

14 December 2020



**BARRATT'S FARM, BALSALL COMMON
COMMENTARY ON THE
DELIVERABILITY AND VIABILITY OF
THE PROPOSED ALLOCATION**

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1.0 Introduction

- 1.1 This note provides a brief analysis of the ability of the Proposed Allocation to be delivered in accordance with the requirements of Draft Policy BC1 (“BC1”).
- 1.2 The three key issues regarding deliverability are considered to be:
- 1.3 Whether the Proposed Allocation would be capable of being delivered within the Plan Period to 2036;
- 1.4 Technical or infrastructure barriers which may prevent BC1 being delivered, and;
- 1.5 The ability of landowners to work together to make the land available for the development envisaged under BC1.
- 1.6 These issues are discussed in further detail below.

2.0 Delivery Trajectory

- 2.1 BC1 assumes that the Proposed Allocation would be capable of delivering 875 homes in the Plan Period to 2036.
- 2.2 The Promoter has considered the timescale for obtaining planning permission for the development following adoption of the new Local Plan. The following timings for key events are assumed as follows:
 - Local Plan Examination – 2021
 - Local Plan Adoption – late 2021
 - Submission of Planning Application – 2022
 - Grant of Planning Permission – 2023
 - Start on Site and infrastructure works – 2024
 - First Homes Delivered - 2025
- 2.3 It is therefore assumed that the first homes would be delivered within the Proposed Allocation in 2025.

- 2.4 When considering delivery trajectories for a site, it is important to consider the likely developer of the site. The Promoter assumes that given the nature of the site, the Proposed Allocation is likely to be delivered by volume housebuilders.
- 2.5 Volume housebuilders are driven by maintaining minimum sales rates which are typically 0.75 private sales per week per sales outlet. They will often achieve higher rates than this. We have therefore carried out a trajectory analysis assuming that volume builders sell at a low rate of 0.75 units per week and another assuming that they sell at a higher rate of one unit per week.
- 2.6 In addition to the private sales units that are delivered, the developer will also deliver affordable housing pro-rata with the private housing. The 40% affordable housing requirement means that overall (private and affordable) delivery would be 1.25 units per week (low) and 1.67 units per week (high). This translates into annual per outlet delivery rates of 65 units per annum for the low trajectory and 87 units per annum for the high trajectory.
- 2.7 The Promoter considers that the Proposed Allocation would be able to accommodate up to three separate sales outlets operating simultaneously at the peak, due to the ability to sell from both Station Road and Waste Lane ends of the site, without developers over-competing for sales.
- 2.8 On the assumption that the first units would be delivered from a single sales outlet in 2025, with a conservative assumption of two outlets each delivering 65 units per annum for the remainder of the development period, this low trajectory would see the Proposed Allocation delivered over eight years, with delivery complete by 2032, giving four years' of delivery headroom before the end of the Plan Period.
- 2.9 If a higher delivery trajectory of 87 units per annum per outlet is assumed, and three outlets operate at peak delivery, the Proposed Allocation would be delivered by 2029, leaving seven years of headroom before the end of the Plan Period.
- 2.10 Given the above, the Promoter considers delivery of the 875 homes in the Proposed Allocation by the end of the Plan Period to be eminently achievable.

3.0 Technical/Infrastructure barriers

- 3.1 Many large greenfield developments require significant early investment in infrastructure to allow development to happen. The impact of these infrastructure costs is to place a significant burden on the early cashflow of the development as significant costs are required to be incurred before receipts from sales of land or buildings are received. The impact can be so severe as to call into question the ability of the development to attract funding.
- 3.2 The Promoter is conscious of these issues and has instructed a technical team to identify the key highways, utilities and other infrastructure items necessary to deliver the Proposed Allocation. The Promoter's engineering consultant has identified a total of circa £800,000 of off-site utilities works to be delivered to provide capacity for the site. The largest single infrastructure requirement is the new Balsall Common Relief Road (the "Relief Road") to be delivered prior to first occupation. The Promoter is engaged with the Council on delivery and funding of the Relief Road to ensure that it comes forward in a timely manner.

- 3.3 In addition, advice from the Promoter's Highways Consultant WSP is that a development of between 100 and 150 homes could be delivered off the existing Station Road infrastructure without the Relief Road being constructed. This would assist development cashflow and allow delivery of housing in the very early years of the plan period. It is acknowledged that a change to the wording of the draft policy would be required to allow this to happen.
- 3.4 The Promoter does not consider that there are any other "big ticket" infrastructure items required to deliver the Proposed Allocation but will continue to review this as the plan preparation progresses. As the Promoter proceeds through this Local Plan preparation process, they will identify the key site-specific infrastructure items (such as the Relief Road) and interrogate the costs associated with delivering them. This will allow the deliverability of the Proposed Allocation to be fully demonstrated with certainty.
- 3.5 As noted above, it is not unusual for large development sites to have significant infrastructure costs, but at the same time providing that there is a clearly thought-out phasing and delivery programme, these cashflow risks can be mitigated to allow the development to be delivered. The Promoter and its consultant team consider this to be the case with Barratt's Farm.

4.0 Landownership

- 4.1 The site for the Proposed Allocation is in multiple ownerships. There is no formal collaboration between the different landowners, but the Promoter intends to work with them all to ensure that land is available for delivery of the Proposed Allocation.
- 4.2 The Promoter is the most significant landowner, controlling in excess of circa 70% of the Proposed Allocation. The Council is another important landowner, with ownership of a parcel near the Station Road roundabout, which would form part of the route of the Relief Road.
- 4.3 The Promoter will continue to work with all landowners within the Proposed Allocation to ensure that land is made available.

5.0 Local Plan Viability Study

- 5.1 The Promoter and their professional team have considered the Solihull Local Plan Viability Study ("LPVS") prepared on behalf of the Council by Cushman & Wakefield and published in October 2020. The LPVS considers the viability of the proposed planning policies within the plan through investigation of a number of different development site typologies.
- 5.2 The most relevant site typology to Barratt's Farm is Site 22, Trevallion Stud, Balsall Common as it is a large scheme proposed in Balsall Common and is considered likely to be delivered by volume housebuilders. Whilst the site is partly Previously Developed Land, we consider that the build cost and sales values are likely to be similar to those for Barratt's Farm.
- 5.3 We have reviewed the appraisal input assumptions contained in the LPVS for Site 22 and consider them to be reasonable. We have therefore adopted them in an appraisal to consider the viability of the Proposed Allocation. We note that there is no assumption within the LPVS for off-

site utilities infrastructure, and we have therefore used a figure of £806,474 in line with advice from the Promoter's technical team.

- 5.4 The following table presents a summary development appraisal for the Proposed Allocation, adopting the same format as in the LPVS:

SUMMARY DEVELOPMENT APPRAISAL (40% AFFORDABLE BY UNIT)		DRAFT ALLOCATION BC1 BARRATT'S FARM
Dwellings		875
Developable Acres (Residential)		66.72
Density (dph)		32
Revenue		£237m
Total Development Costs		£196.8m
Development Cost Subtotals	Infrastructure (On-site and S106)	£31.4m
	Offsite utilities infrastructure	£0.8m
	Construction (including fees, contingency and overheads)	£99m
	Finance costs	£14m
	Marketing / Disposal / Acquisition / Profit	£48.4
Residual Land Value		£42.8m
£ / net developable acre		£642,000

- 5.5 On this basis, the Proposed Allocation would generate a residual land value of £642,000 per net developable acre. This is above the value of £350,000 per net developable acre set as the Benchmark land Value within the LPVS.
- 5.6 As a further check, we have assessed the land value of £42.8m against the gross acreage of the site of 222 acres. This generates a value of £192,000 per gross acre, which is above the 20 x agricultural value threshold that is often considered necessary for a landowner to release farmland for development.
- 5.7 This indicates that the Proposed Allocation would be viable and therefore deliverable as it generates competitive returns for both developer (i.e. an appropriate level of profit) and landowner (i.e. an appropriate land value).

6.0 Conclusions

- 6.1 The Promoter and its consultant team consider that the Proposed Allocation under BC1 is deliverable. It is a large scheme, but one which would be in reality delivered by two or three housebuilders over a period of between five and eight years.
- 6.2 As with all greenfield sites, provision of infrastructure to the site is required, but there are no significant site-specific costs thought to be associated with this other than cost of the Relief Road. The Promoter will continue to work to refine its understanding of the infrastructure requirements for the Proposed Allocation and how delivery of these can be assured.
- 6.3 The majority of the site is either owned or controlled by the Promoter who is in discussions with the other landowners regarding cooperation. There appear to be no barriers to ensuring that all landowners are willing to bring forward the necessary land to deliver the Proposed Allocation.
- 6.4 The Proposed Allocation would generate competitive returns to both landowner and developer and can therefore be considered to be viable and deliverable. Its inclusion within the Draft Local Plan should therefore be supported.



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