

Viability Report

Former Yelland Power Station

Prepared by Plymouth City Council's Development Viability team for North Devon District Council to support the determination of planning application 60823



Viability Report: Former Yelland Power Station

1 Introduction

- 1.1 This report has been prepared by Plymouth City Council's Development Viability team in order to provide development viability advice to North Devon District Council ("the Council") relating to the proposed development site at the Former Yelland Power Station, Yelland, Barnstaple EX31 3EZ ("the Site") and associated planning application (ref: 60823).
- 1.2 In relation to the above we understand that the Applicant is seeking to develop the site for 250 dwellings and circa 6000 sqm of commercial and employment space. In line with its policies as set out in the Local Plan the Council are seeking the provision of at least 30% of the dwellings to be affordable as well as section 106 contributions for a range of mitigation measures. The Applicant has engaged with the Council with regards to the viability challenges and is of the opinion that the scheme will not be able to achieve meaningful 106 contributions due to the substantial abnormal cost of delivering the site for housing.
- 1.3 The Council has instructed us to advise them on resolving the viability position and section 106 contributions in line with the National Planning Policy Framework and Planning Practice Guidance on Viability.

2 Summary of viability

- 2.1 The site has considerable exceptional and abnormal costs related to the presence of the former power station as well as the proximity of river. These conditions are not typical, are site specific and have a material impact of the delivery of the scheme.
- 2.2 Barnstaple based cost consultancy Gates Consultants had previously provided advice to the Applicant on the likely costs of delivering this site. We recommended that the Council and the Applicant jointly instruct Gates to refresh this advice and update it based on the most recent scheme.
- 2.3 Gates completed this work and it can be seen at Appendix 1. Gates then went on to undertake a full viability appraisal of the site and this can be seen at Appendix 2.
- 2.4 Gates' view of viability was that there would be sufficient surplus in the scheme for a 106 contribution of circa £500,000 if no affordable housing was delivered. The driver for this was there being in the region of about £19m of abnormal costs associated with delivering housing here, over 20% of the schemes total cost, which is exceptionally high.
- 2.5 Discussion of these figures between PCC, the Council and the Applicant and their agents then commenced and an agreement was reached that the Applicant would pay the Education contribution being sought which was £1,417, 869 and that this was a figure sufficient to comply with Planning Practice Guidance on Viability.



3 The site specific viability challenge

3.1 A full breakdown of the cost assessment of the scheme can be seen at Appendix I however it may be helpful to share the most significant elements that are impacting this scheme's ability to make contributions toward affordable housing and other section 106 requirements. It should be noted that these abnormal costs are specific to this development and would not have been taken in to account when North Devon District Council formulated their area wide Local Plan or assessed the viability of their policies.

3.2 Ground Conditions – The site is immediately adjacent to the River Taw estuary and the ground conditions are poor for development. A range of interventions are needed to allow for development to take place here and are as follows:

- Raising level to site generally - £9.7m
- Enhanced piling for structures - £1.8m

3.3 Presence of Power Station – The existing power station needs to be demolished and cleared.

- Demolition and clearance - 0.5m
- Fill to existing power station turbine basement - £2.25m

3.4 Formation of the lagoon

- In addition to raising levels; lining, draining and petrol interceptor £1.2m

3.5 In addition to these items there are various extra-over costs related to building the dwellings themselves in the ground conditions at the former Yelland Power Station, specifically the enhanced piling required, and these add a further £1.9m abnormal cost.

3.6 There are a number of allowances that have been made that aren't related to the ground conditions but are specific to the site and are negatively impacting viability. The Council should satisfy themselves that the following have been secured as they are included in this appraisal: **Social hub, public car park, Tarka Trail and creation of a piazza.**

4 Section 106 Negotiation

4.1 Whilst accepting of the viability position it was clear from discussions with The Council that for the scheme to make no section 106 contribution would not be acceptable. We proposed that a review mechanism was included in the section 106 agreement that would allow for any improvement in viability over the life of the development to capture value that could be used to contribute to the initial planning obligations.

4.2 Following discussions with the applicant and their agent the applicant, as they would need to bring in additional developers to deliver the scheme, preferred not to enter in to a review mechanism. My advice to the Council therefore was that to avoid such a mechanism the applicant should agree to make a material contribution as part of the Section 106 agreement. Following negotiations this was agreed to be the Education contribution of £1.418m. Confirmation of this can be seen at Appendix 3.



5 Conclusion

- 5.1** Having considered the circumstances of the site and the evidence provided to North Devon District Council by Gates Construction Consultants of Barnstaple I am satisfied that the proposed scheme cannot support making Section 106 contributions.
- 5.2** In such circumstances, and in line with Planning Practice Guidance, my advice to The Council would be to secure a review mechanism to allow for contributions should the scheme viability improve. In this instance the Applicant has offered a contribution of £1.418m in lieu of this review mechanism and I am of the opinion that it is more likely than not that this amount would exceed any amount achieved through a review mechanism. Furthermore The Council can negotiate payment of this amount far earlier than would be achieved from a review process and therefore my advice to them is that this would be an appropriate outcome providing best value to the Council and be in accordance with Planning Practice Guidance.

I hope that the above aids you in determining the planning application but should you need anything further please do not hesitate to contact me.

Joe McCarthy

Development Viability Officer
Plymouth City Council
West Hoe Road
Plymouth
PL1 3BJ

