



# **Basildon Local Plan and CIL Viability Update Study**

Addendum - Further viability advice  
and clarification for Basildon Council

On behalf of:



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## The Need for Additional Advice

- 1 Basildon Council are considering a housing target for Bowers Gifford and North Benfleet Neighbourhood Area, which is expected to be secured through a mix of small- and large-scale site developments. By adopting this approach, the Council have also revised its policy position for making necessary site allocations based on the East Basildon High Level Development Framework.
- 2 Consequently, Porter Planning Economics (aka PorterPE) has been asked to undertake viability testing of suitable site typologies within East Basildon as an extension to the original PorterPE produced Basildon Local Plan and CIL Viability Update Study, published in February 2018. The Local Plan viability work is referenced throughout this report as the 'PorterPE February 2018 report' and, as such, it should be read in conjunction with this Local Plan and CIL Viability Addendum.
- 3 The purpose of this Addendum report is to identify if the revised configuration of site allocations and housing targets for the East Basildon when delivered in accordance with the policy requirements of the emerging Local Plan at September 2018 would be at risk of non-deliverability due to viability, and to identify if a potential Community Infrastructure Levy (CIL) rate is affordable within this area.
- 4 The remainder of the document is separated into four sections:
  - Identifying site typologies within East Basildon to reflect the type of sites expected to come forward within this Neighbourhood Area.
  - The development assumptions being applied in testing the East Basildon site typologies
  - The testing of the implication of the emerging Local Plan at September 2018 on the East Basildon sites
  - Final recommendations on the achievability of the proposed emerging Draft Local Plan policies within East Basildon and the potential for introducing a CIL in East Basildon.

## Tested Residential Typologies in East Basildon

- 5 The Council have revised its policy position by seeking to secure about units through smaller site allocations within the previously proposed H11 (was previously H12) East Basildon site. Instead of making necessary site allocations based on the East Basildon High Level Development Framework Five, five potential smaller site allocations are likely to be considered in meeting this housing requirement, including a potential new allocation for 650 homes adjacent to Pitsea with a community hub for the secondary education and leisure provision.
- 6 The Bowers Gifford and North Benfleet Neighbourhood Plan is looking to secure a target of 1,350 homes through a mix of small-scale site developments and one or two large scale proposals. This is likely to be secured by targeting small sites within the Plotlands to the deliver about 200 homes through Neighbourhood Plan

- proposals, and the remaining 1,150 homes being secured on one or two strategically sized sites.
- 7 The allocation for employment to the north of the East Basildon site will be retained and delivered separately.
- 8 The potential site allocations are likely to reflect the sites that have come forward and tested through the Council's Housing and Employment Land Availability Assessment (HELAA) process, such as:
- SS0207 Farm land east of Pound Lane, North Benfleet, 2.81 net ha greenfield site able to support 84 units
  - SS0210 Land east of Tyefields, south of Burnt Mills Road, Basildon, 25.52 net ha part greenfield and brownfield site able to support 765 units
  - SS0218 Land to the west of Eversley Road, Pitsea, 2.23 net ha greenfield site able to support 66 units
  - SS0598 Land rear of The Bull Public House, London Road, Pitsea, 0.88 net ha greenfield site able to support 26 units
  - SS0633 Louisa Cottage, Eversley Road, Basildon, 1.89 net ha part greenfield and brownfield site able to support 56 units
  - SS0658 Land at Eversley, Pitsea, 7.22 net ha part greenfield and brownfield site able to support 216 units
  - SS0709 Upsons Field, Eversley Road, Pitsea, 1.34 net ha greenfield site able to support 40 units
  - A mix of smaller sites likely to secure up to 200 homes on small sites such as SS396; SS0427; SS0397; SS0447; SS0413 and SS0558 within the Plotlands, which have not been tested for viability due to their small scale
- 9 These sites closely reflect the site typologies for Basildon Town that were tested in the PorterPE February 2018 report. With minor refinements to the PorterPE February 2018 site typologies for Basildon Town, **Table A.1** below identifies the list of typologies that are used to reflect the type of sites considered likely to be brought forward in the plan period in East Basildon.

**Table A.1 Residential typologies to be tested**

Ref.	Typology	Location	Land type	No. of dwellings	Gross area (ha)	Net area (ha)
1	East Basildon (1 dwgs)	Outside built up area	Greenfield	1	0.03	0.03
2	East Basildon (5 dwgs)	Outside built up area	Greenfield	5	0.15	0.15
3	East Basildon (10 dwgs)	Outside built up area	Greenfield	10	0.30	0.30
4	East Basildon (11 dwgs)	Outside built up area	Greenfield	11	0.33	0.33
5	East Basildon (20 dwgs)	Outside built up area	Greenfield	20	0.69	0.54

Ref.	Typology	Location	Land type	No. of dwellings	Gross area (ha)	Net area (ha)
6	East Basildon (50 dwgs)	Outside built up area	Greenfield	50	1.80	1.32
7	East Basildon (150 dwgs)	Outside built up area	Mixed	150	5.80	3.88
8	East Basildon (150 dwgs)	Outside built up area	Greenfield	150	6.30	4.22
9	Basildon Town (400 dwgs)	Outside built up area	Greenfield	400	18.00	11.15
10	Basildon Town (650 dwgs)	Outside built up area	Greenfield	1000	30.00	18.06

### Tested Viability: Assumptions

- 10 The same approach and methodology has been taken to the viability assessment as applied in the PorterPE February 2018 report. Many of the assumptions used in testing are also the same. This includes applying the same sales values, build costs and land values for Basildon Town to East Basildon since market conditions are expected to be very similar. Therefore, it is intended that this addendum is read in conjunction to the PorterPE February 2018 report. Where there are differences then these are highlighted below.
- 11 The main difference is that because of the changes in the types of sites being planned to come forward within East Basildon, with several smaller site allocations replacing the allocation of H11 based on a masterplanned approach, then there is an impact on the likely section 106 (s106) costs to be attributed to these sites. The Council have suggested that much of the previous infrastructure to be funded through s106 at the H11 East Basildon site would be sought through other funding routes such as CIL. Additionally, owing to the likelihood for about 650 new homes instead of the previous targeted 2,000 new homes within this area, then the site related infrastructure requirements are likely to lessen. These factors are likely to combine to lessen the s106 requirements attributed to the future sites within this area.
- 12 For this reason, the same s106 rate assumptions of £3,250 rate per unit that was tested on the non-strategic site allocations in the PorterPE February 2018 report are applied to all the site typologies in East Basildon. However, since two potential new allocations at Pitsea for 1,150 homes is anticipated to make a financial contribution towards a 2FE primary school primary and pre-school education, an additional £3.25m<sup>1</sup> plus the £3,250 per unit for the other s106 costs is applied to the 650 unit tested typology.
- 13 The secondary school and leisure facilities also associated with these sites are to serve a wider area, and therefore the Council consider that these facilities are to be

<sup>1</sup> The potential s106 costs for the two-form entry (2FE) school is identified in the ECC Developer Contributions Guide to cost around £6.25m at April 2015. After allowing for inflation and splitting this cost over two strategic scaled sites, the s106 cost against the 650-unit typology is assumed to be £3.25m towards the school.

secured through alternative funding routes such as CIL. It is also proposed that CIL will be used alongside a funding bid to secure a new link (Pound Lane to London Road) and a signalised junction onto the London Road.

- 14 The benchmark land value (BLV) assumptions that have been used within this residential viability testing reflects the Greenfield values attributable to Basildon Town in the PorterPE February 2018 report, which is £735,000 per net hectare. For the 150 unit mixed (part greenfield and part brownfield) typology, a mid-priced land value between greenfield and brownfield sites within Basildon Town is applied, which is benchmarked at £1,027,500 per net hectare.
- 15 All other assumptions remain as tested in the PorterPE February 2018 report.

### Tested Viability: Results

- 16 This section sets out the viability assessments of emerging Local Plan policies to identify and assess their burden on future development within East Basildon. This is based on running iterative viability appraisals, introducing Local Plan policies including the impact of s106 and the affordable housing policies.
- 17 In addition, the potential viability headroom for different uses for introducing CIL charging, and the maximum value of any charges, is considered in balance with local policies.

### Local Plan Policies Testing

- 18 Each residential typology site has been tested through a detailed development appraisal with cashflow analysis. The impacts of policy costs impacts are considered through adding further policy 'layers' to judge the cumulative impact of policies. These are tested as follows:
- Policy layer 1 – All residential units meet minimum national size standards (Policy H27-1). No other Policy layer is applied, including no affordable housing and no S106.
  - Policy layer 2 – Policy layer 1 plus S106 mitigation cost of £3,230 per dwelling for all sites plus an additional £3.25m towards a school on the 650-unit site typology.
  - Policy layer 3 - Policy layer 2 plus affordable housing at the proposed rate of 31%.
  - Policy layer 4 - Policy layer 3 plus allowance for energy policy (CC1).
  - Policy layer 5 - Policy layer 4 plus access standards costs for CAT 2 and CAT 3 provision (Policy H27-2) or Policy H27 10% of all units for older person housing within developments of 600+ units.

### Residential Testing Viability Results

- 19 **Table A.2** presents the cumulative policy viability findings for all test site typologies and the strategic sites. The table uses a 'traffic light' system, as follows:
- Green colour means that the development is viable with financial headroom that could be used for further planning gain;

- Amber is marginal in that they fall within a 20% range around (i.e., 10% above or below) the benchmark land value; and
- Red colour means it is unviable if required to be policy compliant.

20 In addition to identifying the viability outcome required to deliver the tested site typologies, the potential positive financial headroom per CIL liable square metre of development above this level is shown.

**Table A.2 Viability and CIL liable headroom of residential sites**

ID	Typology	Land type	Policy layer 1	Policy layer 2	Policy layer 3	Policy layer 4	Policy layer 5
1	East Basildon (1 dwgs)	Greenfield	£425	£391	£391	£354	£328
2	East Basildon (5 dwgs)	Greenfield	£581	£548	£548	£516	£491
3	East Basildon (10 dwgs)	Greenfield	£570	£537	£537	£505	£481
4	East Basildon (11 dwgs)	Greenfield	£569	£536	£318	£272	£241
5	East Basildon (20 dwgs)	Greenfield	£665	£631	£465	£423	£392
6	East Basildon (50 dwgs)	Greenfield	£670	£636	£472	£431	£400
7	East Basildon (150 dwgs)	Mixed	£546	£513	£295	£254	£226
8	East Basildon (150 dwgs)	Greenfield	£654	£621	£452	£411	£381
9	East Basildon (400 dwgs)	Greenfield	£597	£565	£376	£336	£308
10	East Basildon (650 dwgs)	Greenfield	£519	£439	£197	£158	£83

21 **Table A.2** shows the cumulative burden of all the Policy layers are considered within the tested East Basildon typologies to be viable.

22 **Table A.2** also shows that the viability headrooms vary between site typologies but in all cases there is potential to support a high CIL charge, potentially up to a maximum of £150 per sqm without putting at risk the delivery of the bulk of sites likely to be supported by the emerging Local Plan. The exception is for the 650-unit typology which includes an exceptional s106 cost towards the 2FE school. The maximum CIL rate at this site would be around £50 per sqm in line with other parts of Basildon Town.

## Recommendations

### *Testing of Local Plan Viability*

23 Based on the assessment of the main policy requirements within the emerging Basildon Local Plan, it is considered that the current Plan at September 2018 would not unduly burden the delivery of residential development in East Basildon in

accordance with the National Planning Policy Framework (NPPF) 2012 paragraph 173.

### *Recommendation for CIL Charging*

- 24 The recommendations for residential CIL rates to avoid unduly burdening the bulk of delivery within East Basildon are shown in **Table A.4**.

**Table A.4 Recommended CIL charges in East Basildon**

Use/location	Rate per liable sqm
Residential uses on sites with fewer than 600 units in East Basildon	£150
Residential uses on sites with 600 or more units in East Basildon	£50