan take a justified and effective approach to the viability and deliverability of sites and policies?*

### **8.1 Taking account of the Whole Plan Viability Assessment (September 2022) (VI01 – VI03), would the cumulative requirements of the Plan's policies put the viability of Plan implementation at serious risk? Have all of the Plan's policy requirements been factored in?**

1. Section 10 of the Whole Plan Viability Assessment (September 2022) provides the residential appraisals for the Plan, it clearly identifies the viability challenges in Sheffield. It shows that the cumulative requirements of the Plans policies put the viability of the Plan and its implementation at risk. Table 10.3a shows that for the Central Area the residual value is less than the EUV across the typologies and on the higher density schemes, the residual value is negative. Paragraph 10.14 of the Assessment clearly states that Sheffield City Council (SCC) should be cautious about relying on development in the Central Area to deliver its housing requirement. Table 10.3b and 10.3c shows that in both the East and North East, and Manor / Arbourthorne / Gleadless the residual values are less than the EUV and that development is unlikely to be viable. Again, the assessment states that SCC should be cautious about relying on development in these areas to deliver its housing requirement. It is also noted that paragraph 10.37 states that the higher density typologies, which are brownfield typologies, are subject to greater impact of each policy than the lower density, greenfield typologies. Given the Plan's spatial strategy, which sees a focus in the Central Area, and the density requirements in these areas, this suggests that this Plan will not be deliverable.
2. Section 8 of the Whole Plan Viability Assessment sets out how the policies of the Plan have been considered. The HBF considers that there may be some elements which underestimate costs for some sites, for example the suggestion that GS7 requiring new trees to be planted at a ratio of at least 1 tree per dwelling is unlikely to be an additional cost over and above the normal landscaping costs bearing in mind the BNG requirements, the HBF considers that this is unlikely to be the case for every site, and in some cases it could add an additional cost and have impact on the land up take.

### **8.2 Has the Whole Plan Viability Assessment been subject to consultation/stakeholder engagement with regard to the assessment's assumptions and approach?**

3. The Viability Assessment suggests that a Local Plan Viability Workshop was held on 15<sup>th</sup> April 2019, the HBF was not in attendance. The HBF is not aware of any further consultations taking place specifically on the Viability Assessment.

### **8.3 Does the Whole Plan Viability Assessment adequately reflect the nature and circumstances of proposed allocations in the Plan?**

4. Table 9.6 of the Whole Plan Viability Assessment provides a Summary of Typologies these include high rise apartments on central PDL, smaller apartment schemes on PDL, high density development on PDL, residential schemes at 35dph on green and brownfield

land, and private rented schemes. The site capacities considered range from 12 dwellings to 450 dwellings, the site sizes range from 0.148ha to 8.929ha, and densities range from 35dwellings per hectare (dph) to 700dph.

5. The Housing Trajectory sets out the sites that the Council expects to see developed. Within Character Area One site capacities range from 10 homes to 572, gross site sizes range from 0.08ha to 3.07ha, and densities range from 32dph to 1,000dph. Elsewhere site capacities range from 10 homes to 1,230 homes, with gross site sizes from 0.03ha to 24.21ha, with densities from 15dph to 2,943dph.
6. The PPG<sup>1</sup> sets out that a typology approach is a process plan makers can follow to ensure that they are creating realistic, deliverable policies based on the type of sites that are likely to come forward for development over the plan period. It suggests that the characteristics used to group sites should reflect the nature of typical sites that may be developed within the plan area and the type of development proposed for allocation in the Plan.
7. The PPG<sup>2</sup> also states that it is important to consider the specific circumstances of strategic sites and that plan makers can undertake site specific viability assessments for sites that are critical to delivering the strategic priorities of the Plan. The HBF notes that:
  - a. Policy SA2 refers to strategic sites at NWS01, NWS04, NWS09 and NWS29;
  - b. Policy SA3 refers to strategic sites at NES01, NES03 to NES07, and NES09;
  - c. Policy SA4 refers to strategic sites at ES01 to ES13 and ES20 to ES24;
  - d. Policy SA5 refers to strategic sites at SES01 to SES05, SES08, SES09 and SES10;
  - e. Policy SA6 refers to strategic housing site at SS17: former Norton Aerodrome;
  - f. Policy SA7 refers to strategic sites at SWS02; and
  - g. Policy SA8 refers to strategic sites at SD02, SD03 and SD05.The HBF has not identified any site-specific viability assessments for these sites.
8. The HBF considers that the Viability Assessment typologies do not cover the full range of sites proposed in the Plan, and it has not considered strategic sites.

**8.4 Paragraph 2.4 of the Whole Plan Viability Assessment refers to the emerging Plan not including strategic sites at the time of this report. Has sufficient account been taken of the strategic sites outlined in the Plan in numerous locations? Do the typologies assessed adequately cover the range of strategic sites?**

9. The HBF does not consider that the Viability Assessment has taken sufficient account of the strategic sites as set out above. The HBF is not convinced that the site typologies have adequately addressed the range of strategic sites.

**8.5 Have the proposed affordable housing requirements in Policy NC3: Provision of Affordable Housing been appropriately considered in testing sites, both in terms of the appropriate percentage of affordable housing and the appropriate tenure mix?**

10. Policy NC3 requires sites with a capacity for 10 or more dwellings to provide a minimum 10% affordable housing provision in the city centre, Manor / Arbourthorne / Gleadless,

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<sup>1</sup> PPG ID: 10-004-20190509

<sup>2</sup> PPG ID: 10-005-20180724

East, Northeast, Urban West, Southeast, Stocksbridge & Deepcar, Chapelton / Ecclesfield and Rural Upper Don Valley. And it requires a minimum of 30% in Northwest, South and Southwest. It states that the tenure mix should be 25% affordable housing for First Homes, 25% affordable housing for social rented or equivalent affordable tenures, and 50% affordable rent or housing for Intermediate or equivalent affordable tenures.

11. Paragraph 10.6 of the Viability Assessment suggests that base appraisals are based on the current affordable housing requirements (based on 70% affordable rent and 30% Intermediate). Tables 10.3a to 10.3g provide the residential appraisals. For the City Centre (10.3a), for East and North East (10.3b) and for Manor / Arbourthorne / Gleadless (10.3c) it assesses 0% affordable housing, this would not be in line with the 10% proposed in the policy. For North West (10.3g) it assesses 10% affordable housing, this would not be in line with the 30% proposed in the policy. Table 10.9 summarises the affordable housing scenarios considered and clearly identifies the viability challenges in the area.
12. Table 8.4 of the Viability Assessment highlights the affordable housing tenures that were tested, these include 25% for First Home, 25% for social rent, 25% for affordable rent and 25% for affordable home ownership. Table 10.7 sets out the impact of each of the tenure splits that were tested, it suggests that the First Homes 25%, Shared Ownership 25%, Affordable Rent 25%, Social Rent 25% split is the 5<sup>th</sup> in the list of least to most viable. The Assessment goes on to consider the potential to deliver the tenure splits in paragraph 10.50 to 10.58.
13. The HBF notes that the Viability Assessment (paragraph 10.46) does consider the Council's experience on the ground and suggests that consideration is given to a 10% affordable housing target although that would be a decision based on more than just viability evidence. The HBF is not aware that the Council has sought to provide further evidence to support the 10% affordable housing requirement, or to identify where further funding would be available to support the viability of these developments.
14. The HBF also notes that the Viability Assessment suggests that if the Council wishes to develop to higher standards and to deliver more affordable housing the Council could achieve this by allocating greenfield sites.

**8.6 The Whole Plan Viability Assessment indicates that residential and non-residential development is not viable or marginal in some areas. What is the Council's position on these findings? In the lower viability areas, what development is currently taking place or has recently taken place, and does it include provision for affordable homes and/or planning obligations? Overall, is there evidence to show that the Plan is deliverable?**

15. The HBF considers that this is a question for the Council, however, the HBF does not consider that there is evidence to show that the Plan is deliverable.

**8.7 Is Build-to-Rent realistic in viability terms within the City Centre?**

16. The Viability Assessment (paragraph 12.53) states that Private Rented Schemes (ie Build to Rent) are shown as unviable. Therefore, the HBF considers that build to rent is unlikely to be realistic in viability terms in the City Centre.

**8.8 Has adequate consideration been given to a) sheltered and extra-care housing, b) student accommodation and c) non-residential uses within the Whole Plan Viability Assessment?**

17. Table 10.12 of the Viability Assessment set out the appraisal results for Older People's Housing this includes sheltered and extra-care housing. It highlights the significant viability challenges in delivery, and paragraph 10.87 states that there is limited scope for sheltered or extra-care housing to bear affordable housing.

**8.9 Are the density assumptions made in the Whole Plan Viability Assessment consistent with Policy NC9: Housing Density?**

18. Policy NC9 sets density ranges from at least 70dph within or near to the Central Area; 50-80dph within or near to the District Centres; 40-70dph within easy walking distance to tram stops and high frequency bus routes; 30-50 in remaining urban areas; and 30-40 in rural areas.

19. Table 9.1 of the Viability Assessments set out the density assumptions, these range from 70-300dph in the city centre; 50dph in town centres; 40-50dph in other accessible urban locations, 35dph in other urban areas and 30dph in rural locations. Table 9.6 which provides a summary of the typologies used provides a range of densities from 35dph to 700dph. Tables 10.3a to 10.3g provide the residential appraisals these have considered a variety of the typologies. Within the City Centre it has considered typologies 1-18 and 24-26 and as such densities from 35dph to 700dph, whilst in the other areas it has considered typologies 7 to 26 and as such densities 35dph to 120dph.

20. The HBF considers that the Viability Assessment covers a range of densities, although they do not always appear to be consistent with Policy NC9.

**8.10 Have there been any changes in circumstances which could affect the assumptions made in relation to land values, sales values, build costs, developer profit and other viability appraisal inputs, for example recent inflationary pressures?**

21. The HBF considers that the Viability Assessment provides a snapshot in time., and as such will not have considered changes in circumstances since the time it was produced, including changes in inflation.