

# Viability Assessment initial results summary



**November 2024**

1. Three Dragons was commissioned by East Devon District Council to undertake a viability assessment of the new Local Plan. There are a number of policies in the new Local Plan that have viability implications, including the provision of affordable housing, higher future building standards, design standards, provision of self-build and custom housing, exception sites, biodiversity and habitats mitigation.
2. Values and costs used in the viability assessment have been based upon publicly available information and refined through consultation with the development industry and separate consultation with housing associations active in the district.
3. The testing has used a generic typologies approach with a variety of residential typologies of different sizes and existing land uses. The residential typologies include some below the affordable housing threshold as well as some larger typologies of 75 and 150 dwellings. However, the testing has not included specific allocations which may be subject to higher infrastructure or policy costs, and therefore some caution is advised in setting affordable housing or CIL rates which may also affect specific allocations. The testing has not included Cranbrook (VA4) as that has previously been considered, nor has it sought to test viability at the proposed new community as this work is being undertaken elsewhere. Based on an analysis of values, East Devon has been split into 5 value areas (VA1-VA5) and separate testing has been undertaken for these except for VA4 (Cranbrook).
4. The draft Reg18 policy of 35% affordable housing with 65% social rent and 35% intermediate (shared owner ownership) has been tested and where provision has been found to be unviable at that level, alternative percentages, tenures and approaches have also been reviewed. Other specific policies tested include building standards, accessible and adaptable homes, self build & custom housing, design & NDSS, green & blue infrastructure and open space, habitat, BNG and monitoring. The current relevant CIL rates have also been included within the testing.
5. The testing has shown 35% affordable housing with 65% social rent and 35% shared ownership is broadly deliverable in VA1 Budleigh Salterton & Sidmouth/Sidford and VA2 Exeter North East and Tithebarn.
6. In VA3 35% affordable housing is more marginal in terms of viability, but 30% affordable housing with 65% social rent and 35% shared ownership is viable.
7. In VA5 Axminster, affordable housing requirements will need to be lower. At 25% affordable housing with 65% social rent and 35% shared ownership development is viable on larger greenfield sites. On smaller greenfield sites and all brownfield sites to maintain 25% affordable housing will require a tenure change, switching social rent to affordable rent and/or a change in the provision from developer built affordable housing to the provision of equivalent (serviced) land for a registered provider to build their own affordable housing. Also of note is that benchmark land values in VA5 would have to be at a minimum in terms of premium over the existing use.
8. Across all value areas higher density schemes (that include flats) are less viable the houses.
9. It is therefore recommended that where allocations are proposed:
  - At the edge of Exeter, Sidmouth/Sidford and Budleigh Salterton the 35% affordable housing rate is retained (65% social rent and 35% intermediate)
  - In all other areas (apart from Axminster) the rate is 30% affordable housing (65% social rent and 35% intermediate)

- In Axminster 25% affordable housing is required, with flexibility about tenure and how this is delivered on brownfield and smaller greenfield allocations

10. It is recommended that outside any allocations ('windfalls'), policy could include a 35% affordable housing requirement, with 65% social rent and 35% intermediate tenures, for any sites that come forward; and that across all areas flexibility should be inbuilt into policy that allows affordable rent or a reduced affordable housing proportion for flats.