

Marton Moss Housing Site Viability Study?

This is a summary of the Study was produced for the Neighbourhood Forum by planning consultants AECOM

The Study is a high-level assessment of housing site viability. It tests a representative sample of 6 sites being considered for inclusion in the Regulation 14 Draft of the Neighbourhood Plan. It aims to take account of the sites in terms of their size, location, envisaged layout, dwelling capacity and house types (note one of the sites has two optional capacities/types – so making 7 scenarios altogether). The sites are spread across the Neighbourhood Area, some also being in the Conservation Area. The number of dwellings assumed for the sites accord with the range of densities considered appropriate for Marton Moss as set out in the Marton Moss Design Code – up to 8 dwellings per hectare (dph) in the Conservation Area and a maximum of 15 dph elsewhere.

The Study follows the standard approach for housing viability assessments by making a number of assumptions about the costs and returns likely to be incurred by and accrued by a typical housing developer. In terms of costs these include acquiring the land, the ‘build costs’ (purchasing materials and employing labour), professional fees and the expense of borrowing money to finance these upfront costs. It is common practice for developers to take out such loans.

In respect of returns an assessment is made of the typical sales values likely to be achieved from selling the completed housing based on the values achieved by similar properties sold in the local area. Also, it is assumed that such developers will be building the homes ‘speculatively’, meaning in advance of known purchasers, and so will be looking to achieve a minimum profit margin to cover for the risk of not being able to sell the properties immediately on completion and hence incur on-going finance borrowing costs.

The Study refers to a ‘limited amount of data on new houses built and current homes for sale within the Neighbourhood Area’ so the authors have used a wider search area including locations adjacent to Marton Moss. Appendix A lists specific new build property sales taken account of – almost exclusively on the ‘Redwood Point’ and ‘Magnolia Point’ housing estates just outside and just within the Neighbourhood Area respectively. Appendix B lists specific new homes on the market taken account of on developments further away, in Fylde Borough. Appendix C lists secondhand property on the market as of September 2021. From this data sales values per area of floor space are derived.

In terms of costs, the assumptions used in the Lambert Smith Hampton 2020 Viability Assessment carried out for Blackpool Borough Council for the Local Plan are cited to indicate typical land values and build/fee costs. However national data are used to provide typical floor area sizes of different dwelling types and also their construction costs. A developer’s profit level of 18% is assumed.

Taking account of all the assumed cost and return levels each of the 6 sites being considered for inclusion in the Neighbourhood Plan, the 7 scenarios are individually appraised using a standard electronic tool. Depending on different land value between two and four of the scenarios are shown to be ‘viable’ – expressed as a ‘sufficient uplift or premium to provide a competitive return for the landowner to incentivise them to release their land’. In most other cases the residual land value with the development would be higher than the value of the land in its existing use – these are classed as ‘marginal/unviable’. In the one remaining scenario the residual land value is assessed as coming out at less than the existing use value and classed as ‘unviable’. As the Blackpool Local Plan has a policy requirement seeking a contribution to the provision of affordable housing, the two ‘viable’ site scenarios are tested further with this in mind, and it was found some level of contribution would be possible.

The Study concludes by suggesting that site viability would be improved on the less profitable sites if higher densities up to 15 dwellings per hectare were adopted. However, there is recognition that house building is being carried out in the Neighbourhood Area suggesting that some builders are finding cost efficiencies and/or accepting lower profit margins. Also it is acknowledged that custom build/self-build schemes where the land is already owned by the promoters the economics will be different to the standard developer approach.

Before the Plan is finalised there is an opportunity for local people and other interested parties to put forward other suggestions or to comment on the outcomes of this research within the six weeks set aside from when the report was published. The full report can be viewed on the Forum’s website www.martonmossforum.org and comments made using the form available there. The Forum can also be contacted via enquiries@martonmossforum.org or on 07739 517630.

Do you agree with the findings of the Housing Site Viability Study?

Do you disagree or wish to comment on it?