RESPONSE TO DRAFT LOCAL PLAN REPRESENTATIONS

EVIDENCE BASE: ASSESSMENT OF RESIDENTIAL VIABILITY (November 2016)

The city council has published an updated assessment of residential viability (January 2019) in support of the Revised Draft Local Plan.

<table>
<thead>
<tr>
<th>Issue raised in the representations on the Draft Local Plan</th>
<th>How is this being addressed</th>
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</thead>
<tbody>
<tr>
<td><strong>General comments</strong></td>
<td>An additional chapter has been added to the Revised Draft Local Plan viability assessment setting out the policy / guidance context. This refers to the 2018 NPPF, updated planning practice guidance from July 2018, and other guidance on viability testing including the 2012 RICS Guidance Note.</td>
</tr>
<tr>
<td>Surprised the council has made no reference to the RICS Guidance Note, Financial Viability in Planning (2012) which forms a best practice documents informing preparation of viability assessments (Peel Holdings).</td>
<td></td>
</tr>
<tr>
<td><strong>Private rented sector</strong></td>
<td>Agree that PRS / build to rent products are significantly different to standard housing schemes that are built for sale. The national planning practice guidance on viability from July 2018 recognises this by stating that:</td>
</tr>
<tr>
<td>The PRS housing product (build to rent) is significantly different to standard housing built for sale. A range of assumptions will need to be amended for such schemes, amongst other things: gross:net area reduction; achievable scheme sales value reflecting investor’s net yield expectations; build costs; and development cashflow (Peel Holdings).</td>
<td>“The economics of build to rent schemes differ from build for sale as they depend on a long term income stream. For build to rent it is expected that the normal form of affordable housing provision will be affordable private rent. Where plan makers wish to set affordable private rent proportions or discount levels at a level differing from national planning policy and guidance, this can be justified through a viability assessment at the plan making stage. Developers will be expected to comply with build to rent policy requirements.”¹</td>
</tr>
</tbody>
</table>

¹ Paragraph: 019 Reference ID: 10-019-20180724
proportions and discount levels that are the same as those in national policy and guidance (see policy H8). Given this, it is not considered necessary to undertake a viability assessment at the plan making stage for build to rent. Therefore, the Revised Draft Local Plan viability assessment focusses on the viability of developments of build for sale.

Evidence and modelling should be provided to assess the potential for build to rent housing to provide contributions towards affordable housing – it is essential that the city council acknowledge that on-site provision of affordable housing is not appropriate within build to rent schemes (Peel Holdings).

Planning practice guidance on build to rent (September 2018) makes it clear that the NPPF states that affordable housing on build to rent schemes should be provided by default on-site in the form of affordable private rent, and that 20% is generally a suitable benchmark, with a minimum rent discount of 20% relative to local housing markets. Therefore on-site provision of affordable private rent dwellings in build to rent schemes is considered appropriate. The Revised Draft Local Plan includes a policy on build to rent to reflect this (H8).

### Dwellling typologies

Peel Holdings made the comments below.

Using a single typology for houses of 35 dwellings per hectare is inappropriate as it does not reflect market practice where high value developments will generate circa 30 dwellings per hectare and lower value circa 40 dwellings per hectare – a variable scale of development density should be used. Higher density in lower value areas and vice versa.

A single mix of dwellings has been used across all typologies, including 2, 3, 4 and 5 bed houses. The mix will vary across value areas with smaller houses provided in lower value areas and larger houses in higher value areas. In particular:

- A review of recent developments
- A general reduction in the level of 3 story townhouses being built on sites over the last few years
- The provision of larger dwellings (including detached) in the higher value areas and smaller dwellings in the lower value areas (which then impacts on the overall density)
- A requirement in the Revised Draft Local Plan for a minimum density of 35dph

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2 Paragraph: 002 Reference ID: 60-002-20180913
- The adopted mix appears to be more suited to the mid/high or high/premium value areas rather than the low, low/mid, or mid value areas, with 4 and 5 bed dwellings
- No provision made for 3 bed-semi-detached houses – average sites will include a greater number of 2 storey units in comparison to 3 storey units
- Above reduces development density to 3,412sqm per hectare compared to council’s mix of 3,599sqm per hectare – this is a more much more appropriate average density to be applied across a range of value areas
- Proposed unit mix should be evidenced to match current understanding of average scheme delivery.

Assumptions should be amended to reflect the value area being assessed.

<table>
<thead>
<tr>
<th>No details provided in respect of parking provision for apartment schemes – apartments are only allocated a 5% allowance for works / infrastructure and this is an insufficient allowance to provide a reasonable level of on-site parking (Peel Holdings).</th>
<th>The dwelling mix for apartment schemes has also been reviewed having regard to recent completions and permissions.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taking into account the advice of Urban Vision Property Services, for the purposes of this strategic viability assessment it has been assumed that the build costs include infrastructure / external costs and therefore no additional separate allowance is proposed within the Revised Draft Local Plan viability assessment for this.</td>
<td></td>
</tr>
<tr>
<td>The number of car parking spaces in high density apartment schemes will be minimal as evidenced by schemes recently completed, those under construction, or which have extant planning permission. Developers generally sell car parking spaces separately from the actual apartment, and there is evidence that this can range from around £10,000 to £20,000 per space. No allowance has been made for the sale of car parking spaces in high density schemes, which would contribute to the income a developer would receive from a scheme.</td>
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</table>

Peel Holdings commented that an allowance of 14sqm was made for all townhouses and detached dwellings to allow for a single garage. Peel commented that this increases values by between £22,400 and £42,000 per garage depending on value area. A review of recent developments and sites with permission was undertaken to look at the levels of garages in new developments involving houses. This showed that the proportion of houses with garages is higher in the higher value areas but there are still big
- The scale of garage provision (89%) is excessive and reflects a level of provision only found in the highest value areas.
- Although garages add value to a dwelling, the increase is excessive and unevidenced – it is not appropriate to apply the full sales rate on a per square metre basis.

The full sales rate has been applied to the garage floorspace given that the city council does not have any evidence that different sales rates are commonly applied to garages and the rest of the house.

Peel Holdings stated that the calculation of gross internal area for assessment of apartment construction costs equates to a 15% reduction from gross internal area. They regard this as low and have evidence (from a recent Manchester City Centre development and Peel’s schemes at Chatham Waters and Liverpool Waters) to support an average 20% reduction from gross to net area.

The gross to net uplift for the mid density apartment scheme in the Revised Draft Local Plan viability assessment was taken as being 15% for mid density apartment typology, with a higher figure of 17.5% being applied to the high density apartments typology. It is recognised that there will be some variation in the specification of the final dwellings in individual schemes but the above is considered to be a reasonable assumption having regard to:

- The HCA development appraisal tool states that an allowance of 15% for common areas may be a typical figure
- Viability assessments submitted for developments within Salford as part of planning applications
- A review of other area-wide viability assessment for areas outside of Salford that have been published in support of Local Plans and CIL charging schedules.

Differences between build to sell and build to rent apartments should be modelled and acknowledged – build to rent schemes require increased gross areas to accommodate additional common areas and facilities.

<table>
<thead>
<tr>
<th>Gross development value</th>
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</thead>
<tbody>
<tr>
<td>Build to rent schemes have not been modelled for reasons set out above.</td>
</tr>
</tbody>
</table>

| Differences between developments in the same value areas. For simplicity it has been assumed that all detached dwellings have a single garage of 14sqm. This results in garage provision of 66% in the family houses scheme in the premium and high value areas, to no provision of garages in the low/mid and low value areas for the houses typology. |

Differences between build to sell and build to rent apartments should be modelled and acknowledged – build to rent schemes require increased gross areas to accommodate additional common areas and facilities.
Residential sales values

Peel Holdings criticised the council’s approach of using asking prices from developer websites and Rightmove as follows:

- Asking prices do not reflect actual transaction levels which are often discounted.
- Many property listings do not contain a floor plan or an estate agents assessment of floor area, and it is not clear in these instances how the floor area has been calculated.
- Some areas of the city are based on very limited evidence, with only 6 comparables.
- The majority of the 300 properties looked at by the council appear to relate to asking prices dating from 2013/14 with only a limited number derived from 2016. Appears to be a rehash of evidence from 2015 Planning Obligations SPD – data not up to date and unsound.

Publicly available EPC data is a much more accurate and reliable source of unit sizes for resale units. Having regard to this, Peel Holdings has carried out an exercise looking at achieved sales values in the Premium, High and Mid/high value area for similar unit types and roads as used by the council. They have obtained sales values from Land Registry data (available on sites such as Rightmove) and floor areas from EPC data, and also made an allowance for garages of 14sqm (single) and 28sqm (double). As a result of this, four of the nine value areas looked at by Peel should be reclassified to a lower value area: Broughton Park, Swinton South, Boothstown and Worsley.

The sales values evidence base has been fully updated with 2017/18 data. It uses Land Registry price paid data and also the floorspace information from the EPC register, for the same dwelling, to calculate a sales value per square metre. Properties in new / recent residential developments have been identified using the city council’s development monitoring records.

725 properties have been assessed with a minimum sample size of 10 properties per area. Significantly higher number of properties have been considered in areas such as Chapel Street, Ordsall Riverside and Salford Quays given the large number of recent developments in these locations.

The floorspace data from the EPCs does not include garages and so therefore an additional floorspace of 14 square metres was added to the EPC floorspace data for all detached dwellings (with the dwelling type being available from the land registry). This assumption is in line with an additional allowance of 14 square metres being added to the floorspace of detached dwellings in the family houses typology to allow for garages, and is considered appropriate for this plan making stage viability assessment.

Having regard to the above, the value areas have been updated. This has involved raising the values per sqm in the low areas from £1,600 to £1,800, and in the premium areas from £3,000 to £3,400.

<table>
<thead>
<tr>
<th>Value area</th>
<th>Typical values per sqm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium</td>
<td>£3,400</td>
</tr>
<tr>
<td>High</td>
<td>£2,800</td>
</tr>
<tr>
<td>Mid/high</td>
<td>£2,500</td>
</tr>
<tr>
<td>Mid</td>
<td>£2,200</td>
</tr>
<tr>
<td>Low/mid</td>
<td>£2,000</td>
</tr>
<tr>
<td>Low</td>
<td>£1,800</td>
</tr>
</tbody>
</table>
**Ground rents**

The application of ground rent reinvestment for houses is inappropriate and not generally reflective of market expectations. Houses are frequently sold on a freehold basis (Peel Holdings).

Since the viability assessment was produced for the Draft Local Plan, and consultation comments received on it, the government launched a crackdown on unfair practices within the leasehold system. Following a consultation the government has said it will legislate to prevent the sale of new build leasehold houses except where necessary such as shared ownership.

Given the above it is not considered appropriate to make an allowance for ground rent from houses. Having regard to a review of recent viability assessments submitted to the council as part of planning applications and other strategic viability assessments, the ground rents for apartments previously adopted appear to be reasonable.

**Scheme timings – build period**

The council assumes for the houses typology that the first unit will be sold after four months of the construction period. This does not reflect commercial reality; the standard assumption is 6 months construction prior to the first sale in month 7 (Peel Holdings).

Having regard to actual developments in Salford, the assumption for the houses typology is that the first sale is 4 months after the start of construction (with a 3 month lead in construction starts). This has been carried forward into the Revised Draft Local Plan viability assessment.

**Scheme timings – sales period**

Peel Holdings commented that the council assumes a sales rate of 3.5 houses per month; this is in excess of current market conditions of 2.5-2.75 per month

Peel further commented that the assumption that apartments start selling four months before construction end is unlikely as it will not be possible to achieve legal completion of sales prior to practical completion of the whole development. They further went on to state that:

- Typically one third of apartments are reserved off-plan with transactions completing upon completion of construction.

The sales rate has been reconsidered as part of the Revised Draft Local Plan viability assessment. The assumption for the houses typology that the first sale is 4 months after start of construction (7 months including lead-in time) has been carried forward, although the last housing market sale has been amended so that it is 4 months after construction end (rather than 2 months as in the Draft Local Plan viability assessment). This therefore represents a sales rate of around 3.3 houses per month, which is not considered excessive having regard to actual developments within Salford and the current housing market conditions.

It is accepted that apartments will not be sold prior to construction end as the development would not be completed. Having regard to actual delivery of apartments schemes in the city, the reservation rate off-plan and also the remaining sales rates suggested by Peel is
- Remaining apartments generally sold at 3-4 units per annum; applying sales of 4 per month this produces a 20 month post construction period for mid density apartment schemes and 25 months for high density schemes (compared to 6 months assumed by the council for both typologies).

not considered reflective of the apartment market in the city (particularly City Centre schemes). Given this, the Revised Draft Local Plan residential viability assessment assumes that in the apartment typologies, 90% are reserved off-plan with transactions completed on construction finish. For the apartment typologies it has been assumed that the last market sale is 3 months after construction end.

<table>
<thead>
<tr>
<th>Land acquisition costs</th>
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</thead>
<tbody>
<tr>
<td><strong>Maximum unencumbered land value</strong></td>
</tr>
<tr>
<td>Peel Holdings stated the following:</td>
</tr>
<tr>
<td>The land values adopted for family housing sites is based on DCLG information, a publicly available data source. No evidence is provided to support the approach to the assessment of apartment land values.</td>
</tr>
<tr>
<td>It appears the council has taken into account abnormal costs in determining a land value for the high density apartment scheme in the Premium and High value areas, given that the costs are &quot;…having regard to known land values/transactions in these areas&quot;. Abnormal costs are not included within the council’s appraisals and the different typologies are not assessed on a like for like basis</td>
</tr>
<tr>
<td>Achievable land transaction values for high density apartment sites equate to £15,000 to £20,000 per plot (the council has assumed £6,000 to £8,000). It is noted that UV through planning application negotiations have assumed £2,500 to £5,000 per plot for premium high density apartment schemes. This is without support in the market.</td>
</tr>
</tbody>
</table>

The city council has reconsidered benchmark land values having regard to the government’s planning practice guidance on viability that was published in July 2018. This states that to define land value for any viability assessment, a benchmark land value should be calculated on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to comply with policy requirements. This approach is often called ‘existing use value plus’ (EUV+).³

For reasons set out within paragraphs 4.26-4.37 of the Revised Draft Local Plan viability assessment, benchmark land values of between £440,000 per hectare and £773,500 per hectare have been used (with this value including a premium for the landowner). A landowner premium of 20% has been applied to the EUV across all typologies except for the high density apartment typology where a 30% premium to the EUV is applied.

³Para 013. Reference ID: 10-013-20180724
The council should review land sale and planning application evidence to form appropriate benchmark land values, adjusted to exclude negative impact of abnormals, for mid/high density apartment developments.

### Legal fees

The council has assumed £600 across all appraisals. Whilst potentially appropriate for lower value houses and apartments, for mid/high and above values an average of £750 per unit is more appropriate (Peel Holdings).

The Revised Draft Local Plan viability assessment has taken a different approach to legal fees from that previously set out. It assumes that legal fees are 0.75% of site value, with this being an industry standard, and reflective of viability assessments submitted with planning applications in Salford.

### Development costs

#### General comment

The under-estimation of costs will have profound implications upon the credibility of the viability report, which could suggest many of the policy requirements within other value areas to be unjustified. Such costs are either below or at the lower end of those recommended by the Local Housing Delivery Group report chaired by John Harmon (Home Builders Federation).

The costs are reflective of costs seen in Salford within viability assessments submitted with planning applications.

#### Build costs

For high density apartments the council has used BCIS average prices for 6+ storey apartments of £1,415 per sqm. This is insufficient with Peel’s experience highlighting actual costs of £1,722-£1,991 per sqm dependent on height, location and specification (Peel Holdings).

Further detail should be provided as to the assumed scale (storeys) of the high density apartment typology, to show construction costs area based on an appropriate range of developments including schemes well in excess of 6 storeys (Peel Holdings).

Average BCIS costings increased by 13.29% from February 6 2016 (i.e. the data used by the council) to 20 December 2016. This is a

The planning practice guidance on viability states that a cost of development is build costs and suggests that such costs should be based on appropriate data, for example that of the Building Cost Information Service (BCIS). The costs are reflective of costs seen in Salford within viability assessments submitted with planning applications.

Consideration was given to using build costs per square metre of the gross internal floorspace as set out by BCIS (as had been used in the assessment for the draft plan). However, Urban Vision Property Services have advised that the costs are not now representative of the actual build costs that they are seeing on schemes within Salford, including those that have been verified by the district valuer.

Having regard to this, a build cost of £1,615 per sqm has been adopted for high density apartments (Urban Vision have advised that

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4 Para 012. Reference ID: 10-012-20180724
considerable increase and so the appraisals should be re-run on the basis of up to date BCIS data (Peel Holdings).

Build costs are inflated at paragraph 3.4 of the assessment by 5% to introduce a “buffer” to ensure the appraisals do not over-estimate viability. This is minimal equating to only £50sqm, especially considering the value areas are based on a £100-£200sqm rounding. Further reasoning should be provided to justify the level of viability buffer adopted (Peel Holdings).

this reflects schemes of up to 18 storeys in height). Where schemes in excess of 18 storeys in height are coming forward with higher build costs then this can be considered as part of the planning application process. For houses a build rate of £1,033 per sqm has been applied for all houses rather than having different costs for each type of house reflecting that this is a strategic viability assessment. For mid density apartments a rate of £1,065 per sqm has been applied.

The previous version of the planning guidance on viability stated that plan makers should not plan to the margins of viability, and should allow for a buffer to respond to changing markets and to avoid the need for frequent plan updating. There is no reference in the current version of the guidance on viability with regards to applying a buffer, and so on this basis the city council has not applied one.

<table>
<thead>
<tr>
<th>Abnormals and demolition</th>
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</table>
| Clearly some sites, particularly those of a brownfield nature, will have an element of abnormal costs. However the strategic area-wide nature of the Local Plan viability assessment is not designed to test the viability of specific sites; it cannot seek to encompass all the potential differences in individual site circumstances / abnormals that affect viability. Given this, the assessment makes a nil allowance for abnormals, recognising that any site specific issues should result in a reduced existing use value, subject to the proper exercise of due diligence by the site purchaser. This is line with the planning practice guidance on viability which states that abnormal costs should be taken into account when defining benchmark land value.  

<table>
<thead>
<tr>
<th>Accessible and adaptable homes</th>
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</thead>
<tbody>
<tr>
<td>Since the costs of meeting accessible and adaptable homes were considered by EC Harris in September 2014 for DCLG, BCIS average prices within Greater Manchester have risen 29%. The</td>
</tr>
<tr>
<td>The process costs identified in the EC Harris report would be expected to reduce over time as architects/developers become more familiar with the standard, including in the time since the report was published. It is assumed that this offsets any inflation in professional fees (as this is the source of the costs).</td>
</tr>
</tbody>
</table>

5 Paragraph: 012 Reference ID: 10-012-20180724
<table>
<thead>
<tr>
<th><strong>Marketing and sales fees</strong></th>
<th>Based on other schemes coming forward in the city, this is considered to be appropriate and has been carried forward into the Revised Draft Local Plan viability assessment.</th>
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</thead>
<tbody>
<tr>
<td>Concern that only 3% of GVA is allowed for marketing costs (Home Builders Federation).</td>
<td>For the purposes of this strategic viability assessment, and as commonly seen elsewhere, it is only considered appropriate to apply professional fees to build costs. Urban Vision Property Services advised that a figure of 5% of build costs for all professional fees should be applied given that this figure has been agreed with volume housebuilders as being appropriate on schemes within Salford where a viability assessment has been submitted in support of a planning application. This 5% figure has been used in the Revised Draft Local Plan viability assessment.</td>
</tr>
<tr>
<td><strong>Building design fees</strong></td>
<td>Building contingencies of 3% of build costs have been allowed for. Calculating contingencies in this way is considered to be industry standard and reflects other developments in Salford (and as agreed through planning application viability assessments) and the North West.</td>
</tr>
<tr>
<td>The council has assumed this as 8% of build costs – the appraisals show that “fees and certification” are calculated at 8% of the base build costs. In reality fees will be incurred in respect of other costs such as plot specific external works, M4(2) and accessible and adaptable costs, and infrastructure. Professional fees should be recalculated to fully reflect the costs incurred by housing developers, not just costs relating to base build costs (Peel Holdings).</td>
<td>Urban Vision Property Services have advised that building contingencies for regional or national volume house builders usually remain relatively stable across different developments as they have in-house design teams who design standard house types which are used across multiple sites. Furthermore they will often use the same contractors who become familiar with the house types and which leads to greater efficiencies.</td>
</tr>
<tr>
<td><strong>Building contingencies</strong></td>
<td>The contingency amounts are insufficient; the allowance should apply to all costs of construction (Peel Holdings).</td>
</tr>
<tr>
<td>The contingency amounts are insufficient; the allowance should apply to all costs of construction (Peel Holdings).</td>
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</table>
| **Developer profit** | The planning practice guidance on viability states that "For the purpose of plan making an assumption of 15-20% of gross

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6 Paragraph 018. Reference ID: 10-018-20180724
raised at paragraph 3.3.2 of the 2012 RICS guidance on Financial Viability in Planning and page 31 of the Local Housing Delivery Group report (Persimmon Homes).

Concern that the assumed 17.5% developer profit is at the lower end of the scale (Home Builders Federation).

The council has applied a developer profit of 17.5% of gross development value. It is widely accepted and supported by Planning Inspectorate appeal decisions that a profit rate of 20% is appropriate for the majority of market housing sites in current market conditions. The proposed profit level will divert investment to other areas where a greater return is regarded as reasonable (Peel Holdings).

The appraisals are modelled on the basis of off-site affordable housing delivery, with 100% market housing on site. The profit level adopted is insufficient and artificially inflates viability (Peel Holdings).

development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development”.

Having regard to the planning practice guidance, and on the basis of recent viability evidence submitted to the city council, a developer profit of 18% of gross development value is considered to be an appropriate benchmark in current market conditions. A lower percentage developer profit will be appropriate for specific types of scheme (e.g. a Private Rented Sector scheme, or a scheme where units are to be sold to a Registered Provider). However the 18% figure has been applied across all tenures, and so this provides a form of a buffer.

It is also recognised that a higher or lower percentage developer profit may be necessary depending on the risk of the schemes. It is however considered that 18% represents an appropriate benchmark in current market conditions and for the purposes of this area wide viability assessment.

The appraisals are not modelled on the basis of 100% market housing on site (i.e. affordable dwellings off-site). The approach taken is to calculate the surplus / deficit of a 100% market scheme, apply non affordable housing planning obligations to the surplus / deficit, and then work out how much discount a developer would have to provide in order for a registered provider to acquire units on the site (at the differing proportions of affordable housing assessed).

**Impact of non-affordable housing planning obligation requirements**

| The evidence base for the assessment of non-affordable housing planning obligation requirements should be clearly stated and evidenced (Peel Holdings). | Section 6 of the Revised Draft Local Plan viability assessment sets out in full how the non-affordable housing planning obligations have been calculated. |

**Affordable housing – discounts off open market value required**
The council has assumed that the discount off open market value for RPs to acquire units is 55% for social rent, 45% for affordable rent and 25% for intermediate dwellings. Peel has held direct discussions with RPs, including those currently active in Salford, and at the present time understands offers will be made at discounts equating to 70% for social rent, 60-80% for affordable rented and 25-40% for intermediate (Peel Holdings).

Evidence should be provided to support the proposed discounts, with adjustments made within the appraisals in line with evidence which directs that greater discounts should be adopted (Peel Holdings).

### Margins of viability

The requirements sought by the policy present an inappropriate starting point. In accordance with the findings of the Local Housing Delivery Group, "Given the clear emphasis on deliverability within the NPPF, Local Plan policies should not be predicated on the assumption that the development upon which the plan relies will come forward at the 'margins of viability'." (p16) (Persimmon Homes).

It is notable that in many of the areas deemed viable, this in many cases is marginal. This is not considered to provide the relevant viability buffer inferred by the PPG (ID 10-008) (Home Builders Federation, Persimmon Homes).

### Proportion of affordable housing required

#### High density apartments

Peel Media Management Limited commented that the findings of the viability assessment have not been accurately reflected in the policy, specifically in relation to the requirement for 10% affordable housing in high density developments. They made the following points relating to this:

The city council has amended the affordable housing requirements in the Revised Draft Local Plan having regard to the updated viability assessment, and a policy expectation that all major developments provide a minimum of at least 20% affordable housing. The viability assessment is the starting point rather than the only determinant in setting affordable housing requirements.
- At the preferred tenure mix (37.5% social rent, 37.5% affordable rent and 25% intermediate) affordable housing is not viable with even a 5% requirement.
- The tenure mix has been changed to 100% intermediate; a 5% requirement would be viable but 10% would not be.
- The policy requirement in the plan is for 10% affordable housing and is contrary to the evidence.
- Concerns about altering tenure mix – no evidence that intermediate housing will meet identified needs and so assessment may not be robust.

Peel Holdings fully supported the above comments from Peel Media Management Limited and further commented as follows:

- Table 26 shows that high density apartments in the premium value area would produce a deficit of £173,161 with a 10% requirement comprised of 100% intermediate dwellings, and that this deficit could be accommodated by “slight adjustments to some of the assumptions underpinning the assessments”.
- The Draft Local Plan requires that all high density apartment development in Salford should provide 10% intermediate housing. This is not supported by the evidence base, with high density apartments shown to be unavailable in all areas except premium value.

<table>
<thead>
<tr>
<th>Premium value areas or land currently designated as Green Belt</th>
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</thead>
<tbody>
<tr>
<td>Green Belt status is a policy designation which is not relevant to development viability. There is insufficient evidence that 40% affordable provision on land currently designated as Green Belt is realistic and deliverable (Persimmon Homes).</td>
</tr>
<tr>
<td>Peel Holdings commented that the adoption of a ‘blanket assumption’ that all Green Belt land is premium value is inappropriate. Peel acknowledge and appreciate greenfield sites are</td>
</tr>
</tbody>
</table>

The approach to Green Belt and the value areas has been reconsidered in the Revised Draft Local Plan viability assessment.

The Revised Draft Greater Manchester Spatial Framework allocates three sites that are currently within Salford’s Green Belt for new housing. There is no comparable sales values data available for these sites and so therefore a judgement needed to be made as to what value area they are likely to correspond to, for the purposes of the viability assessment. The assessment notes that the Green Belt
likely to be expected to the delivery of their own infrastructure – however it is clear from the value areas map that only small areas of Green Belt are adjoined by medium/high, high or premium areas, with the vast majority adjoined by mid value areas. It is difficult to understand how all areas of Green Belt can be assessed as premium when no evidence and little reasoning is provided to support this. Given this, the base assumption for Green Belt land should be that it falls within the mid value category.

Anonymous Salford Landowners and Consortium of Landowners – Irlam and Cadishead commented that the approach of including Green Belt sites with premium sites is not reasonable with different areas of Green Belt falling into different residential value areas. Furthermore:

- H3/4 Western Cadishead and Irlam allocation is located adjacent to a designated mid-value area, and is a significant distance from any part of Salford considered to be mid/high, high or premium.
- On the basis of the proposed policy site H3/4 would be required to provide affordable housing at 40 percent whilst, in the area immediately adjacent to the south and east, a requirement for 10 percent would be applied.
- No evidence to support the supposition that Green Belt sites have the same ability to support the same level of affordable housing as premium areas, and no attempt at any form of analysis to suggest that this is correct.
- The Green Belt sites proposed for allocation are not one homogenous site and are not even all broadly located in the same area.
- The proposed Green Belt sites make a significant contribution to the plan with site H3/4 particularly critical to its delivery, with an allocation of approximately 2,250 dwellings. It is vital that the authority has an understanding of the deliverability of Green Belt sites to ensure that the plan can be delivered in the setting of the proposed affordable housing requirement.

allocations are considered to fall under the sales value area as set out below:

- East of Boothstown – Premium value area: the dwellings that will come forward on this site will be to an exceptional quality, targeting the top end of the housing market with the intention of attracting highly skilled professionals. On this basis the sales value of dwellings on the site are going to be reflective of the premium values.
- Land at Hazelhurst Farm – High value area: the sales values for this site are likely to be the same as the area that they are adjacent to.
- North of Irlam Station – Mid/high value area: given the scale of development on this site, it is likely the development will create its own market which will have higher sales values than the areas that it adjoins.

Policy H7 (affordable housing) of the Revised Draft Local Plan identifies that Green Belt is not covered by the value areas, as new housing development within the Green Belt that is in excess of the thresholds in this policy will by definition be inappropriate. If exceptional circumstances exist to justify such development in the Green Belt, then the proportion of dwellings that are affordable must be maximised.
### High value areas

The 40% affordable housing sought on lower density schemes would produce a surplus of just £23,907, compared with £548,920 if 35% were to be sought. Even with no account taken of remediation of abnormal infrastructure, the proposed affordable provision would clearly cause development to be at the margins of viability (Persimmon Homes).

The city council has amended the affordable housing requirements in the Revised Draft Local Plan having regard to the updated viability assessment, and a policy expectation that all major developments provide a minimum of at least 20% affordable housing. The viability assessment is the starting point rather than the only determinant in setting affordable housing requirements.

### Mid/high value areas

25% requirement for houses scheme; however there is only a surplus of £10,704 with 25% affordable housing to being sought compared with £459,969 if 20% were to be sought. Even with no account taken of remediation of abnormal infrastructure, the proposed affordable provision would clearly cause development to be at the margins of viability (Persimmon Homes).

The 25% requirement for houses and 10% for mid density apartments is different from the requirement of 20% for houses and 10% for mid density apartments required by the 2015 Planning Obligations SPD. The Local Plan policy should be amended to reflect the Obligations SPD (United Utilities Property Services).

The city council has amended the affordable housing requirements in the Revised Draft Local Plan having regard to the updated viability assessment, and a policy expectation that all major developments provide a minimum of at least 20% affordable housing. The viability assessment is the starting point rather than the only determinant in setting affordable housing requirements.

### Mid value areas

The schedule of residential values (Annex A) refers to Cadishead as being a mid value area. Table 34 of the main report identifies that in this value area the evidence shows that mid density and high density apartment schemes cannot support affordable housing; policy H7 conflicts with this as it requires 10% affordable housing for mid density apartment schemes. Policy should be amended to reflect a 0% requirement (Arnold Laver).

Within this value area policy compliant developments would be unviable - the justification for the affordable housing policy requirement is therefore unclear (Home Builders Federation).

The city council has amended the affordable housing requirements in the Revised Draft Local Plan having regard to the updated viability assessment, and a policy expectation that all major developments provide a minimum of at least 20% affordable housing. The viability assessment is the starting point rather than the only determinant in setting affordable housing requirements.
**Low/mid and low value areas**

Within these value areas policy compliant developments would be unviable - the justification for the affordable housing policy requirement is therefore unclear (Home Builders Federation).

The 10% affordable housing requirement for mid density apartments are not supported by the evidence base, and are unviable and undeliverable.

The city council has amended the affordable housing requirements in the Revised Draft Local Plan having regard to the updated viability assessment, and a policy expectation that all major developments provide a minimum of at least 20% affordable housing. The viability assessment is the starting point rather than the only determinant in setting affordable housing requirements.