

LPV04

For: Winchester City Council



Winchester
City Council

Local Plan Viability Report

Further information

July - August 2024

(DSP21766)

Final (v1.1)

Contents

1. Introduction & Context.....	1
2. Results of further testing exercises.....	4

Appendix 1: Assumptions Summary (Tables 1a to 1f)

Appendix 2: Expanded residential typologies review – results (Tables 2a to 2q)

Appendix 2a: Residential typologies – sample appraisal summaries

Appendix 3: Site allocation testing results

(Sir John Moore Barracks (SJMB) – W2) (Table 3)

Appendix 3a: SJMB appraisal summaries

Appendix 4: Non-residential/commercial typologies test results (Tables 4a to 4e)

Appendix 5: Market and values research overview

1. Introduction & Context

- 1.1. This further brief report is the final one, completing the range of information provided through this Local Plan Viability Assessment (VA) for Winchester City Council (WCC). The assessment has been one of a number of evidence studies that have built and supported a considerable period of dialogue and policies development with and by WCC over the last three years or so.
- 1.2. The purpose of this is to now join the Dixon Searle Partnership (DSP) September 2022 'Briefing Note', the Interim Stage 1 Report (October 2022) and our July 2024 'Local Plan Viability Report'. Together, these capture the key reporting stages of this VA. They are available on the Council's Local Plan 2024 – Evidence Base webpage (found at: [Local Plan 2040 – Evidence Base - Winchester City Council](#)). The Council is preparing to consult on its 'Proposed Submission Local Plan' (Regulation 19) from the end of August 2024. For ease of reference, this document is also to be found via the above web-link.
- 1.3. Hence the rounding up of this VA work now – running to August 2024. The additional information provided here, for completeness, summarises the further checking and wider work undertaken – as DSP's recent report noted would be added as the Plan progresses towards submission. It builds upon both the 'Summary of Assessment work to date' provided at section 2 of our July 2024 report, and the VA work and findings then set out in that recent report.
- 1.4. With the VA work (along with the Council's other evidence) appropriately evolving and being prepared across stages, this further report does not repeat the previously provided content – i.e., the detail on the context, methodology or the previously reported findings. The assumptions summary is provided as Appendix 1 to this additional report.
- 1.5. A proportionate and appropriately comprehensive assessment has been carried out, with the wide-ranging VA work to date having both informed and checked the policy positions within the Local Plan 2040 proposals as suitably viable overall. In this final stage, we have added to the information available to WCC, the overview picture on viability, having now also reviewed with WCC the results of expanded appraisal exercises to include:

(A) A widening of the residential typologies-based review exercise – as above, to add to the information picture and to further test the proposed LP 2040 policy positions.

- Appendix 2 to this report sets out the tabled results of this exercise, conducted using the same principles and methodology as previously. This now provides a re-issue (for ease of reference) of Tables 2a to 2n as published with the July 2024 report Typologies up to and including 100 dwellings), to which Tables 2o to 2q have now been added.
- The Tables 2o to 2q further appraisal results add:
 - 500 mixed dwellings typology testing (Table 2o)
 - 30 flats as sheltered/retirement living typology testing (Table 2p)
 - 60 flats as extra care typology testing (Table 2q)
- Appendix 2a provides a sample of appraisal summaries. We note that this is necessarily and appropriately a sample, owing to the reporting volume that would be created were we to include a greater number or all appraisal summaries – this would become unwieldy in our experience. DSP can, however, provide any further information requested by WCC as the Plan renewal process progresses.

(B) As far as practical at this stage, a further review of the emerging viability prospects for development at the Sir John Moore Barracks Site (Local Plan Allocation Site 'W2'), reflecting circa 900 dwellings proposed to come forward in a comprehensive redevelopment there.

- Appendix 3 to this report provides the current stage results and sensitivity testing (conducted on the basis again set out with the Appendix 1 Assumptions Summary).
- Appendix 3a provides the summaries of the base appraisals, with each of those also showing the sensitivity outcomes for information.



(C) Non-residential/commercial development typologies-based tests representing other development uses considered relevant to the WCC delivery and providing high-level viability context on that, again for WCC information.

- These results are provided, for completeness, at Appendix 4 to this report. With most indicating poor to marginal viability outcomes at this stage using the assumptions made and viewed purely as developments rather than parts of a wider business model, as is typical for this type of exercise (as are the findings in DSP’s general experience), we have not included appraisal summaries for these.

1.6. Appendix 5 provides further context by setting out an overview of the research and market information/commentary reviewed as part of considering and building this VA exercise.

1.7. In the following section, 2, we will briefly overview the results of these further VA testing exercises, the focus being whether or not DSP needs to provide updated/amended findings, having further considered the proposed LP 2040 policy positions.

1.8. In doing so, as above, we will not repeat the context for this work or key methodology that underpins it. Instead, we will pick up on any particular points relevant to note on assumptions/approach relating to this latest, final (further) viability assessment information.

2. Results of further testing exercises

(A) Expanded residential typologies review

- 2.1. The use of all assumptions applied in the previous work has been continued. This includes the continued inclusion of the cost of the Winchester City Council CIL (Community Infrastructure Levy) Charging Schedule, allowed for in all cases at the various current indexed rates.
- 2.2. Additionally, tailored assumptions - applied from wide ranging experience of viability in planning both strategic and site specific (decision making i.e., development management) assessments – have been used in considering the sheltered/retirement living and extra care representative development typologies. These are set out in Table 1c of Appendix 1. They include differences from the general residential typology assumptions in a number of areas – including on assumed floor areas, communal (non-saleable) floor areas, values, sales profile and costs, build and other development costs and allowances.
- 2.3. Bearing in mind the framing of the WCC Affordable Housing policy (H6) and explanatory text within the Local Plan 2040 proposed submission, from review of the further results now presented here, in our view there needs to be no further or altered consideration of viability or the cumulative impact of the Council’s policies.
- 2.4. The results overall continue to show a range of findings on viability levels, but which is to be expected and does not need to affect the appropriate overview that has been made, reflecting both local and wider circumstances and influences, in the Council coming to the positions set out.

(B) Strategic site allocation review – Sir John Moore Barracks site Winchester (W2)

- 2.5. As has been noted previously, through ongoing discussion with the Council, this site has continued to be selected for specific review within the Local Plan viability assessment because it a new allocation at a significant scale, for which potential proposals are still in very early stages.



- 2.6. Whilst all sites are different, this has been considered unique in the Winchester context, with many considerations yet to come. DSP understands that discussions are currently underway between Officers at the city council, the Defence Infrastructure Organisation (DIO), their consultants, the Parish Council, the local community and Ward Members regarding the development of a Concept Masterplan. Unlike on most other larger sites in the district, there is currently no permitted planning or submitted planning application at this stage as this would follow on from agreement by Cabinet to a Concept Masterplan. In view of this there is not the same level of sensitivity over live details involved in the planning process. DSP understands that the site is due to be vacated by 2026, and there is an aim by the DIO to have progressed to the stage of securing outline planning consent before the site is vacated by the DIO.
- 2.7. Although approached specifically and beginning to get more focused, our appraisal at this stage is still relatively high level. It uses information to the extent that has been available to date, including on infrastructure provision, although that is currently an incomplete picture. We understand that while there is likely to be some repurposing of existing buildings on the site and there are likely to be some abnormal works costs (as affect most sites of this nature) there are no significant underground structures and no very significant off-site highways or other works likely to be required.
- 2.8. A key requirement is likely to be land for Park and Ride provision and, although a scheme of this scale of housing (in Policy W2 of the Regulation 19 Local Plan) will not in itself generate the entire demand for up to an 850 space Park and Ride site, suitable land would need to be provided for the Park and Ride site along with any initial works and a financial contribution. This would need to be negotiated between the DIO, WCC and HCC (Hampshire County Council) as part of the planning application process, given the key need to provide an area than can deliver around 850 Park and Ride spaces to the north of the city centre. The site is considered suitably located for this and we understand that DIO/WCC/HCC discussions are currently ongoing regarding potential options and costs.
- 2.9. Currently it is also anticipated that financial contributions towards education will likely be required, rather than on-site provision.
- 2.10. The lower WCC CIL charging rate currently applies at this location.

2.1. The Regulation 19 proposed submission Local Plan (at 6.14 and 12.29) says on the Park and Ride proposals:

6.14 The Local Plan can allocate land for park and ride to reduce the number of cars coming into Winchester. As part of an overarching approach to parking and access management the plan can reduce and allocate car parks in towns for example for other uses such as residential development and ensure park and ride sites are located in the areas of most demand.

12.29 Park & Ride facility. As the site is located on one of the key radial routes into the city centre (Andover Road), the City of Winchester Movement Strategy has identified that there is need to reduce city centre traffic by increasing the number of Park & Ride facilities with a particular need to provide a car park on the north side of the city. In order to meet this need, there is an opportunity, as part of the comprehensive redevelopment of this site, to provide approximately 850 spaces as a Park & Ride facility. This would be in addition to the Kings Barton 200 space Park & Ride Light site that is located on the opposite side of Andover Road which would need to be operationally connected to the Park & Ride facility at the Sir John Moore Barracks site (Policy W1). The scale and location of the Park & Ride facility should be considered as part of the master planning process and be in a location that is physically connected to sustainable modes of transport and provide charging points. Policy W2 references 850 space P& R with Policy W2 (xix) requiring the proposals to ‘...include a Park & and Ride facility of approximately 850 spaces...’.

- 2.11. Currently it is also anticipated that financial contributions towards education will likely be required, rather than on-site provision.
- 2.12. The lower WCC CIL charging rate currently applies at this location.
- 2.13. The situation of evolving information and early stage/part estimates for use is not unusual at all in DSP’s experience.
- 2.14. The assumptions used in the current stage appraisal exercise are shown within Appendix 1 (including at specific Table 1d). The appraisal summaries included at Appendix 3a also list the assumptions, giving a feel for the costs included in this to date.



- 2.15. At present, alongside the CIL cost and the costs of policies and estimated relating to known constraints, we have included £5,000/dwelling as a starting point assumption/contingency for s.106 costs. Additionally, we have reflected a land servicing cost as part of what could be expected in relation to the likely park and ride scenario. However, prior to establishing an additional cost and knowing the education contributions scenario here, it appears likely that there will be some increase in costs needing to be supported relative to the levels included in the current appraisal.
- 2.16. With this in mind, the results (as noted below) are presented in way that shows the potential surplus (or in some cases deficit) levels currently indicated to be available in different circumstances – i.e., with various assumptions combinations in place on values, AH% and build costs. These are the sums (in total and then also expressed as £/dwelling levels) indicated to be potentially available to support costs that are not included in the appraisal to this stage. WCC will also need to bear in mind that from these surpluses there will be finance, fees and contingency costs to support as well, as additional costs are accounted for through the development cashflow. Further iterations of the appraisal could be run in due course as more site-specific information becomes available.
- 2.17. As can be seen in Table 3, Appendix 3, the SJMB site broad viability prospects have been tested across a wide range of sales value level (VL) sensitivity levels, a range of affordable housing (AH) proportions from 20% to 40%, and also reflecting the potential influence of changing construction costs – all for context information and reflecting in our view a good prospect of the site being able to come forward viably.
- 2.18. We have included the appraisal summaries at 25% and 30% AH, assuming a PDL or largely PDL development basis here; and reflecting the likely parameters within or around which both the new policy would take effect and at this stage a scheme here appears capable of supporting given the River Itchen SAC constraints as part of the cumulative development costs - nutrient neutrality requirements - in the short to medium term at least.
- 2.19. With other proposals largely having been or being progressed and landowner/developer teams therefore showing a level of confidence in the delivery prospects, it has not been considered necessary or appropriate to bring those into the scope of Local Plan viability assessment to this stage.

(C) Non-residential/commercial typologies

- 2.20. Reflecting the brief initial acknowledgement at 1.5 above, overall, very mixed results have been seen from these sets of appraisals. This reflects our wider experience of such assessments – Local Plan and CIL viability.
- 2.21. On this, it is not surprising to see employment development typologies found typically unviable or at best marginal when assessed with typical assumptions for this purpose and stage of review. Viewed purely as speculative/general developments, when the activity of development often appears unviable or struggling for viability, this is as probably expected when using assumptions considered appropriate for the area rather than for prime commercial/R&D/distribution zone locations, for example.
- 2.22. However, the emerging Local Plan 2040 policies are not contributing unduly to the generally challenging viability findings that we see tend to see at this level of review.
- 2.23. Unlike in the case of residential development, the scope of local policies directly influencing the viability of non-residential/commercial developments is much more limited (to include climate change response and biodiversity net gain, but which are national level policy areas in any event). It is not these policy response costs that is switching viability from positive to negative or marginal, so that in most cases there is little that a Local Plan can do aside from allocate any provision to the most suitable locations and sites. Local authorities like WCC can work with investors, developers, occupiers, and others, and bring their local economic expertise to bear.
- 2.24. The interest that we understand is being shown in various locations here, and the progress being made at Bushfield Camp (the subject of a current planning application), for example, is encouraging as to the prospects for delivering a variety of floorspace and schemes.
- 2.25. In practice, usually, specific drivers will be in place to see development progressed in circumstances that suit particular owners/investors or occupiers and their wider business plans, potentially as well as other funding or partnership routes. Operational requirements and/or investment viewed on a longer and broader basis across a business or property portfolio will see schemes progressed in practice.



- 2.26. The picture on non-residential/commercial developments will inevitably be mixed. Amongst the results, and again a typical finding also reflecting wider experience, we see that purpose-built student housing development is likely to have good viability prospects should this be needed (Table 4e results within Appendix 4).

Winchester Local Plan 2040 Viability - Overall

- 2.27. This final reporting stage (the third of three published) concludes the viability assessment for Winchester City Council.
- 2.28. The further information now provided here by way of expanded/more detailed testing, for completeness, has not been found to alter the outcomes of DSP's recent (July 2024) reporting. That, as now supplemented, has been developed through from the earlier VA work stages. Throughout, the VA has both been informed by and fed back into the two-way dialogue with the WCC team.
- 2.29. Alongside other evidence, with the VA work having closely informed the development of key policies to their current regulation 19 pre submission iterations (and including in respect of affordable housing policy, which typically has most influence on development viability overall, and climate change response), our previously reported and further findings and recommendations support, overall, a viable set of Local Plan 2040 proposals for Winchester district.
- 2.30. This overall position reflects a comprehensive typologies-based appraisal and review exercise together with more specific consideration of the SJMB site (Allocation proposal W2). Well established principles and a proven approach have been used to build this picture and share information between WCC and DSP on this over a considerable period of time. All conducted within an appropriate, proportionate assessment carried out in accordance with the relevant guidance (primarily the PPG) and using good practice from wider experience. Not all schemes or development variations will prove to be viable, but that is a regular finding and is not the test, and the Winchester LP policies are considered to be appropriately framed from a viability viewpoint.
- 2.31. DSP will be happy to assist further in due course if required by the City Council.

Further Information Report ends – VA completed August 2024.