

Chelmsford City Council - Post IDP Viability Note

June 2018

This brief note has been prepared by HDH Planning and Development Ltd (the authors of *Local Plan Viability Study, including CIL Viability Review (HDH, 5th January 2018)*) following the preparation of the *Chelmsford IDP Report Update (Troy / Navigus, June 2018)*. The IDP clarified the strategic infrastructure and mitigation costs associated with the large sites to be included in the new Chelmsford Local Plan.

Table 7.6 of the January 2018 Viability Review set out the following site-specific costs:

Table 1 Original (2017 based) Strategic Sites - s106 Costs			
Site	Site area (ha)	PO Units	S106 Cost
North East Chelmsford	275.60	3,000	£30,000,000
Moulsham Hall and North Great Leighs	66.99	1,100	£11,000,000
North of South Woodham Ferrers	121.38	1,000	£10,000,000
West Chelmsford - Warren Farm	45.64	800	£8,000,000
North of Broomfield	29.30	450	£4,450,000

Source: Table 7.6 Local Plan Viability Study, including CIL Viability Review (HDH, 5th January 2018)

This can now be updated as follows:

Table 2 Updated (June 2018) Strategic Sites - s106 Costs			
Site	Site area (ha)	PO Units	S106 Cost
North East Chelmsford ¹	275.60	3,000	£103,970,831
Moulsham Hall and North Great Leighs ²	66.99	1,100	£22,589,533
North of South Woodham Ferrers ³	121.38	1,000	£24,336,254
West Chelmsford - Warren Farm ⁴	45.64	800	£11,891,330
North of Broomfield ⁵	29.30	450	£14,058,125

Source: ¹ Table 13.4, ² Table 13.5, ³ Table 13.7, ⁴ Table 13.2, ⁵ Table 13.6 Chelmsford IDP Report Update (Troy / Navigus, June 2018)

These figures are notably higher than the assumption used in the January 2018 Viability Review.

Table 10.2a of the January 2018 Viability Review set out the appraisal results showing the Residual Values compared to the Viability Thresholds. The relevant section is duplicated below:

Table 3 Residential Development – Residual Values Compared to Viability Threshold Original (2017 based) Strategic Sites					
			Alternative Use Value	Viability Threshold	Residual Value
Site 1	North East Chelmsford	NE Chelmsford	50,000	560,000	903,426
Site 2	Moulsham Hall & North Gt Leighs	Great Leighs	20,000	524,000	1,157,726
Site 3	North of SWF	Sth Woodham Ferrers	20,000	524,000	908,642
Site 4	Warren Farm	West Chelmsford	20,000	524,000	1,242,206
Site 5	North of Broomfield	Broomfield	20,000	524,000	1,306,240

Source: Table 10.2a Local Plan Viability Study, including CIL Viability Review (HDH, 5th January 2018)

The appraisals have been re-run, substituting the strategic infrastructure and mitigation costs from Table 1 above, with the costs from Table 2 above. No other changes have been made:

Table 4 Residential Development – Residual Values Compared to Viability Threshold Updated (June 2018) Strategic Sites					
			Alternative Use Value	Viability Threshold	Residual Value
Site 1	North East Chelmsford	NE Chelmsford	50,000	560,000	537,454
Site 2	Moulsham Hall & North Gt Leighs	Great Leighs	20,000	524,000	982,353
Site 3	North of SWF	Sth Woodham Ferrers	20,000	524,000	663,384
Site 4	Warren Farm	West Chelmsford	20,000	524,000	1,156,206
Site 5	North of Broomfield	Broomfield	20,000	524,000	936,991

Source: HDH June 2018

As would be expected, the Residual Values are somewhat lower (as the costs are higher), but other than in relation to the North East Chelmsford site, all are still well above the Viability Threshold. The Council can therefore have confidence that these sites are deliverable.

The Residual Value for the North East Chelmsford site has fallen from £900,000/gross ha to £540,000/gross ha. This is about £895,000/net ha or about £76,780,000 for the whole site. These are very substantial sums. There are a range of options for the Council to help facilitate the delivery of the site, including reconsidering the CIL 123 List, to ensure that some of the items that relate to the North East Chelmsford site are funded by CIL from all development rather than just s106 contributions from this one site.

In this context, it is important to note that any large strategic site, is complicated and challenging to deliver. In line with the conclusions set out in the January 2018 Viability Review it is recommended that the Council continues to engage with the owners in line with the advice set out in the Harman Guidance (page 23):

Landowners and site promoters should be prepared to provide sufficient and good quality information at an early stage, rather than waiting until the development management stage. This will allow an informed judgement by the planning authority regarding the inclusion or otherwise of sites based on their potential viability.