

Appeal: APP/D1265/W/23/3336518

**Site: Land to the South of Ringwood Road, Alderholt,
Dorset**

LPA: Dorset Council

Appellant: Dudson Homes (Southern) Ltd

Date: 11th June 2024

MAIN ISSUE 1:TOPIC PAPER

Viability and Quantity of Affordable Housing

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Section B

7. Background

- 7.1 This viability section of the Topic Paper sets out the individual positions of the parties and matters which are agreed and those not agreed.
- 7.2 Policy LN3 of the Christchurch and East Dorset Local Plan sets out a policy requirement of up to 50% on greenfield sites. Deviation from Policy should be supported by clear and robust evidence.
- 7.3 The Appellant's viability consultant, Intelligent Land (IL) calculates that the scheme can afford to deliver 35% of units for affordable housing.
- 7.4 The Council's viability consultant, Aspinall Verdi (AV) completed their initial review on 26th February 2024. This review generated several 'Clarification Questions'. The questions were subsequently responded to (13.03.24), and a request was made for a specific viability meeting.
- 7.5 The party's viability consultants met on 5th April 2024. It was agreed that IL would update the development appraisal and provide further evidence where required. AV agreed to consider further evidence presented.
- 7.6 IL issued the updated appraisal, supporting evidence and SOCG on 19th April 2024. A response to the SOCG along with a request for further information was submitted by AV on 22nd May. The parties submitted proofs of evidence on 28th May 2024. IL maintained its position that the maximum reasonable affordable housing provision was 35%. AV prepared a new appraisal and suggested that the scheme could support up to 50% affordable housing, providing detail in the proof which focused on benchmark land value (BLV).
- 7.7 On 10 June 2024, AV provided IL with a Red Book Valuation of the existing use value ("EUV") of the Site. On 12 June 2024, AV informed IL that in light of that valuation, it had changed its BLV and updated its appraisal and would contend that the scheme could support up to 41.5% affordable housing.

8. Matters Agreed

- 8.1 That Policy LN3 of the CEDLP requires greenfield developments to provide up to 50% of residential units as affordable housing. That 50% affordable housing is required to be provided unless evidence is provided which demonstrates this would not be viable.
- 8.2 It is agreed that it is appropriate to include an affordable housing review mechanism in the s 106. The terms of that review are not agreed.
- 8.3 The Gross Development Area is 121.87 hectares (301.46 acres).
- 8.4 Net developable area is 41.87 hectares (103.42 acres):
- Residential 38.99 hectares (96.34 acres)
 - Employment 1.70 hectares (4.20 acres)
 - Local Centre 0.88 hectares (2.17 acres)

- 8.5 Indicative Housing Mix (1,694 units) as shown below:

House Type (Beds)	%	No.
1 Bed	19%	325
2 Bed	33%	556
3 Bed	30%	507
4 Bed	15%	255
5 Bed	3%	51
	100%	1694

- 8.6 Market Housing Gross Development Value based on £4,222/m² (£392.3/ft²).
- 8.7 First Homes Gross Development Value at 70% of Open Market Value
- 8.8 Affordable Rent and Shared Ownership Gross Development Value at a blended 58% of Open Market Value
- 8.9 Site Acquisition Costs.
- Stamp Duty at prevailing rate
 - Agent Fee 1%
 - Legal Fee Allowance 0.5%
 - Acquisition Surveys £5,000
- 8.10 Construction costs based on BCIS Lower Quartile with 15% allowance for external works.

- 8.11 Garage Build Cost £484/m² (£45/ft²).
- 8.12 Infrastructure Delivery Plan – total IDP £63,764,168 (subject to clarifications relating to mineral extraction and costs of community hall and medical centre, will be a component of the s106 viability review).
- 8.13 Forecast Section 106 Financial Contributions are subject to detail and ongoing discussions and will form a component of the S.106 review mechanism.
 - 8.14 Construction Contingency – 5%
 - 8.15 Professional Fees (local centre appraisal) – 5%
 - 8.16 Developer's Profit: Affordable Housing 6% of GDV
 - 8.17 Market Disposal & Marketing Fees – 3% of Market GDV
 - 8.18 Shared Ownership Disposal Fees – 2% of Shared Ownership GDV
 - 8.19 First Homes Disposal Fees – 2% of First Homes GDV
 - 8.20 Affordable Housing Contract Legal Fee – 0.50%
 - 8.21 Market/First Homes/SO Conveyance Fee - £750 per unit
 - 8.22 Finance Rate – 5.5%
 - 8.23 IDP Contingency - 10%
 - 8.24 Land Owner Equivalent Premium at 5.1x multiple of EUV
 - 8.25 Public House Land Value - £1,000,000
 - 8.26 Local Centre Land Value - £3,400,000
 - 8.27 Employment Land Value - £4,000,000

9. Matters Not Agreed

- 9.1 Affordable housing provision. Appellant calculates on site provision at 35% of proposed dwellings. The Council calculates that the scheme can provide 40.6% affordable housing.
- 9.2 Professional Fees (main residential appraisal) (Appellant 10% vs Council 8%)
- 9.3 Developer's Profit Market Housing (Appellant 20% vs Council 17.5%)
- 9.4 Benchmark Land Value: (Appellant £30,154,000 vs Council £26,903,775)
 - Existing Uses and Land Area
 - Existing Use Value (Appellant £6,413,500 vs Council £5,275,250).