

Development strategy

February 2021

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Executive Summary



Background and Scope

North Somerset Council has a large and diverse land and property portfolio, with over 3,000 assets under its control. The principal objective of this report is to identify which of these assets could be re-purposed for other uses (housing and employment) to meet the economic, financial, and social value objectives of the Council. As well as identifying sites, the report has examined and recommended potential delivery options for each site in the context of the market, the resources available within the Council and the challenges and opportunities presented by known risk and opportunity factors.

Each of the sites identified on the shortlist has been tested from a financial viability perspective and an assessment made of its deliverability and developability from a planning and operational viewpoint. This information has been used to create a phased programme with sites grouped into the short, medium and long term balanced and financially sustainable 10-year plan.

Recognising some of the immediate social and environmental objectives of the Council, the financial viability modelling has tested different levels of affordable housing within the overall programme and higher levels of carbon mitigation levels through greater investment in relevant design features to meet this need. This would have an impact on the overall capital receipts from the programme which could be used to fund other corporate objectives of the Council.

The report has concluded that from the assets within the portfolio, there are 27 sites that are potentially suitable for new housing and commercial development in the District. They are broadly spread geographically and comprise both greenfield and brownfield sites, some are allocated, and others (mainly long-term objectives) would need to be considered in the context of the emerging local plan.

Executive Summary

Market Considerations

North Somerset is fortunate in that the majority of areas (especially in the North) are commercially viable for market housing, and values can support, for most sites, the target levels of affordable housing required. This presents the opportunity for the Council to cross subsidise less viable tenures and areas to achieve a balanced programme financially and consider the delivery of social and environmental objectives.

The commercial (office, retail and industrial) market is far more challenging. For example, the Weston Business Quarter is the Council's primary commercial location as an asset. There will always be demand from occupiers willing to invest in buildings and premises for their own use and this delivery approach should be near to cost neutral for land sales. From an investment perspective commercial accommodation at Weston is unviable and would result in a substantial deficit.

The programme recognises that the Council is potentially willing to intervene under specific circumstances and invest and deliver housing if the wider market is unable or unwilling to do so. This could be in the context of a specific tenure requirement (for example new build private rental housing), or by investing in design and sustainability factors that would have a longer socio-economic return that would not be reflected in short term financial returns.

Nevertheless, it is far from certain in the current economic climate that the Council could commit to new investment given current financial constraints and the programme, as currently drafted, assumes land sales and joint venture promotion of sites with partners but highlighting two opportunities for direct delivery where the Council could add value from a regeneration and community perspective.

Portfolio Opportunity

Of the 26 assets assessed considered, the report has concluded that the Council could use its asset base to deliver the following outputs as illustrated below

Executive Summary



Housing – Opportunity and Land Value

The housing numbers and capital receipts have been assessed initially on a baseline (policy compliant) position with regard to affordable housing. The Arcadis commission has also looked at higher rates of delivery of affordable housing and the impact on the baseline residual land value as shown below, to illustrate how affordable housing unit numbers could be increased as a key Council policy objective.

Housing units by tenure	Base – 70% market sale / 30% affordable (policy complainant)	65% market sale / 35% affordable (+5% affordable)	60% market sale / 40% affordable (+10% affordable)
Market Sale	1,235	1,136	1,048
Market Rent (BTR)	90	90	90
Shared Ownership	82	106	123
Social Rent	435	510	581
Total	1,842	1,842	1,842
Residual land value	£61.5m	£55.5m	£49.5m

Applying a 10% uplift to build costs to deliver zero carbon across, rather than just being compliant with building regulations, results in the following impact on the land receipts.

	Standard build costs	Enhanced carbon mitigation
Residual land value	£61.5m	£50.3m

Phasing

The sensitivity testing demonstrates that the Council has the flexibility to pursue objectives explained on the previous slide in the context of the overall programme, but we would highlight:

- There is a need to look at the peak capital debt on an annual basis to manage risk. The programme assumes all sites will be delivered over a 10 year period and if positive value sites are not delivered, this could upset the balance of the programme from a financial perspective.
- Not all the sites may be delivered. Many sites are strategic opportunities that are subject to finding alternative sites for existing uses and being allocated in the emerging local plan
- The housing and commercial markets, through a combination of macro economic factors (The UK exiting the EU) and the impact of Covid 19) is entering a period of uncertainty. The long term impact of both are unknown.

The mitigation of these risk factors is therefore to focus on the immediate priorities in the next 3-5 years and achieve a balanced programme for these sites by geography and risk. To help with this process, sites have been grouped from 1 through to 3. Group 1 sites are already committed, Group 2 sites are policy or believed to be policy compliant. The adoption of the new local plan will be the critical review date to guide how longer term sites will be delivered (classed as Group 3 sites) and the outturn from the accommodation and asset review strategies potentially creates new opportunities for the Council and could supplement the programme as current drafted.

Overall the programme can deliver in the region of 180-200 extra homes per year in the District. This is a potential increase of 25% over the current average of 800 homes per year. The programme would also generate an additional 3,700 equivalent construction jobs and 2,400 full time jobs. The capital receipts generated could be captured and used to support public service delivery in North Somerset.

Portfolio – Final Summary



New homes

- 1,842 new homes across 25 sites
- includes 517 new intermediate and affordable homes
- Schemes range from 3 – 275 units



New commercial

- Weston Business Quarter incl. Foodworks phase 2
- Town centre & co-working opportunities
- 850,000 sq ft of commercial space in total



New innovation

- Redevelopment of Walliscote Place, WSM
- Delivery of 90 build to rent units.
- Delivery of 4,250 Sq Ft co-working business space



New revenue streams

- Range of delivery options available including land sales, joint ventures and direct delivery
- £61.5 m land value spread across three groups as a baseline policy compliant position



New jobs (projected)

- c.3,700 full time equivalent construction jobs
- c.2,400 full time jobs

Next Steps

Five project workstreams are required to start to deliver the programme, these are a combination of strategic policy decisions and allocation of resources. The former will influence the latter.

Workstream #	Description	Key Outcomes	Key Milestones
Workstream 1	Adopting a programme based approach	The Council as a first step would need to adopt the concept of a programme based approach rather than considering each site in isolation from a financial and social perspective to secure the full benefits outlined in the report.	Feb 2021 Cabinet paper
Workstream 2	Risk and Investment approach and resourcing	Early decision on NSC's attitude to risk and its willingness to deliver direct development to inform approach on resourcing for programme /site delivery	Feb '21 – Capital investment strategy for 2021/22
Workstream 3	Delivery of Group 2a and 2b sites	Immediate promotion and delivery of sites in Group 2A. Testing and consultation on Group 2B sites	2021 onwards
Workstream 4	Delivery of Group 3 sites	Promotion of strategic sites in local plan	2023 onwards
Workstream 5	Acquisitions	Agree criteria and process for regular review of acquisition opportunities that may meet corporate objectives	2021 onwards

A photograph of three elderly people on a balcony. On the left, a man and a woman are leaning on a wooden handrail, looking at each other. On the right, a woman is leaning on a similar handrail, looking towards the left. The balcony has a metal railing with square cutouts. The background is a brick wall and a window with dark shutters.

Introduction

Background

North Somerset Council (NSC) is an ambitious organisation looking to make use of its asset base to develop new housing and commercial accommodation within the District. By doing so, it seeks to deliver a series of positive benefits for residents. This will be achieved by a programme of development and investment that delivers financial outcomes from housing and commercial space which is self-sustaining, secures wider social and economic outcomes and enables delivery of development projects in communities of greatest need.

This report outlines development and investment plans over a 3 year and 10-year period respectively, focussing on the key opportunities within NSC's estate. In essence the investment plans have four objectives:

1. To identify primarily housing, but also commercial opportunities, to generate capital, exceeding minimum financial hurdles and to significantly boost housing supply in North Somerset sustainably.
2. To ensure housing and commercial opportunities deliver corporate objectives in excess of the commercial market's approach, such as additional affordable housing or reduced carbon which justify the Council's involvement in these projects.
3. To use an element of value capture from housing and commercial sites to cross subsidise other development projects which address wider benefits to North Somerset's economy and target areas of housing market failure.
4. To adopt a flexible and innovative approach on how sites and projects are delivered beyond a simple land release to developers, which allows returns to support subsequent phases of the programme.

Portfolio Objectives

NSC therefore wishes to create a balanced development programme with each site having the potential to deliver more on certain key performance indicators (for example, financial vs social) linked to place and relative market strengths. It is ultimately a cyclical approach (as illustrated below) which will create a financially and socially sustainable development programme driven, in the view of Arcadis, through four interlinked objectives.

- **Objective 4:** To adopt a flexible and innovative approach on how sites and projects are delivered beyond a simple land release to developers, which allows returns to support subsequent phases of the programme

- **Objective 1** To identify primarily housing, but also commercial opportunities, to generate capital, exceeding minimum financial hurdles

- **Objective 3** To use an element of value capture from housing and commercial sites to cross subsidise other development projects to which:
 - ✓ Address wider benefits to North Somerset's economy
 - ✓ Targets areas of housing market failure, through the enhancement of the quality of the private rented sector

- **Objective 2** To ensure Housing and Commercial opportunities deliver corporate objectives in excess of the commercial market's approach, such as additional affordable housing or zero carbon which justify the Council's involvement in these projects



Introduction

Portfolio Filtering

The investment strategy recognises that NSC commenced delivery of housing schemes on its land for many years. New housing at Parklands and very soon at Selworthy Road, are to be delivered through disposals.

This strategy goes further and considers other delivery options available to the Council through partnership promotion agreements and direct delivery. This is to maximise financial and social value returns to the Council or to satisfy unmet market demand in terms of either geographic location or product. For example, the importance of improving the quality of the private rental sector offer in Weston Super Mare.

To develop the programme and identify opportunities, the entire NSC estate has been considered through a three-stage sifting process:

Stage One: Consisting of over 3,000 individual assets, the first stage was to exclude all operational public infrastructure which are operationally unsuitable for development (for example, cemeteries and footpaths).

Stage Two: Excluding those assets which through reasons of size, physical and planning constraints and access were not considered developable. In addition, an officer decision was made to exclude formally designated green infrastructure land (other than in the case of sports pitches, where it was reasonably expected that equivalent or improved replacement provision could be offered within the vicinity).

Stage Three: Excluding sites following a market and feasibility review of each opportunity to produce a short list of 26 sites capable of delivering 1,842 homes and circa 850,000 sq ft of business space over a 10-year period. Each of these sites has been appraised from a financial perspective and recommendations made for the disposal or development of each site, supported by business case evidence to include financial modelling, market insight, cost advice, and feasibility.

Portfolio Filtering cont.

In addition to those sites identified through the portfolio, the asset review process is expected to identify potential further opportunities. To assist with the evidence base for the asset review process, valuations have been provided on a further 20 locations. These have been added to the report by way of an addendum.

.A small number of 'live' assets are already included in the Development Programme (for example, a small number of car parks), as they were identified by the Landhawk software as likely to be suitable for development. The inclusion of these sites is on the basis that they could, if deemed surplus, present a suitable opportunity for development. Should a decision be made not to release a particular site, then it would be removed from the development programme.

The investment programme has been developed by Arcadis and its sub consultant, Alder King, with a very close working relationship with officers of NSC and has had regular input and guidance from its Senior Management Team. The report is the summary of the work undertaken to date and is intended as a the evidence base to inform future strategic decisions on development and investment by officers and members.

Strategic Objectives

Strategic Development Programme

The Strategic Development Programme is a key part of NSC's Capital Investment Strategy for 2020 to 2030. It will set out a core ambition to create a balanced programme of development and investment that also delivers on the wider corporate objectives of NSC, particularly in relation to affordable housing, sustainability and placemaking. It complements the emerging Strategic Asset Management Plan (SAMP) and Accommodation Strategy.

In creating a Strategic Development Programme, the Council aims to set out a balanced programme for the development (or re-development) of locations in its ownership. This approach recognises that not all objectives can be achievable on all sites, and the programme will seek, as a whole, to ensure that there is a clear understanding of what each site can deliver. This may be a regeneration-based outcome, additional affordable housing, higher levels of design or sustainability, community-led housing, or simply speed of delivery and/or a financial return which enables other objectives to be achieved elsewhere.

The North Somerset programme differs from a standard private sector institutional approach and recognises that councils should own, operate, sell and invest in assets for reasons other than purely financial returns and that social, environmental and economic agendas are also important considerations in the context of the stewardship of public funds..

Central Government legislation is becoming more explicit in this regard following recent high-profile investments by other authorities. Section 4 of the Localism Act requires all purely commercial activity to be done via a limited company and not as part of a council's day to day operation. If, however a return is 'incidental' to broader social and economic aims, then the clause doesn't apply – for example, selling land at a profit once the site has been de-risked through the production of a planning and development brief that ensures development aligns with the delivery of corporate economic objectives. The legislation and guidance are relevant to the emerging strategy regarding the retention or disposal of existing assets in the North Somerset portfolio due to the implications on the use of Prudential Borrowing.

Strategic Objectives

Programme Level Objectives – Finance

The following principles are proposed to guide the creation of the development programme.

1. Investment must yield financial returns and any additional capital must be affordable in the context of other current commitments and revenue asks
2. The Council's role is not to compete with private developers or replicate those outcomes but deliver beyond market norms
3. The Council needs to control the development process as much as possible to realise those additional benefits. This in turn will place a greater emphasis on alternative delivery routes such as joint ventures and the need to de-risk sites (in terms of planning and site constraints).
4. The investment programme may go beyond the existing estate. To deliver on objectives, the Council may need to acquire property currently outside its ownership. For example, private rented stock and co-working space will require urban centre locations
5. The Council can access capital in addition to the value of its land – this will be influenced by its legal powers to invest, its longer-term commitments and an ability to have a realistic exit strategy
6. The Council will partner to secure investment to achieve some of its wider objectives
7. The programme overall must become financially self-sustaining by 2026. A proportion of the surplus needs to be ringfenced for reinvestment
8. Some sites will lose money/require subsidy. Therefore, some must make sufficient surplus to be able to re-invest

Strategic Objectives

Strategic Objectives

Council investment in development



The financial outcomes from the programme are fundamental to the Council. The development portfolio has the potential to generate both capital and revenue to the Council to support its wider service delivery obligations. Underpinning the identified criteria are the Council’s aspirations of:

1. A focus on being ambitious and creative
2. A recognition that the programme must be appropriate in scale and timing in the context of its existing capital and revenue commitments
3. A balance risk and opportunity in the context of further capital investments beyond the value of its land holdings

Based on the current and emerging guidance from Treasury and CIPFA on the use of PWLB lending, NSC would need to establish the following three principles before investing

Key Financial criteria			
1	Is Investment within NSC’s Peak Capital Headroom	Is within NSC’s Capital Headroom	Is in excess of NSC’s capital headroom
		Pass	Fail
2	Does NSC has the legal powers to invest?	Council has legal powers	Does not have the power
		Pass	Fail
3	Does NSC has a clear exit strategy from the project?	Exit Strategy	No Exit Strategy
		Pass	Fail

Programme Level Objectives – Housing

Housing Development will be taken forward where at least one of the following three factors can be met.

1. The location is otherwise agreed, but the market will not deliver, or will not deliver within a satisfactory pace – e.g. low value/unviable sites, usually town centre/brownfield or otherwise ‘difficult’.
2. The location will deliver on at least two of the following:
 - Make a substantive contribution to housing supply (at least 40-50 units to be delivered within a five-year timescale); and or
 - Create a financial surplus for reinvestment by NSC and
 - Is capable of delivering additionality that would not otherwise be delivered by the market against at least two of the following criteria:
 - ✓ Provides additional affordable housing
 - ✓ Provides additional adaptable or accessible housing
 - ✓ Improves Private Rental Sector housing
 - ✓ Improves sustainability.
 - ✓ Provides flagship sites for new technologies (Modern Methods of Construction or other).
 - ✓ The site is suitable for community-led housing and/or low cost/high quality self-build development.
 - ✓ Delivers outstanding design.
3. Development of the site would meet another identified and agreed need – e.g. Extra Care, SEND, solar energy.

Strategic Objectives

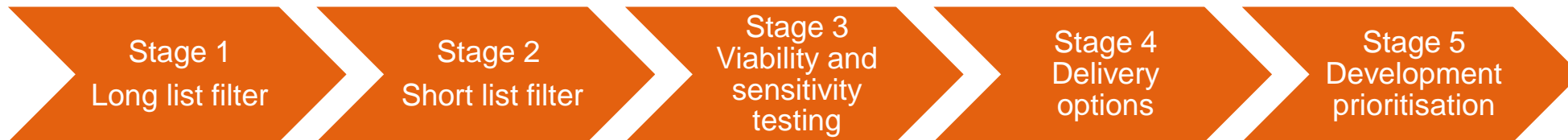
A wide-angle photograph of a residential construction site. In the foreground, there are stacks of grey concrete blocks and a dirt area with some construction debris. The middle ground is dominated by several rows of houses under construction. Each house is surrounded by extensive metal scaffolding. Some houses have white siding, while others are brick. The roofs are dark grey. In the background, there are trees and several high-voltage power line towers under a clear sky.

Approach and methodology to site identification, delivery and programme development

Developing the Programme

NSC owns over 3,000 separate assets across the District. Our approach has followed five key stages to arrive at a list of 26 sites to include in the development programme and which is summarised below:

1. Exclude all assets which are non-developable
2. Exclude assets which have significant development challenges due planning or physical attributes
3. Test the viability of the remaining sites and exclude those which are either extremely unviable or subject to other constraints which make them undeliverable within the lifetime of the development programme
4. Assess the options for delivery of each site against the framework strategy proposed by NSC
5. Group the sites into short, medium and long term opportunities to enable NSC to develop its detailed delivery strategy



The approach has identified which sites have the potential to deliver financial and social outcomes for the Council. It shows that despite the large number of individual assets, the proportion with development potential is relatively low. This is entirely in keeping with several other Council estates portfolios which Arcadis has recently reviewed.

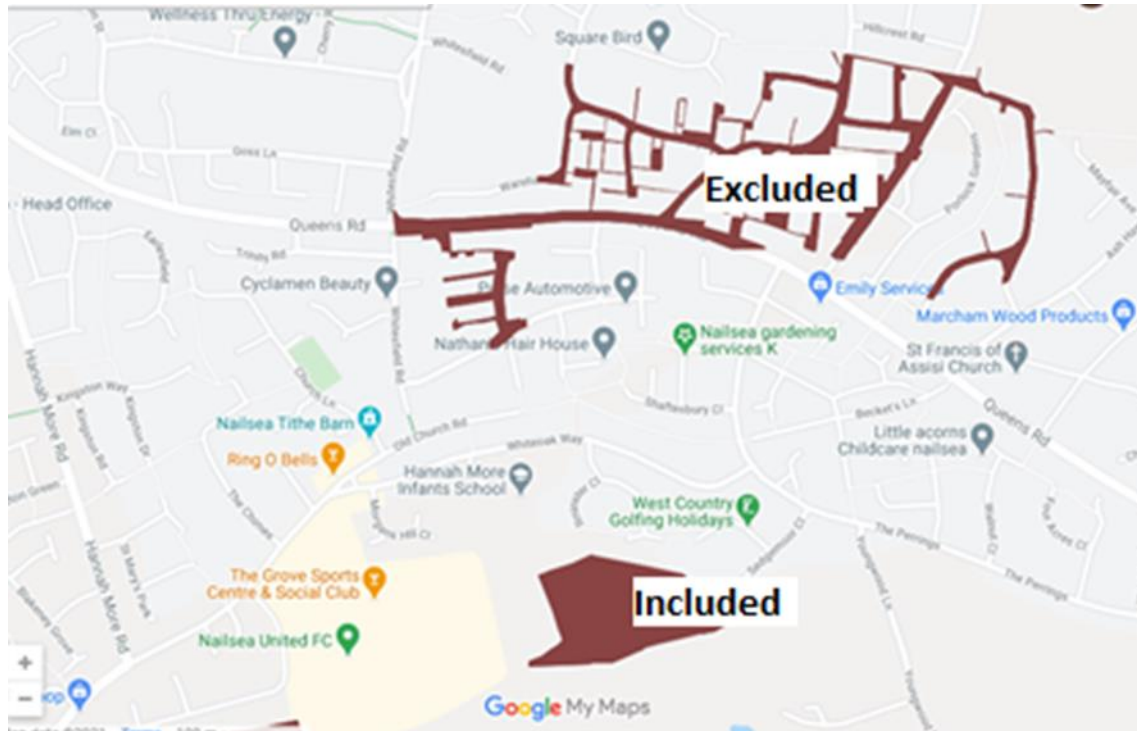
Stage 1 – Filtering

From a total of over 3,000 assets we quickly filtered to 100 as part of the first filter step.

This step involved removing non-developable assets including highway land (roads, roundabouts, verges) and water as illustrated below in a filtering plan showing developable and undevelopable land.

We also rejected all assets with a developable area of less than 0.1 hectares (ha) to ensure the development programme focussed on assets with the ability to make a significant impact on the programme. These sites will be separately considered as part of a small sites programme, with a focus on assessing opportunities for delivering small-scale affordable, community-led, self-build and/or custom-build homes.

This filter process used polygon asset data provided by NSC.



Stage 2 – Filtering

The second filter was completed using a digital analysis platform (Landhawk) to rapidly assess the impact of constraints upon the development potential of each of the assets linked to published data sets at a national level.

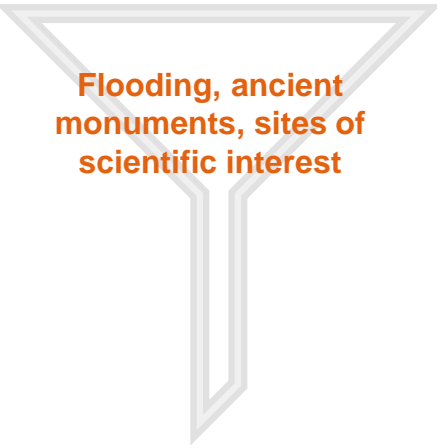
Landhawk provides a risk based RAG review and weighted score as illustrated in the adjacent table.

Having automatically RAG tested every asset, we rejected those which were undevelopable due to constraints such as flooding, ancient forest, formally designated public open space and sites of scientific interests.

This filter step led to 43 assets for detailed assessment. A further 10 assets were then excluded based on discussions with officers and Alder King, the Arcadis agency sub consultants, on the basis of local knowledge and contextual site constraints and challenges. This resulted in 33 assets being progressed.

Asset ref	Title no	Location	Post town	Area (M)	Area (Ha)	Score	RAG	warning1	warning2
Z28/999/01	AV135791	Rowham Hill, L	Leigh Woods	11277.94336	1.127794336	-293.6802974	Red	Intersects with Flood Zone 3 - Sites larger than 1Ha require Specific Site Assessment Paragraph: 030 Reference ID: 7-030-20140306	Intersects Ancient Woodland - Planning only possible in wholly exceptional circumstances Paragraph: 033 Reference ID: 8-033-20190721
BB20/13/01	AV236215	Middle Engine P	Nailsea	3112.368474	0.311236847	-204.4609665	Red	Intersects with Scheduled monument - See paragraph 194 of the National Planning Framework	Intersects with Listed Building Grade I or II - See paragraph 194 of the National Planning Framework
V17/NE/999/01	ST247366	Kilkenny Fields	Portishead	100521.4061	10.05214061	-185.8736059	Red	Intersects with Flood Zone 3 - Sites larger than 1Ha require Specific Site Assessment Paragraph: 030 Reference ID: 7-030-20140306	Intersects Special Area of Conservation - Protected site see paragraph: 019 Reference ID: 8-019-20190721
J8/NW/997/01	ST244716	Castle Batch	Weston-super-M	30140.75675	3.014075675	-148.6988848	Red	Intersects with Flood Zone 3 - Sites larger than 1Ha require Specific Site Assessment Paragraph: 030 Reference ID: 7-030-20140306	Intersects with Scheduled monument - See paragraph 194 of the National Planning Framework
V24/SW/994/03	ST233706	Avon Road, Land	Pill	7440.538459	0.744053846	-130.1115242	Red	Intersects with Flood Zone 3 - Sites larger than 1Ha require Specific Site Assessment Paragraph: 030 Reference ID: 7-030-20140306	Intersects with Ramsar Site (Protected) - See Paragraph: 019 Reference ID: 8-019-20190721
W24/NE/986/01	ST237368	Watchhouse Hill	Easton-in-Gordar	54390.172	5.4390172	-130.1115242	Red	Intersects with Flood Zone 3 - Sites larger than 1Ha require Specific Site Assessment Paragraph: 030 Reference ID: 7-030-20140306	Intersects Greenbelt - Paragraph 145 - "A local planning authority should regard the construction of new buildings as inappropriate"
AA13/SE/990/01	ST234650	Hither Green	Clevedon	22072.75314	2.207275314	-111.5241636	Red	Intersects with Flood Zone 3 - Sites larger than 1Ha require Specific Site Assessment Paragraph: 030 Reference ID: 7-030-20140306	Intersects Greenbelt - Paragraph 145 - "A local planning authority should regard the construction of new buildings as inappropriate"
BB11/SW/994/01	ST260623	Marshall's Field,	Clevedon	10228.29996	1.022829996	-92.93680297	Red	Intersects with Flood Zone 3 - Sites larger than 1Ha require Specific Site Assessment Paragraph: 030 Reference ID: 7-030-20140306	Intersects with Greenspace - See paragraph 96 of the National Planning Framework
V19/NW/994/01	ST155448	Lower Burlington	Portishead	19197.26768	1.919726768	-92.93680297	Red	Intersects with Flood Zone 3 - Sites larger than 1Ha require Specific Site Assessment Paragraph: 030 Reference ID: 7-030-20140306	Intersects with Greenspace - See paragraph 96 of the National Planning Framework
KK9/NE/992/01	ST308677	St Georges Com	Weston-super-M	4714.931279	0.471493128	-92.93680297	Red	Intersects with Flood Zone 3 - Sites larger than 1Ha require Specific Site Assessment Paragraph: 030 Reference ID: 7-030-20140306	Intersects with Greenspace - See paragraph 96 of the National Planning Framework
LL6/NE/999/01	ST332527	Maitlands, Land	Weston-super-M	12125.29462	1.212529462	-92.93680297	Red	Intersects with Flood Zone 3 - Sites larger than 1Ha require Specific Site Assessment Paragraph: 030 Reference ID: 7-030-20140306	Intersects with Greenspace - See paragraph 96 of the National Planning Framework
BB13/NW/976/01	ST234004	Cherry Avenue, L	Clevedon	2739.192589	0.273919259	-92.93680297	Red	Intersects with Flood Zone 3 - Sites larger than 1Ha require Specific Site Assessment Paragraph: 030 Reference ID: 7-030-20140306	Intersects with Greenspace - See paragraph 96 of the National Planning Framework
FF14/996/01	ST157643	Horsecastle Fam	Yatton	8093.242004	0.8093242	-92.93680297	Red	Intersects with Flood Zone 3 - Sites larger than 1Ha require Specific Site Assessment Paragraph: 030 Reference ID: 7-030-20140306	Intersects with Greenspace - See paragraph 96 of the National Planning Framework
NN4/SE/990/03	ST235106	Canberra Road, L	Weston-super-M	10847.0742	1.08470742	-92.93680297	Red	Intersects with Flood Zone 3 - Sites larger than 1Ha require Specific Site Assessment Paragraph: 030 Reference ID: 7-030-20140306	Intersects with Greenspace - See paragraph 96 of the National Planning Framework
LL6/SE/998/01	ST156287	The Maitlands	Weston-super-M	17707.93869	1.770793869	-92.93680297	Red	Intersects with Flood Zone 3 - Sites larger than 1Ha require Specific Site Assessment Paragraph: 030 Reference ID: 7-030-20140306	Intersects with Greenspace - See paragraph 96 of the National Planning Framework
MM5/SW/989/01	ST294090	Jay View, Land a	Weston-super-M	3423.439676	0.342343968	-92.93680297	Red	Intersects with Flood Zone 3 - Sites larger than 1Ha require Specific Site Assessment Paragraph: 030 Reference ID: 7-030-20140306	Intersects with Greenspace - See paragraph 96 of the National Planning Framework
OO4/NE/991/04	ST237202	Broadway/Loxtor	Weston-super-M	11336.92198	1.133692198	-74.34944238	Red	Intersects with Flood Zone 3 - Sites larger than 1Ha require Specific Site Assessment Paragraph: 030 Reference ID: 7-030-20140306	Intersects Road Noise - Paragraph 001, Reference ID 30-001-20190722 "Noise must be considered when a development may create extra noise"
W19/NW/996/01	ST139512	Heron Gardens, L	Portishead	3278.181371	0.327818137	-74.34944238	Red	Intersects with Flood Zone 3 - Sites larger than 1Ha require Specific Site Assessment Paragraph: 030 Reference ID: 7-030-20140306	Intersects Mining Hazard
KK8/SW/978/01	ST21472	Blackberry Drive	Weston-super-M	9789.321549	0.978932155	-74.34944238	Red	Intersects with Flood Zone 3 - Sites larger than 1Ha require Specific Site Assessment Paragraph: 030 Reference ID: 7-030-20140306	Intersects Mining Hazard

99 ASSETS



Result 33 assets

Stage 3 - Assessment

The capacity and viability for each of the 33 assets was calculated by Arcadis with input from NSC and Alder King based on information known to date. The key data assumptions from a residential perspective being:

- Development density – 40 dwellings per hectare (though with some variation on known contextual opportunities – e.g. higher densities in town centres)
- Residential tenure mix - 70% market sale, 30% affordable (82% social rent, 18% intermediate)
- Residential unit mix - range from 1b2p flats to 5b8p houses
- Programme - delivery sales rate driven at 6 units per month
- Market sale income - range from £330k (3b house in Weston) to £675k (5b house in Portishead)
- Intermediate and affordable income – assumed at 60% and 50% of market sale respectively
- Build cost – Building Cost Information Service (BCIS) mean build cost with a 10% uplift in higher value locations

This information was used to produce a baseline discounted cashflow programme in Excel format of the number of homes, total value, development costs, and land receipts following disposal. This programme is contained in Appendix 2. As agreed with NSC the overall programme has been subject to the following prime sensitivity tests to assess the potential impact on residual land values. These being:

- Increasing the sustainability credentials of the housing across the programme to create zero carbon/passivhuas development compared to a building regulation compliant position.
- Increasing the amount of affordable housing across the programme from to 35% and 40% from the baseline of 30%.

The viability testing of the Weston Business Park concluded that development from an investment perspective was unviable and the deficit has been excluded from the programme. Nevertheless, owner occupied land sales will generate some value and it has been assumed as a neutral approach at this stage. Therefore the site remains in the shortlist of 26 sites but without a specific development appraisal.

Stage 3 – Filtering

Following completion of Stage 3, a further 5 assets were excluded following the completion of the viability assessment, leaving 26 sites for the final programme. The sites excluded and justification for doing so are provided in the table opposite.

Site	Dwellings	Estimated land value	Justification
Weston Links	700+ commercial	Negative	Significant remediation and viability challenges. NSC will continue to work with Homes England on development options, however the site is excluded from the financial programming due to the substantial negative financial impact. It is assumed that the site will come forward only if external funding becomes available
Merlin Park car park	13	£1.7m	Designated public open space.
Midhaven/Queensway	34	£0.71m	Site is allocated however previous work has failed to identify alternative pitch provision opportunities within the required distance
Aschcombe Park car park	25	£0.5m	Part of formally designated public open space
Coleridge Vale Playing Fields, Clevedon	59	£1.5m	Well used playing fields. Could potentially be looked at longer-term as part of a wider placemaking strategy and reconfiguration, but currently unlikely to be able to find suitable alternative within required area

Stage 4 – Approach to Delivery

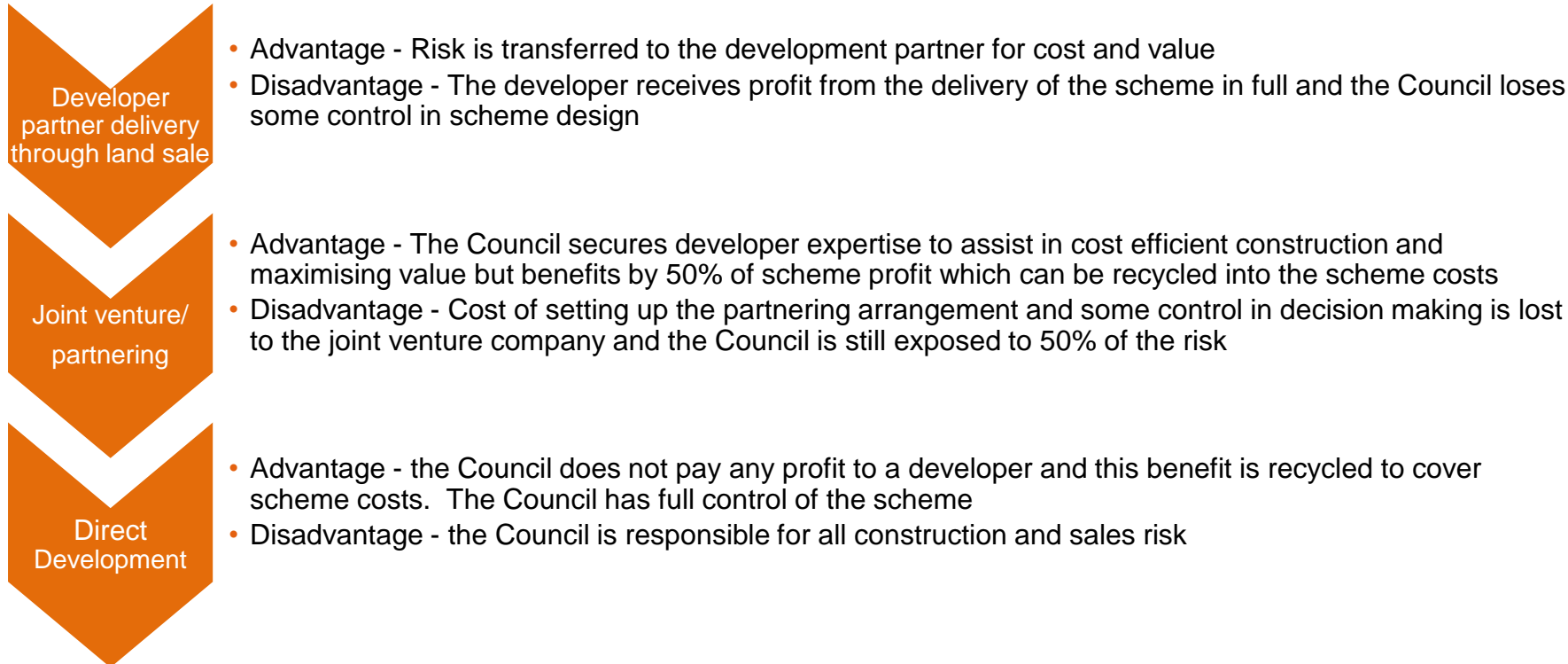
The broad framework approach to delivery and disposal of the identified residential sites can be summarised as follows:

- **Sites of 20 units and under** are to be sold subject to a development / planning agreement
- **Sites of between 20 and 50 units** in areas of social housing need are to be released via a Joint Venture Agreement to Registered Providers or Small and Medium Sized housebuilders
- **Sites of 40 units and above** are to be released via a Market Promotion Agreement /Joint Venture Agreement to private development partners. This will include Registered Providers bidding on a commercial basis.
- **Specialist Sites of up to 50 units** which require significant intervention to deliver are considered for direct delivery / funding by NSC

In respect of the final site of 26, Weston Links Business Park, it is assumed that the land will be serviced and sold to owner occupiers as speculative development is unviable.

Delivery options – definition

The report highlights three broad delivery options for enabling housing and commercial accommodation to be delivered as shown below:



The site-by-site analysis recommends mainly site sales and joint venture agreements for each of the development sites but also highlights two direct development opportunities. Delivery of these scheme is not dependent on direct delivery, but outcomes and outputs would be potentially enhanced by that approach.

Stage 5 – Prioritisation

The final 26 sites identified in the development programme have been placed into three broad groupings based on deliverability, developability and timescale.

Group 1 consists of 2 sites (Selworthy Road and Parklands Phase I) which are now committed and underway with a known development partner and route to delivery.

Group 2 sites are mostly allocated or believed to be compliant with planning policy. They represent short to medium term opportunities over the next 5 years. They are generally smaller and arguably represent easy wins for the Council to progress.

Group 3 are unallocated and will require consideration in the context of the emerging local plan. They also have current active that will require relocation. They are therefore longer-term opportunities.

Agreed land sales

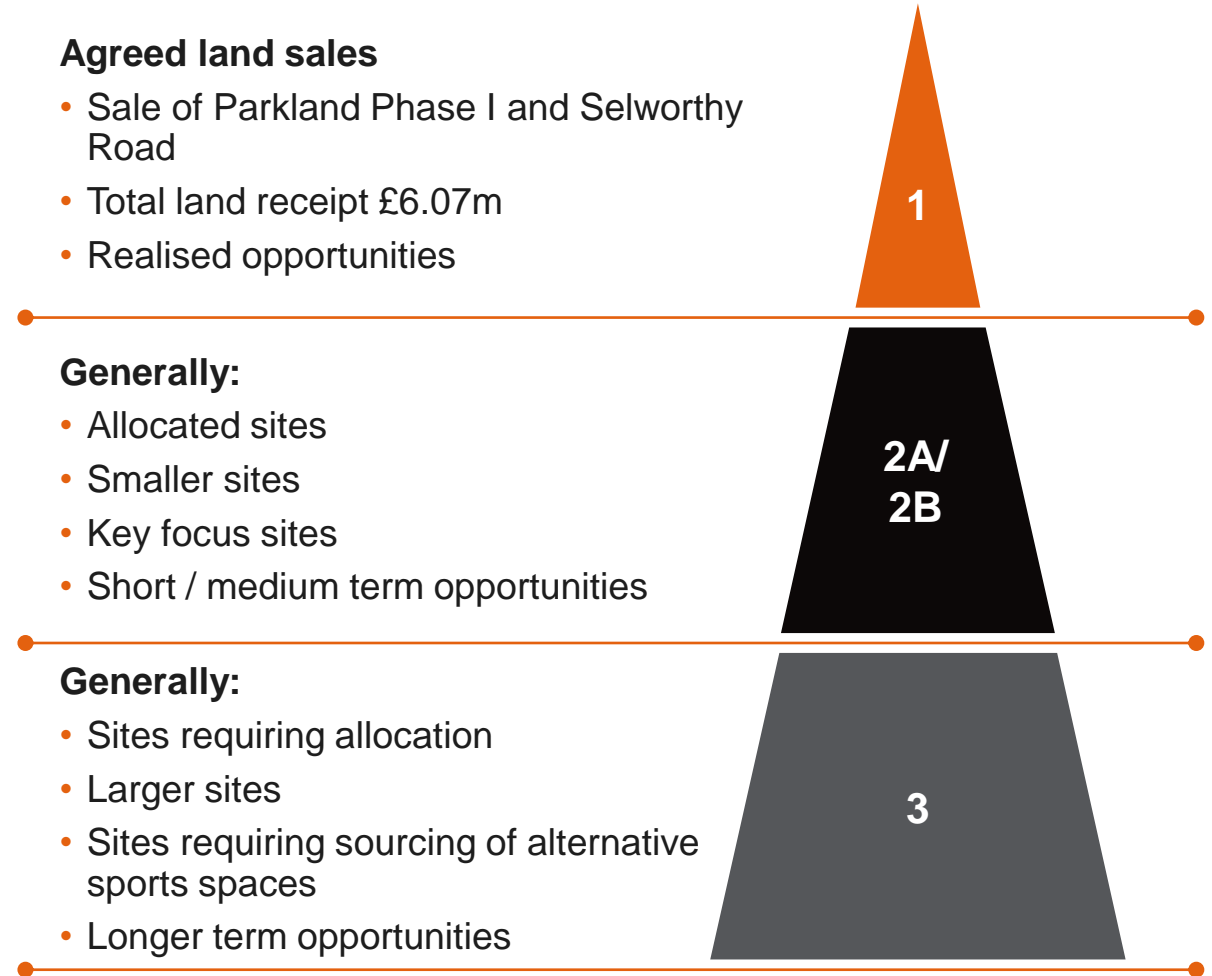
- Sale of Parkland Phase I and Selworthy Road
- Total land receipt £6.07m
- Realised opportunities

Generally:

- Allocated sites
- Smaller sites
- Key focus sites
- Short / medium term opportunities

Generally:

- Sites requiring allocation
- Larger sites
- Sites requiring sourcing of alternative sports spaces
- Longer term opportunities



Conclusions

Investment back to the Council to invest in Accommodation and service delivery

Increasing affordable homes and sustainability objectives

Core development outcomes

- 26 sites
- 1,842 new homes
- 435 social rent units
- 85 shared ownership
- 90 market rent
- 1,235 market sale units
- 850,000 Sq Ft new commercial space
- £61.5m land value
- c.3,700 full time equivalent construction jobs
- c.2,400 full time equivalent employment jobs

FTE jobs from:

- Office of National Statistics Construction Indices
- Homes and Community Agency Employment Densities, 2015

Option 1

- 510 social rent
- 106 shared ownerships
- £38.3m land value

Option 2

- 581 social rent
- 123 shared ownerships
- £32.9m land value

Sustainability

- 100% zero carbon/passivhaus
- £32.5m land value

- Group 2 sites - £25.8m land value
- Group 3 sites - £28.8m land value
- Opportunities for additional returns from alternative delivery strategies.
- Use of development portfolio receipts for delivery of Asset Management Requirements.
- Use of development portfolio receipts for delivery of Civic Estate Transformation.

Conclusions

Next Steps

Five project workstreams are required to start to deliver the programme, these are a combination of strategic policy decisions and allocation of resources. The former will influence the latter.

Workstream #	Description	Key Outcomes	Key Milestones
Workstream 1	Adopting a programme based approach	The Council as a first step would need to adopt the concept of a programme based approach rather than considering each site in isolation from a financial and social perspective to secure the full benefits outlined in the report.	Feb 2021 Cabinet paper
Workstream 2	Risk and Investment approach and resourcing	Early decision on NSC's attitude to risk and its willingness to deliver direct development to inform approach on resourcing for programme /site delivery	Feb '21 – Capital investment strategy for 2021/22
Workstream 3	Delivery of Group 2a and 2b sites	Immediate promotion and delivery of sites in Group 2A. Testing and consultation on Group 2B sites	2021 onwards
Workstream 4	Delivery of Group 3 sites	Promotion of strategic sites in local plan	2023 onwards
Workstream 5	Acquisitions	Agree criteria and process for regular review of acquisition opportunities that may meet corporate objectives	2021 onwards