

# 12 OUTLINE DELIVERABILITY ISSUES





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In addition to the masterplan, this study will also comprise an Implementation Plan that will provide details of overall development costs, phasing and funding sources. This section briefly sets out the key drivers that will affect the financial deliverability of the developments.

## KEY DRIVERS AFFECTING FINANCIAL DELIVERABILITY

### Revenue (sales and rental income)

As this is the single largest driver in determining site viability (or non-viability), it is important that decisions on density, mix and accommodation types/design etc. are based upon best available indications of likely local demand or need. An initial outline review of the current market in all three communities from discussions with a selection of local agents suggests that demand will be predominantly for a wide range of family housing, although there is also a significant need to provide accommodation for those wishing to enter the market.

To assist in satisfying 'first time buyer' demand, small numbers of flats, carefully designed to fit within what is likely to be predominantly housing-based streetscenes in scale and form, may be appropriate, especially where they can be located within walking distances from local centres. However, we would expect two bed houses to be the main target for this sector of the market.

Obviously, there are some key differences between the three communities which will need to be taken into account as the project proceeds, such as the predominance of the retirement and bungalow market in Ferndown and West Parley and the likely high demand for flats with lifts and other good facilities within easy reach of Wimborne Minster town centre, especially in the retirement sector.

### Residual land values and the costs of regeneration/servicing:

The 'abnormal' costs involved in bringing land forward into (serviced) development use will impact directly on land value. The main issue here from a delivery perspective is ensuring that the net realisable value of land is sufficient to entice land owners to release it for development (or re-development).

Clearly, individual circumstances and requirements will apply in reality, but as a rule of thumb at this early and high level stage of assessment, we would normally need to see 'greenfield' (i.e. say agricultural, dormant etc) land generating a minimum net value of £100,000 to £150,000 per gross acre (£250,000 to £370,000 per gross hectare) for it to stand a reasonable chance of delivery. For urban 'brownfield' sites currently in higher value use, the equivalent guideline would be Existing Use Value (EUV) plus a minimum premium of 25% to 30%.

### The costs of S106 obligations and other regulatory burdens:

As with regeneration/servicing costs, these will similarly affect realisable land price and hence likelihood of delivery, especially when taken in combination. It is critical to delivery that the sum total of the burden of regeneration, servicing and section 106/ regulation are, in total, controlled at a level that will not cause development proposals to switch from being viable to being non-viable, i.e. that the total costs impact of these elements is not disproportionate to either the actual demands or the 'scale' of proposed development.



#### **Cash Flow Considerations:**

Just as important, especially where viability may be marginal, is the impact on deliverability of adverse cash flow. It is crucial, wherever possible, to allow for sensible staging of major infrastructure requirements and collection of section 106 costs throughout the course of development rather than assuming a large proportion of such costs can be incurred at or near the start of development.

#### **Third Party Land and Control Issues:**

It is extremely important that any potential land control issues and strategies for dealing with these are identified at the earliest possible stage. This will, at least, help to ensure that the real deliverability of the project is known as early as possible and should also provide more time to identify and agree the most cost efficient solutions available. Examples would be where land required for key access solutions, whether on or off site, are in control of third parties (i.e. parties who are not otherwise likely to share in the financial benefits of the development).

