

District Council Specific Response to Questions 11 to 17 - Viability and Developer Contributions – Policy DM 3

- 1.1 With regard to Questions 11 to 17 which were included in the initial questions to the Council. The Viability Assessment was prepared in the wake of the Inspector's Advisory visit to the District Council. It built on the viability work that the District Council had already undertaken as part of its Adopted Core Strategy and Community Infrastructure Levy. The Advisory Inspector explained that it was important to understand the viability of the Allocations in their own right.
- 1.2 Adrian Kerrison of the National CIL Service and the Council's Growth Point Manager prepared the Viability Assessment to complement earlier work as explained at 1.4 in EB11 and EB11a. This work has been used to identify the viability of the allocations included in the DPD; it will also be used to assist the Council in understanding where it will need to assist with funding of infrastructure in the early years of the plan.
- 1.3 The Council recognises that particularly challenging economic circumstances currently exist in the west of the district, as they do in many parts of the Midlands and the North. Current residential sales values make the viability of some residential development marginal. However relatively minor sales value increases, as predicted in the East Midlands in the short to medium term, would resolve this. There are many factors that may influence sales values, in particular the re-introduction of accessible mortgage finance. The Council considers it would be wrong to steer development away from these areas based on current economic circumstances. The plan period is to 2026 and it is considered important to create a framework for growth and recovery in these communities in preparation for an improvement in economic circumstances.
- 1.4 It is also worth noting that for the assessments for the 0-5 year delivery sites in the Mansfield Fringe and Ollerton areas that indicate negative viability, it is the abnormal site development costs that make up the vast majority of the negative impact. The Council has tried to take a reasonable view on land value (as a reasonable authority) to ensure landowners obtain sufficient return for sites to come forward. However on sites that have significant abnormal cost to bring land up to a developable standard then these costs should be deducted from the purchase land value, making the development much more viable.
- 1.5 In any event where sites have been identified as having viability issues tend to be spread over a number of 5 year periods, in all but one of these cases the balance of the development will occur in the second or third five year tranche, therefore as the study identifies the use of contingent deferred payments has the potential to deliver affordable housing and other infrastructure in later phases.

- 1.6 The District Council's approach to securing infrastructure is set out in section 4 of the Core Strategy (paragraph's 4.37 to 4.45). Since the Core Strategy was adopted the Council has successfully adopted a Community Infrastructure Levy to meet strategic development requirements. Policy DM3 in the Allocations DPD provides more detailed guidance on the considerations of planning applications, particularly issues of viability. This reflects the approach taken in the Core Strategy with Core Policy 1 Affordable Housing Provision. Both policies attempt to be flexible and strike a balance between requirements and viability issues. This will continue to be the Council's approach to development proposals including on allocated sites.
- 1.7 Indeed three schemes in the west of the District demonstrate that whatever assumptions are made in an assessment on the ground development is still being negotiated and occurring, in particular in Rainworth (in the Mansfield Fringe) two housing permissions have been delivered over the past two years with open space provision and 25% affordable housing (overall dwelling numbers totalling 166 dwellings). Currently on a site in Clipstone an outline permission for 420 dwellings is being partially developed at present (with 219 dwellings) and negotiations on a reserved matters application for a further 201 dwellings on the rest of the sites 30% of the dwellings are Affordable and this scheme is also due to deliver additional community infrastructure. A further 180 dwellings meeting similar requirements is being delivered elsewhere.

Addressing Inspectors concerns

- 1.8 We recognise your concerns set out in these questions and in the supplemental questions from the 2nd November regarding the ability of new development to meet infrastructure requirements and still be viable. Overall the proposed allocations sites are viable in most locations as identified in the Viability Assessments submitted to the examination hearing.
- 1.9 The assessments are based on a number of fixed assumptions, including Section 106 contributions and whilst we believe this gives a good basis for consideration of viability the Council is currently reviewing this to address the specific issue of costs relating to the IDP and SPD which you raise. This work will be available when the Council submits its statements to the Inspector at the end of the month.
- 1.10 Initial work on the matter suggests that funding gaps have been identified in similar locations as the current viability assessment identified; namely in the western part of the District. It is therefore clear that the Council will have to take a flexible approach to affordable housing and infrastructure provision.
- 1.11 Whilst the requirements in the IDP are based on an assumption that all additional infrastructure will be required this may not always be the case and therefore some

of the infrastructure requirements will not be necessary when the allocation comes forward as an application. It may also be the case that at the time of application the developer can demonstrate that the development can bear the cost of development therefore viability would not be an issue. Notwithstanding this fact it is likely that on some sites which come forward an infrastructure funding gap will exist. In some cases this is a matter that can be resolved by negotiation, where this gap is too great the District Council will need to steer its resources towards supporting such development including using Growth Point funding and new homes bonus.

- 1.12 It is our intention to present to you a paper on how the District Council envisages this will work – a funding strategy – which will give you the confidence that the District Council can address these matters.
- 1.13 In terms of the Developer Contributions Supplementary Planning Document your proposals in supplemental question 2 appear to be an appropriate way to address your concerns and we propose to prepare amended wording to address this matter for discussion at the examination hearings.
- 1.14 Overall we believe that the proposals in the DPD are viable and that with appropriate support the proposals can be delivered.