

Memorandum of Understanding on viability related issues for Lytchett Matravers and Upton

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Key areas of agreement

Policies H9 and H10

1. The combination of H9 and H10 as submitted for examination were of significant concern from a viability and practicality point of view. With 150 homes being delivered over 3 sites it would not be possible to deliver the minimum threshold for either sheltered or market retirement housing, individually or in combination. The Council has proposed modifications to H9 and H10. The Council is proposing to
 - remove the requirement for 5% serviced self-build plots;
 - remove 10% single storey;
 - remove the sheltered / age restricted housing units requirement, but
 - increase M4(2) to 20%;on sites in Upton and Lytchett Matravers.
2. Wyatt Homes/Turley is supportive of these proposed modifications.

Affordable housing proportion

3. The developers consider that it is possible to meet the policy requirement of 40% on the sites at Lytchett Matravers and Upton, on the basis of proposed modifications to H9 and H10 and predicated upon information known at this time.

Infrastructure/Section 106 requirements

4. The list of infrastructure/section 106 requirements has been updated and is set out in DSP's EiP Viability Report. It is a best guess at this moment in time. These may change as more detail is available at planning application stage. A revised charging CIL schedule is key to the viability of the proposal.

Profit margins

5. DSP, in-line with the PPG, have tested 17.5% and 20% profit on market housing.

Areas of disagreement

Benchmark land value

6. Wyatt Homes/Turley raised concerns that the benchmark land value used by DSP is low. A recent submission by another developer referred the Council and DSP to a recent Valuation Office Agency (VOA) appeal decision on a site at Crossways for appropriate benchmarks.
7. DSP have adopted the levels used by the VOA viability assessment as the most recent, locally appropriate standard. This is explained in more detail in the EiP stage

viability report. Turley/Wyatts do not believe it is appropriate to use a single appeal decision to inform the benchmark land values.

Contingency and professional fees

8. Wyatt Homes/Turley maintain difference of opinion on assumptions used.
9. In the interests of further exploring viability using a higher proportion DSP have tested using a contingency at 5% and professional fees at 10%. This does not indicate agreement to set these as the appropriate rates.

Externals

10. Wyatt Homes/Turley queried the use of the allowance for site infrastructure on strategic sites on smaller sites at Lytchett Matravers and Upton. DSP highlighted that the allowance is higher than that normally applied for external works to houses (at up to 15% base costs) and flats (10%) when a blended view is taken. DSP believe that while this may remain a difference in approach, this is not greatly significant overall. In the absence of a cost comparison between the cost bases the developers remain unconvinced.

Planning Application Stage

11. As there are still costs and differences to be resolved Turley and Wyatts believe that further viability work will be required as part of the planning application process.