

Suffolk Coastal District Council
FELIXSTOWE BROWNFIELD LAND STUDY



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Final Report
March 2010

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EXECUTIVE SUMMARY

1. This report is the Felixstowe Brownfield Land Study produced for Suffolk Coastal District Council (SCDC). The report was written by Roger Tym & Partners with specialist viability input from Michael Beaman Limited.
2. The purpose of study is to assess whether, and at what stage, of the Council's Local Development Framework (LDF) brownfield sites should be used to help deliver housing growth.
3. We have considered 15 brownfield sites in the study, the majority of which are relatively small town centre/edge of centre sites. There are three larger sites, two of which are on the edge of the urban form and are arguably not brownfield as they are largely agricultural in nature. The total indicative capacity of these sites, based on densities provided by the Council, is approximately 1,325 dwellings.
4. We have adopted the site assessment methodology in PPS3 (Housing), namely if the sites are considered to be available, suitable and achievable. In terms of achievability, we undertook viability analysis based on three indicative development "typologies"; higher density town centre, medium density edge of urban and low density urban extension.
5. We consider that three sites do not meet the above criteria; two are not considered suitable as they have policy (AONB) and physical (flooding and access) constraints. Both are larger sites that, as mentioned above, are arguably predominately greenfield in nature. The third, an existing industrial estate, is not considered achievable due to viability and site assembly issues.
6. Of the remaining 12 sites, all have potential issues with at least one of the assessment criteria. One is a larger site that is predominately greenfield in nature, and may therefore not be considered brownfield. Six of the sites are considered to be marginally viable as they are car parks with an existing use value that may not be exceeded by the residual land worth from residential development, depending on market conditions and affordable housing requirements. Indeed, five of these are Council owned car parks and it is unlikely all would be released for redevelopment. Two of the sites are schools that are currently in use; the larger of the two sites, Deben High School, is only likely to be available if Building Schools for the Future funding is provided. Barlett Hospital is available, but it is currently unclear if a financially viable scheme can be designed that will secure planning permission. The final two sites are only approximately 0.3ha in total, and will therefore not provide significant levels of residential development.
7. In conclusion, we consider that the Council's target of approximately 250 dwellings provided from brownfield sites is appropriate at this stage as a proportion of the above sites should in reality meet the assessment criteria and be deliverable. We recommend further work is required to refine this before the Core Strategy is adopted and individual site allocations are made.
8. In terms of timing, our viability analysis indicated that both greenfield and brownfield development sites are likely to have viability issues at current house price levels and at policy levels of affordable housing. However, if house prices rise by 10% our analysis

indicates that greenfield should broadly be viable, but this may still not be sufficient for some brownfield sites with higher existing use values to be viable. In addition, if infrastructure is required early on in the plan period, it is unlikely that brownfield development will be able to provide significant contributions to help meet these costs. Consequently a “brownfield first” policy may not be appropriate in light of viability and developer contributions considerations.

1 INTRODUCTION

- 1.1 This report is the Felixstowe Brownfield Land Study produced for Suffolk Coastal District Council (SCDC). The report was written by Roger Tym & Partners with specialist viability input from Michael Beaman, a Chartered Surveyor and member of the expert RICS Regeneration Policy Panel, of Michael Beaman Limited.

Purpose of study

- 1.2 The Felixstowe Brownfield Land Study assesses whether, and at what stage, of the Council's Local Development Framework (LDF) brownfield sites should be used to help deliver housing growth.
- 1.3 The Council's emerging strategic policies seek to reuse previously developed land and buildings. The Council's interim policies were formally endorsed by the Council as being interim planning policy for the purposes of determining applications and enforcement matters on 18 March 2010.
- 1.4 The preferred locations for new housing are brownfield sites first, followed by greenfield sites within or on the edge of urban areas, and finally greenfield sites outside urban areas. In terms of phasing, brownfield sites would be delivered in the early years of the plan period, with greenfield sites developed in the later years, after the brownfield sites have been completed.
- 1.5 The Council has identified a number of brownfield sites to be assessed. These include sites in the Council's emerging Strategic Housing Land Availability Assessment (SHLAA), its previous Urban Capacity Study (UCS) and others it is aware of in the urban area that could be suitable.

The structure of the report

- 1.6 In section 2 we set out the sites that have been assessed in this study; more detail on these sites (including plans) is set out in appendix 1. In section 3 we set out the national policy context and the methodology for the assessment.
- 1.7 In sections 4 - 6 we set out our assessment based on the assessment criteria we have adopted. Importantly, this includes an assessment of viability to understand which of the sites are likely to be viable, and under what conditions. In section 7 we provide a summary of our analysis and in section 8 we draw key conclusions from the study and state our recommendations.

2 BROWNFIELD SITES ASSESSED

Introduction

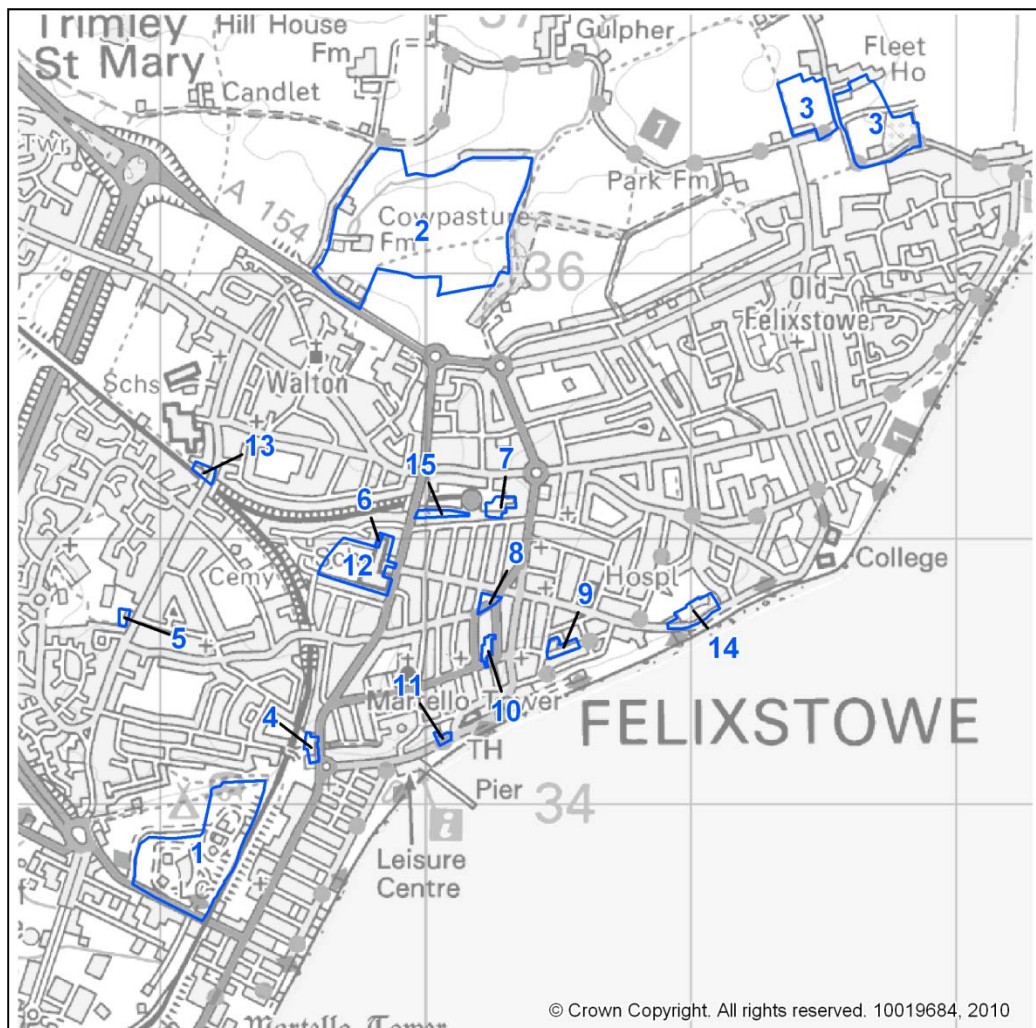
- 2.1 The Council has provided us with a total of 15 brownfield sites to be assessed in this study from the following sources:
- i) Brownfield sites from the Council's "call for sites" as part of the Strategic Housing Land Availability Assessment (SHLAA) process
 - ii) Brownfield sites from the Council's Urban Capacity Study (UCS) that did not come forward in its "call for sites"
 - iii) Other brownfield sites with potential for housing development that the Council is aware of, including those within its ownership, that did not come forward in its "call for sites"
- 2.2 A summary of these sites is set out in Table 2.1, and their location shown in Figure 2.1, below. Individual site plans and photos are attached at Appendix 1.

Table 2-1 Summary of assessed brownfield sites

RTP Ref No.	Council Ref No.	Site Name	Approx. Gross Site Size (Ha)	Source	Description/Existing Use	Location
1	755	No.755 Peewit Caravan Park and Felixstowe Beach Caravan Park	12.8	SHLAA	Caravan park – apartments, tents, holiday homes + caravans	Urban Fringe
2	502	No.502 North of Candlet Road	31.1	SHLAA	Site contains agricultural land, farm buildings, business units, and a golf driving range. Agent claims not in agricultural use.	Urban Fringe
3	166a/166c	No.166a/166c North of Gulpher Road/Marsh Lane	10.2	SHLAA	Site mostly contains farm buildings and land used for agriculture, although it also contains a few dwellings. Most the site would be classified as greenfield rather than brownfield land.	Urban Fringe
4	1	No.1 Garrison Lane Car Park	0.4	UCS	Car Park / coach park	Urban Area
5	30	No.30 land r/o The Vicarage, Parsonage Close	0.2	UCS	Unused	Urban Area
6	31	No.31 land adj. 5 and 10 Nursery Walk	0.1	UCS	Girl guide hut	Urban Area
7	n/a	Co-op Car Park at r/o Felixstowe Station	0.6	Other	Station and shoppers car park	Town Centre
8	n/a	Crescent Road Car Park	0.3	Other	Car park	Town Centre
9	n/a	Ranelagh Road Car Park	0.6	Other	Car park	Town Centre
10	n/a	Highfield Road Car Park	0.3	Other	Car park	Town Centre
11	n/a	Convalescent Hill Car Park	0.2	Other	Car park - but used for the storage of construction equipment for adjacent highway improvement works	Town Centre
12	n/a	Deben High School	4.0	Other	School	Urban Area
13	n/a	Maidstone Infant School	0.4	Other	School	Urban Fringe
14	n/a	Bartlett Hospital	1.3	Other	Hospital (Suffolk PCT)	Urban Area
15	n/a	Bridge Road Employment Area	0.5	Other	Employment area	Town Centre
			63.0			

Source: RTP/SCDC

Figure 2.1 Locations of assessed brownfield sites



Source: RTP/SCDC

Site typologies

Majority of sites are relatively small town centre/edge of centre sites

- 2.3 As shown in Figure 2.1, the majority of the sites assessed in this study are relatively small sites of less than one hectare located in and around the town centre. Most of these sites are currently in use, including a number of car parks, two schools and an industrial site.
- 2.4 There are three larger sites of approximately 10-30 hectares that were provisionally rejected in the SHLAA. As discussed in Section 5, these are arguably not brownfield sites.

Housing potential

- 2.5 We have undertaken an indicative assessment of the housing potential of the sites to identify their potential contribution to housing growth.
- 2.6 As set out in Table 2-2 below, the emerging Core Strategy states 1,420 dwellings are to be built in the Felixstowe and Trimley area between 2009-2026, of which 1,000 will be new greenfield allocations. 170 dwellings already benefit from permission and 250 have perceived urban potential.

Table 2-2 Proposed housing distribution in Suffolk Coastal up to 2026

From: 2009 - 2026	Ipswich Policy Area	Felixstowe Walton & the Trimleys	Market Towns	Key & Local Service Centres	District wide (Windfall)	TOTAL
Outstanding planning permissions (discounted by 10%)	290	170	390	560		1,410
Urban Potential (large brownfield)	220	250	400	170		1,040
Outstanding housing allocations from previous local plan	0	0	150	80		230
Small windfall (small brownfield)	Included in total to right	Included in total to right	Included in total to right	Included in total to right	540	540
New allocations (greenfield)	2,000	1,000	950	490		4,440
TOTAL	2,510 (150 p.a.)	1,420 (80 p.a.)	1,890 (110 p.a.)	1,300 (80 p.a.)	540 (30 p.a.)	7,660 (450 p.a.)
% of new dwellings total	33%	19%	25%	17%	7%	100%

Source: SCDC

- 2.7 To estimate the total potential dwellings from urban (brownfield) sites we have categorised the sites in Table 2-1 by the following broad locations, and applied indicative densities provided by the Council:
- Town Centre (50 dph)
 - Urban Area (40 dph)
 - Urban Fringe (30 dph)
- 2.8 We have also assumed the larger urban fringe sites (sites 1-3), which are predominantly greenfield, have a net developable area of 60% of the gross site area to reflect potential allowances for open space, non-residential facilities, distributive infrastructure etc. We have assumed the Deben High School site (site 11) has a net/gross site ratio of 80% as it is a larger site (approximately 4ha) that is likely to require some of the above allowances, but not to the extent of an urban extension greenfield site. We have assumed all other sites have a net/gross ratio of 100%.
- 2.9 As below shows, the potential capacity of the sites in this study could be in the order of approximately 1,300 dwellings on the above basis. Of this total, nearly 1,000 are

attributed to the urban fringe (sites 1-3), leaving approximately 350 in the urban area and town centre categories.

Table 2-3 Indicative potential site capacity for residential development

RTP Ref No.	Site Name	Location	Approx. Gross Site Size (Ha)	Approx. Net Site Size (Ha)	Indicative Development Density (dph)	Indicative Development Capacity (dw)
1	No.755 Peewit Caravan Park and Felixstowe Beach Caravan Park	Urban Fringe	12.8	7.7	30	230
2	No.502 North of Candlet Road	Urban Fringe	31.1	18.7	30	560
3	No.166a/166c North of Gulpher Road/Marsh Lane	Urban Fringe	10.2	6.1	30	184
4	No.1 Garrison Lane Car Park	Urban Area	0.4	0.4	50	22
5	No.30 land r/o The Vicarage, Parsonage Close	Urban Area	0.2	0.2	40	8
6	No.31 land adj. 5 and 10 Nursery Walk	Urban Area	0.1	0.1	40	3
7	Co-op Car Park at r/o Felixstowe Station	Town Centre	0.6	0.6	50	32
8	Crescent Road Car Park	Town Centre	0.3	0.3	50	17
9	Ranelagh Road Car Park	Town Centre	0.6	0.6	50	28
10	Highfield Road Car Park	Town Centre	0.3	0.3	50	16
11	Convalescent Hill Car Park	Town Centre	0.2	0.2	50	10
12	Deben High School	Urban Area	4.0	3.2	40	127
13	Maidstone Infant School	Urban Fringe	0.4	0.4	40	15
14	Bartlett Hospital	Urban Area	1.3	1.3	40	52
15	Bridge Road Employment Area	Town Centre	0.5	0.5	50	24
			63.0	40.6		1,328

Source: RTP/SCDC

3 SITE ASSESSMENT METHODOLOGY

3.1 To assess which, and at what stage, the brownfield sites set out in section 2 should be used to help deliver housing growth we have used the site assessment methodology in PPS3 (Housing). This requires local authorities to be able to demonstrate a five year supply of deliverable housing sites. At Paragraph 54, PPS3 states that:

“.. To be considered deliverable, sites should, at the point of adoption of the relevant Local Development Document:

- Be **Available** - the site is available now
- Be **Suitable** - the site offers a suitable location for development now and would contribute to the creation of sustainable mixed communities
- Be **Achievable** - there is a reasonable prospect that housing will be delivered on the site within five years”

3.2 Local authorities must apply these specific criteria when identifying potential sites for housing development. The fact that a site may already benefit from an allocation for housing or even a planning permission for residential development does not necessarily mean that it is deliverable within the first five years of the plan period or even in the longer term. Thus it is necessary to assess the deliverability of a site before it is included and therefore relied upon as part of the Council’s housing supply.

3.3 The practice guidance in ‘Strategic Housing Land Availability Assessments’ sets out at Section 2 (Stage 7) a further explanation as to what constitutes an available, suitable and achievable housing site. To paraphrase the guidance:

- **Availability:** This requires reasonable confidence that there are no ownership or tenancy problems which might prevent development
- **Suitability:** Factors to be taken into consideration include policy restrictions, sustainability, physical problems or limitations, potential impacts and environmental conditions
- **Achievability:** This comprises a judgement as to the economic viability of the site and will be affected by market factors (e.g. economic viability of existing, proposed and alternative uses in terms of land values), cost factors (e.g. remediation or planning obligation costs) and delivery factors (e.g. phasing and realistic build-out rates)

4 SITE AVAILABILITY

Introduction

- 4.1 The first criterion against which we have assessed the potential brownfield development sites on is “availability”.
- 4.2 CLG’s practice guidance for undertaking SHLAA’s¹ states that “a site is considered available for development, when, on the best information available, there is confidence that there are no legal or ownership problems”. (paragraph 39).
- 4.3 This means that land either controlled by a housing developer who has expressed an intention to develop, or the land owner has expressed an intention to sell is likely to be considered available.
- 4.4 We have not contacted landowners in this study, and we have therefore used existing information. Where there is a need to contact the landowners, we have flagged this up in our assessment.

Assessment of sites

Sites identified through “call for sites” assumed available

- 4.5 The first three sites in our study are considered available on the basis the landowners (or their agents) responded to the Council’s “call for sites”, and there is no information to suggest there are any ownership issues relating to availability. However, this should be investigated in more detail to establish if there are any ransom strips, tenancies or operational requirements of the landowners.

Council owns five car park sites - it is unlikely all will be available

- 4.6 We understand that sites 4 and 8-11 are Council-owned car parks. The availability of these sites will depend on the Council’s car parking strategy and whether they are considered surplus on the basis of sufficient existing parking provision. Alternatively, it may be that housing/regeneration objectives take precedence where there are insufficient alternative development sites. In reality it is likely that only one or two of these sites could be considered for development as the Council cannot reasonably be expected to release large amounts of available car parking from the town without providing suitable alternatives. However, it is not possible at this stage to identify which of these, if any, could be released for development.

Other sites in public sector use may be available

- 4.7 Two sites (sites 12 and 13) are currently used as schools, and one site (site 14) was previously used as a hospital. We understand site 12, Deben High School, could be made available for residential development if it is made surplus to requirements in

¹ CLG (2007) *Strategic Housing Land Availability Assessments: Practice Guidance*.

approximately September 2014 through the Building Schools for the Future programme. However, the Council would first need to assess whether the site is needed for any community use prior to sanctioning a release for residential use. We understand there are no immediate plans to make Maidstone Infant School (site 13) surplus, although this could be considered in the future.

- 4.8 Finally, we understand Bartlett Hospital (site 14) is not in use and there are current plans for a residential led redevelopment of the site. However, the site is not straightforward to develop due to its listing status and presence of the Martello Tower.

One site in multiple ownership

- 4.9 Land Registry information indicates that the Bridge Road employment area (site 15) is in multiple ownership. We have obtained title information for three units to confirm this, and all are registered in different ownerships to individuals.
- 4.10 As the landowners did not promote the site for residential development through the Call for Sites, and given the site is in multiple ownership, this site may not become available for redevelopment in the LDF plan period. .

Summary of assessment - availability

- 4.11 A summary of our assessment of the availability of the study sites is set out in Table 4.1 overleaf:

Table 4-1 Summary of site availability analysis

RTP Ref No.	Site Name	Availability	Availability
1	No.755 Peewit Caravan Park and Felixstowe Beach Caravan Park	Yes - promoted through "call for sites" by landowner	✓
2	No.502 North of Candlet Road	Yes - promoted through "call for sites" by landowner	✓
3	No.166a/166c North of Gulpher Road/Marsh Lane	Yes - promoted through "call for sites" by landowner	✓
4	No.1 Garrison Lane Car Park	Car park is currently free and Council may release land	?
5	No.30 land r/o The Vicarage, Parsonage Close	Uncertain - not promoted by landowner	?
6	No.31 land adj. 5 and 10 Nursery Walk	Uncertain - not promoted by landowner	?
7	Co-op Car Park at r/o Felixstowe Station	Private car park currently in use for shoppers and railway station	?
8	Crescent Road Car Park	Council car park currently well used - study required to establish which, if any, car parks could be made surplus by the Council for redevelopment	?
9	Ranelagh Road Car Park	Council car park currently well used - study required to establish which, if any, car parks could be made surplus by the Council for redevelopment	?
10	Highfield Road Car Park	Council car park currently well used - study required to establish which, if any, car parks could be made surplus by the Council for redevelopment	?
11	Convalescent Hill Car Park	Council car park currently well used - study required to establish which, if any, car parks could be made surplus by the Council for redevelopment	?
12	Deben High School	School could be made available for development if the Building Schools for the Future renders it surplus to requirements in September 2014	?
13	Maidstone Infant School	School currently in use, but may become surplus in the future although no current plans in this respect	?
14	Bartlett Hospital	Hospital is no longer in use and NHS Trust is currently working with a developer on a planning application	✓
15	Bridge Road Employment Area	Employment site currently in use - owners didn't promote through "call for sites"	?

Source: RTP

5 SITE SUITABILITY

Introduction

- 5.1 The second criterion we have assessed each of the potential brownfield development sites on is “suitability”. CLG’s practice guidance for undertaking SHLAA’s states that “a site is suitable for housing development if it offers a suitable location for development and would contribute to the creation of sustainable, mixed communities”. (paragraph 37)

Assessment factors

- 5.2 Based on the above guidance, the following factors need to be considered:
- **Policy restrictions** - such as designations, protected areas, existing planning policy and corporate, or community strategy policy
 - **Physical problems or limitations** - such as access, infrastructure, ground conditions, flood risk, hazardous risks, pollution or contamination
 - **Potential impacts** - including effect upon landscape features and conservation
 - **The environmental conditions** - which would be experienced by prospective residents

Assessment of sites

Policy restrictions

- 5.3 To understand potential policy restrictions, we have considered the interim core strategy and the Council’s most recent Local Plan . Our analysis has identified the following restrictions (and the sites that could be affected) as:
- *Area of Outstanding Natural Beauty (AONB) designation* - Site 3 (North of Gulpher Road/Marsh Lane) is partially in this area, and may therefore be unsuitable for development.
 - *Conservation Area and Encouragement of Holiday Accommodation Area* - Site 11 (Convalescence Hill Car Park) is within both these areas, and the need for the site for housing growth would need to be weighed up carefully on this basis.
 - *Policy Employment Area* - Site 11 is also within an employment area. Site 15 (Bridge Road) is not within a policy employment area, but as an existing employment area it has some policy protection.

Physical problems or limitations

- 5.4 The only physical problems or limitations we are aware of from our inspection of the sites and relevant evidence-based document are:
- *Flood risk* - Site 1 (Peewit Caravan Park and Felixstowe Beach Caravan Park) is in a floodplain and in Flood Risk Zone 3 in the Strategic Flood Risk Assessment (SFRA). The landowner’s agent has suggested raising site levels 4.2m above Ordnance

Datum, or AOD (i.e. sea level), as a potential mitigation measure. Site 11 (Convalescent Hill Car Park) is also in a flood risk area.

- *Infrastructure/Access* - the landowner's agent for Site 1 is not proposing significant additional highway infrastructure and would not provide a bridge over the railway line, as they suggest that Walton Avenue has a suitable level crossing. However, it is not clear if this would be acceptable to the highways authority (Suffolk County Council), and therefore represents a risk to its suitability. In addition, the access/relationship to the town centre has been reduced following development of the Lidl store on part of Garrison Lane.
- *Contamination* - Site 15 (Bridge Road) is in industrial use, and may therefore have contamination issues. Site investigations would be required to establish the extent of any contamination.

Potential impacts

- 5.5 The main potential impact on conservation is reflected in the policy restrictions relating to the AONB and Conservation Area designations set out above.

Environmental conditions

- 5.6 The only site considered to have potentially significant environmental condition issues is the Co-op Car Park at the rear of Felixstowe Station (site 7). This would potentially offer relatively poor residential amenity if the existing shopping uses remain, and is therefore better suited to other non-residential town centre uses.

Other issues

SHLAA sites that are arguably not brownfield

- 5.7 Two of the sites, land north of Candlet Road and land north of Gulpher Road/Marsh Lane (sites 2 and 3), have a large greenfield component with fields currently or previously used for agriculture. They are also on the edge of the urban form. We have therefore questioned whether these can be considered brownfield land on this basis. As site 3 is also partially located in the AONB we have concluded this is not suitable.
- 5.8 The other site (site 1) is a caravan park and therefore has a stronger case to be considered brownfield land. However, as set out above, it has infrastructure and flood risk issues. We have therefore also concluded this site it is not suitable for residential redevelopment.

Summary of assessment - suitability

- 5.9 A summary of our assessment of the suitability of the study sites is set out in Table 5.1 below:

Table 5-1 Summary of site suitability analysis

RTP Ref No.	Site Name	Policy Issues	Physical Problems or Limitations	Suitability
1	No.755 Peewit Caravan Park and Felixstowe Beach Caravan Park	Not allocated or protected for tourism/caravan use	Potential flood risk, infrastructure and regeneration issues	✗
2	No.502 North of Candlet Road	Questionable whether site can be considered brownfield as predominately agricultural use and on edge of urban form		?
3	No.166a/166c North of Gulpher Road/Marsh Lane	Site No.166c located within the AONB which would make it an unsuitable location for development. Site No.166a is adjacent to the AONB which means landscape impact is a factor and would affect the amount of development that the site could accommodate. Also on edge of urban form.		✗
4	No.1 Garrison Lane Car Park	Allocated for employment		?
5	No.30 land r/o The Vicarage, Parsonage Close	Within established residential area		✓
6	No.31 land adj. 5 and 10 Nursery Walk	Within established residential area		✓
7	Co-op Car Park at r/o Felixstowe Station	Within town centre boundary		✓
8	Crescent Road Car Park	Within town centre boundary		✓
9	Ranelagh Road Car Park	Within residential area		✓
10	Highfield Road Car Park	within the defined town centre boundary		✓
11	Convalescent Hill Car Park	Allocated for general employment. The site is also within a B1 Employment Area, a Conservation Area, and an Encouragement of Holiday Accommodation policy area. It is not within defined town centre boundary.	The slope of the site may restrict the type and number of residential dwellings on the site	?
12	Deben High School	Not specifically allocated		✓
13	Maidstone Infant School	Not specifically allocated		✓
14	Bartlett Hospital	Within an Encouragement of Holiday Accommodation policy area, but should still be suitable for residential development		✓
15	Bridge Road Employment Area	Not specifically allocated for industrial use, but as an existing employment area it does have some policy protection	Potential contamination issues as existing employment area	?

Source: RTP

6 SITE ACHIEVABILITY

- 6.1 In this section we assess the final criterion, namely the “achievability” of the study sites. CLG’s practice guidance for undertaking SHLAAs states that “a site is considered achievable for development where there is a reasonable prospect that housing will be developed on the site at a particular point in time” (paragraph 40).

Assessment Factors

- 6.2 The assessment comprises the following two elements:
- i) **Physical achievability issues** - such as site assembly and market demand
 - ii) **Financial achievability issues** - the viability of sites, taking into account market conditions and planning obligations. It should be noted this is not a site by site assessment; our method is explained in more detail below

Physical Achievability Issues

Site assembly

- 6.3 From the information we have been provided, all the sites appear to be in predominately single ownership, except for the Bridge Road employment area. Sites in multiple ownership, especially where there are existing businesses on the site, can be difficult for developers to assemble and there are no guarantees all interests can be acquired without a compulsory purchase order (CPO). Therefore the achievability of site assembly can be a major risk area on potential brownfield development sites.

Financial Achievability Issues

Introduction

- 6.4 As set out in section 1, viability is a key factor in determining the achievability of sites for housing growth.
- 6.5 We have therefore sought to establish the relative viability of different types of sites in and around Felixstowe for residential development. A key issue for the Council is the balance of brownfield and greenfield sites to deliver housing growth, and the phasing of these sites. We have therefore also assessed the potential viability of greenfield “urban extension” development in addition to brownfield development in Felixstowe.

What does viability mean?

- 6.6 To be viable a site must be worth more for development than it is in its current use. The former is determined by deducting the cost of development, including financing costs and the return that the developer requires for their risk and effort, from the expected receipts from the sales of completed buildings.
- 6.7 It should be noted we have not undertaken individual site assessments, and any figures should not be constituted as “Red Book” (RICS Valuation Standards 6th Edition) Valuation

figures therefore need to be treated as indicative on the basis of the inputs and assumptions made. The key assumptions used are set out in detail below.

Methodology of assessment

- 6.8 To reflect some of the key differences between the sites we have used development “typology” analysis. As it is not within the scope of this study to undertake individual viability assessments of the brownfield study sites, we agreed three broad development typologies that are most likely to reflect the type of residential development that could come forward on the sites.
- 6.9 We then undertook viability analysis of these three typologies to gain a high level understanding of whether development on the sites is likely to be viable. The typologies are:
- i) **Higher density town centre site** - a site less than 1 ha in size and which in normal market conditions might have been expected to be developed at a higher density than elsewhere in the area to include terraced town houses and flats.
 - ii) **Medium density town centre/urban site** - within the developed area of the town, but potentially less centrally located and therefore likely to be developed to a lower density so as to include some houses.
 - iii) **Large “urban extension” site** - developed with houses on a low density basis with more semi detached and detached houses and on site open space and facilities.

Simple residual land worth appraisal model used

- 6.10 The viability analysis has been undertaken using a simple residual land value appraisal model. For larger developments such as the peripheral “urban extension” sites, the timing of receipts and payments play a large role on determining viability and where appropriate we have added a cash flow component to the model to reflect that.
- 6.11 There are two critical factors that need to be kept in mind:
- **Sensitivity:** All of the models used to analyse residual land values are extremely sensitive to changes in the assumptions made. In this study we are analysing hypothetical schemes without any information on the layout, design and engineering issues that will in practice play a huge part in determining viability. Market fluctuations also make it difficult to predict residential sales values. For example, if a site can accommodate 40 houses, each costing £140,000 to build and will sell for £160,000, then the land is worth £800,000. However, if residential sales values drop by just 5% to £152,000 per house, the land value will fall by 40% to £480,000 i.e. the impact on land values of changes to other variables is disproportionately large.
 - **Worth:** We are aiming to establish the worth of land for development. This is not the same as its open market value which can be affected by the nature of the bidder in a competitive purchase in which optimistic assumptions have to be made about the terms on which development might be permitted or the values that can be achieved in order to succeed. Alternatively, buyers might simply have a special interest in the site. Generally, we would expect the worth of development land predicted by the

model to be on average lower than the price for land achieved in the marketplace in normal market conditions.

- 6.12 We have varied key assumptions, such as affordable housing and house prices, to help establish what conditions are likely to be required to achieve viable development.
- 6.13 We have then assessed the potential range in residual land worth from the typologies to the potential level of existing use value (EUV) of the sites to understand whether there are likely to be significant viability issues that could affect the achievability of residential development on the site. However, it is not possible to reach definitive conclusions on individual sites at this stage without detailed information on design, engineering and planning issues. For example, at this stage it is not possible to establish accurately the impact on viability of flood risk mitigation. Moreover, the conclusions reached are very sensitive to the provisional assumptions that have to be made as a result, which are set out below.

Density

- 6.14 As set out in 2.7, the Council has provided the following indicative densities for the sites:
- Town Centre (50 dph)
 - Urban Area (40 dph)
 - Urban Fringe (30 dph)
- 6.15 A density of 50dph indicates a mix of houses and flats, and is less than higher density developments in many town and city centres where purely flatted schemes have been built. However, many town and cities have experienced an oversupply of flats in recent years. The demand for such residential development has correspondingly decreased, although this is likely to be in part due to the general lowering of demand levels for new housing in the recession.
- 6.16 We understand from the Council that nearby Ipswich has experienced a large number of flatted developments, which in turn has affected the demand for flats in Felixstowe. Land Registry information shows that, on average, approximately five new flats per year have been sold in Felixstowe and Trimley in the last 5 years, and flats account for approximately 15% of all sales in the same period. This indicates there will be limited demand for new flats in the future. These rates of sales would equate to approximately 80 flats in the plan period to 2026. This level of demand would equate to approximately a third of the dwellings anticipated from brownfield sites in the interim core strategy, supporting the indicative densities set out above.

Key Assumptions

6.17 A summary of our key initial (or “base”) assumptions is set out in Table 6.1 below. More information on these is set out in Appendix 2.

Table 6-1 Initial “base” key assumptions

Variable	Town Centre	Edge of Urban	Urban Extension
Density	50dph	40dph	30dph
Mix	66% houses, 33% flats	66% houses, 33% flats	100% houses
Private Residential Sales Values	Houses: £2,200 per sq m Flats: £2,500 per sq m	Houses: £2,000 per sq m Flats: £2,200 per sq m	Houses: £2,200 per sq m Flats: n/a
Affordable Residential Sales Values - Social Rented	Houses: £600 per sq m Flats: £650 per sq m	Houses: £600 per sq m Flats: £650 per sq m	Houses: £600 per sq m Flats: £650 per sq m
Affordable Residential Sales Values - Shared Ownership	75% of private values	75% of private values	75% of private values
Affordable Housing	33% (75% social / 25% shared)	33% (75% social / 25% shared)	33% (75% social / 25% shared)
Build Costs	Houses: £850 per sq m Flats: £1,150 per sq m	Houses: £850 per sq m Flats: £1,150 per sq m	Houses: £800 per sq m Flats: n/a
Finance Costs	7.5% pa	7.5% pa	n/a*
Developers Profit (on cost)	15%	15%	17%**
Target Residual Land Worth (gross)	£1m per ha	£1m per ha	£0.6m per ha

* no debt finance costs as assumed to use developers own funding

** annual rate of return

Source: RTP

Target residual land worth

6.18 The bottom row of Table 6.1 shows the ‘target’ residual land worth for the indicative development types.

6.19 To assess whether development on particular sites is likely to be viable, the residual land worth needs to exceed the value needed to release land for development. Assessing this price is subject to a number of factors and can therefore vary considerably between sites;

there are no benchmarks as the price will depend on the aspirations of those concerned and the specific details of the site.

- 6.20 It should be noted we have used a “base” target as the starting point for our analysis, and consider later on how this is likely to compare to the specific sites in the study. On the urban extension, the indicative target residual land worth assumption of £0.6m per ha includes for the ‘option’ agreement price to the landowner, and an allowance for some ‘abnormal’ costs, such as buying out minor property interests, demolition and additional off-site infrastructure. However, this may be insufficient where there are likely to be large ‘abnormal’ costs, such as flood mitigation.
- 6.21 In terms of the town centre/edge of urban sites, it is more difficult to provide a target due to the large differences between the sites. However, our initial “base” target for analysis assumes site specific costs and the existing use value are modest. For some town centre sites this is likely to be insufficient; for example an old industrial estate would usually be worth over £1.5m per ha.

Results of initial analysis

All site types have viability issues under base assumptions

- 6.22 As shown below, our indicative development appraisals show none of the sites achieve the “base” target residual land worth at current house prices levels, with or without housing grant.

Table 6-2 Indicative residual land worth (base assumptions)

Type	Residual Land Worth (per ha)	
	Without Grant	With Grant
Town Centre Indicative higher density scheme (50 dph)	£0.1m	£0.3m
Town Centre/Urban Indicative medium density scheme (40 dph)	£0.05m	£0.2m
Urban Extension Indicative low density scheme (30 dph)	£0.2m	£0.3m

Source: RTP

- 6.23 Our analysis suggests that high density schemes don’t produce a significantly higher residual land worth than medium density schemes. Higher density schemes usually involves building more flats, which are an unattractive proposition in most areas compared to houses and are more expensive to build.
- 6.24 Whether the residual land worth for the urban extension sites is sufficient to suggest it is viable will depend on the landowners requirements and how straightforward the site is to develop. Our analysis suggests that such sites in the current market are only likely to be

viable at policy level affordable housing where housing grant is available, the site is straightforward to develop (i.e. no significant abnormal or off-site infrastructure issues) and the landowner is prepared to accept what equates to a typical minimum “option” price for greenfield land.

- 6.25 In reality, the relatively low values suggest that in the very short term few developers will actually plan to start work on short term schemes.

Scenario testing

- 6.26 The above analysis is a starting point for assessing viability as it uses fixed “base” assumptions. Many of these assumptions could be subject to change in the future, and it is therefore necessary to test the impact of key assumptions to understand how this affects viability.
- 6.27 The Planning Inspectorate (PINS) published ‘*Examining Development Plan Documents: Learning from Experience*’ in (September 2009). This recognises that “a plan will not be found unsound just because uncertainty exists. The important things are that this is explicitly acknowledged, that the implications of the uncertainty are taken into account and the “what if” situations are considered”. We now go on to assess some key variables.

House Prices

- 6.28 Our ‘base’ house price assumption was at broad current levels. House prices are currently relatively low, and are generally predicted to rise in the short to medium term. More information on this is set out in Appendix 2. PINS recognises that “*exceptional economic conditions should not be used as an excuse for delay and plans should be based on what may be regarded as normal conditions*”.
- 6.29 As it is difficult to assess what “normal” conditions might be over a long period of time, we have tested the scenario that house prices increase 10% in the short term (i.e. in the next few years). We have assumed house price increase is in the short term so it is more realistic that other variables (such as build costs) can remain broadly the same as in our “base” assumption.

Table 6-3 Indicative residual land worth (+10% house price assumption)

Type	Residual Land Worth (per ha)	
	Without Grant	With Grant
Town Centre Indicative higher density scheme (50 dph)	£0.5m	£0.7m
Town Centre/Urban Indicative medium density scheme (40 dph)	£0.4m	£0.5m
Urban Extension Indicative low density scheme (30 dph)	£0.4m	£0.5m

Source: RTP

Affordable housing

6.30 We are aware that there are acute affordable housing problems in Felixstowe, and the Council is therefore keen to ensure all development provides the maximum possible. However, for the purposes of our analysis we have considered the indicative developments without affordable housing requirements to understand what impact this has, and inform establishing the likely circumstances required to produce the viable development of the brownfield study sites.

6.31 Table 6.4 shows the impact of no affordable housing with a 10% increase in house prices:

Table 6-4 Indicative residual land worth (+10% house price assumption & no affordable housing)

Type	Residual Land Worth (per ha)
Town Centre Indicative higher density scheme (50 dph)	£1.4m
Town Centre/Urban Indicative medium density scheme (40 dph)	£1.1m
Urban Extension Indicative low density scheme (30 dph)	£0.9m

Source: RTP

Other scenarios

- 6.32 We tested some other assumptions in relation to the town centre (medium density) and urban extension (low density) scenarios, in each case on the basis of a 10% future increase in sales values, but no available grant towards the cost of affordable housing. These are set out below:
- Adding 10% to build costs to reflect an aspiration for Code for Sustainable Homes (CSH) Level 5 standards. This makes the town centre scheme non-viable and the land value for the urban extension fall by approximately £0.15m per gross ha. We would expect most developers to anticipate house prices increasing significantly by the time that CSH Level 5 becomes mandatory. If house prices do not increase, there will probably be pressure on the Government to delay its introduction due to its adverse impact on viability.
 - In both cases the impact of removing the requirement to pay £5,000 per dwelling in Section 106 contributions marginally improves the residual worth of town centre sites; from approximately £0.7m to £0.9m on a 'with grant' basis at 10% higher house prices, and the residual worth of the urban extension from approximately £0.5m to £0.6m per gross ha on the same basis).
 - Increasing the density of the town centre typology from 50dph to 80dph, assuming 50% houses and 50% flats, marginally increases the residual land worth on the above basis from £0.7m to £0.8m
 - We have assumed that only 60% of the urban extension site can be developed for housing. If this was increased to (say) 70%, land values would increase by around 17% under every scenario on a simple arithmetic basis.

Overall viability analysis conclusions

- 6.33 The main variation between generic types of site in terms of the cost of developing them is usually the cost of the land.
- 6.34 We have suggested that in order to ensure a steady flow of vacant (or nearly vacant) sites onto the market land they need to be worth £1m per gross hectare or more for redevelopment in the town centre and £0.6m per gross hectare for greenfield land.
- 6.35 We have also suggested that, in practice, the appraised deficit in some cases above is within our margin of error and we would expect developers who are actively competing to buy land in the belief that they might be able to improve upon our assumptions, perhaps looking forward to future increases in house prices.
- 6.36 In practice we expect developers to take an interest in sites if house prices continue to rise in situations in which:
- The site has negligible value in its current use.
 - No exceptional costs will be incurred in development
 - The costs of development are not unduly front-loaded
 - The investment of any significant sum will be rewarded in sales fairly quickly.

- 6.37 In their Summary Report entitled "UK Residential Development Land" published in January 2010 Savills respected research team said that:

"Growth in residential development land value has not been as significant as that seen in the residential property market and land remains vulnerable to downturns in demand, regulatory introductions and other costs. However, the last quarter has seen the beginning of a trend that we believe sets the tone for the UK residential land market for some years to come. We expect the market for large strategic sites and 'bulk land' to take much longer to recover and show improvements in value than the markets for both small scale housing developments and de-risked, fully serviced plots. With debt funding for large development projects scarce, only the most readily developable sites will see interest in the medium term. The exception is the South East, where underlying economic and demographic prospects are stronger-enough for developers to take a longer term view, and invest in larger, strategic sites"

- 6.38 We concur with that view and believe that only the easiest sites to develop will be sought after by developers in the next few years, and the key to securing the development of larger sites will be for developers to achieve sensible acquisition terms but also for Planning Authorities to avoid frontloading the costs of meeting planning requirements.

Applying the viability assessment to the study sites

- 6.39 Although we have not undertaken site by site viability assessments, we have used the above analysis to draw conclusions on individual sites (or groups of sites) as follows:

Sites 1-3: the larger sites

- 6.40 The three larger sites (sites 1-3) will have a comparatively low value in their current use even after taking into account the various farm buildings. Their location and size also suggests their viability will be more akin to our indicative low density "urban extension" development type. The key factor affecting the viability of these sites, alongside the willingness of land owners to deal at a sensible price and planning requirements, will be the scale of requirements for additional off site access, utilities and "abnormal" costs.
- 6.41 In the absence of this information, the only site we are aware that could have significant costs in this respect is the caravan park (site 1) - this has flooding issues and the landowner has suggested land raising. The costs of this will depend on the source of spoil, and it is therefore difficult to generalise. In addition, as the site is in the floodplain, flood storage capacity lost is likely to need to be reprovided, adding further costs. The site may therefore need a significant reduction in affordable housing requirements, as well as house prices increases, to be viable. Alternatively, the landowner would need to accept a significantly reduced value for the site. It is not possible to assess whether this could be higher than the site's existing use value as this is normally done by assessing a caravan park's trading performance using annual or management accounts, which is outside the scope of this study.
- 6.42 We would therefore question the viability of this site, and assume that the other two sites will be viable when house prices rise if no significant additional off site access, utilities and "abnormal" costs are identified.

Sites 4 and 7-11: the car park sites

- 6.43 Many of the town sites have some value in their existing use. In the case of the car parks, a key factor affecting their current value will be the extent to which each of them is used. Although it is outside of the scope of this study to assess the potential current use value of each site, draft rateable values for 2010 produced by the Valuation Office Agency (VOA) suggest this could be in the range of approximately £0.5m - £1.5m per ha.
- 6.44 The Council will need to consider in each case whether it is worth releasing it and the value they require for the site. Our analysis suggests that where policy levels of affordable housing are required, the price a developer will pay for the car park could be below the existing use value. In these instances the Council will need to consider its responsibilities to achieve “best consideration” for the site.
- 6.45 We have therefore assumed these sites are marginally viable. In the case of Convalescence Hill, the slope will restrict the scale of any development and might increase costs, as could flood risk mitigation. This is therefore a site where viability could be a particular issue, although sales values could be higher here than our base assumptions due to its location near the sea and counterbalance the potential cost issues and we have therefore also assumed marginal viability.

Sites 5 and 6: the small edge of urban sites

- 6.46 These sites are likely to have capacity for between 2 and 10 residential units. Their existing use value does not appear to be high, and we would therefore assume these sites are likely to be viable when house prices rise.

Sites 12-14: the schools and hospital

- 6.47 The viability of these sites is likely to depend on key factors including:
- whether there are any significant additional costs to redeveloping the site (e.g. demolition and site preparation),
 - planning requirements (e.g. the retention and uses of existing buildings, the type and density of residential etc), and
 - the price the landowner requires to dispose of the site for redevelopment
- 6.48 We understand of the three sites, the hospital site (site 14) has the most issues that could affect viability. The listing status and presence of the Martello Tower could mean development costs are in excess of those assumed in our higher and medium density development typologies.
- 6.49 Without detailed information on how the site can be developed and the costs involved, it is difficult to compare the results of our viability assessment to come to a definitive view on the viability of the site. Our analysis indicates a positive residual land worth is generated from the higher and medium density typologies that are most likely to relate to the site, particularly if house prices rise in the future or lower levels of affordable housing are required. If the increase development costs, and any reduction in development value if the net/gross site ratio is less than 100%, is relatively small then the site could be viable based on our analysis. However, if these differences are significant, this could produce a

negative residual land worth. Consequently for the purposes of this report, we have assumed this site is marginally viable.

- 6.50 We have assumed the school sites are viable on the basis that, should the sites be rendered surplus, they could have limited or no existing use value (i.e. there is no alternative use for the site/buildings or any alternative use has limited value). In this situation, the Council would seek best consideration from the sites and our typology analysis indicates residential development is likely to provide some value in this respect.

Site 15: the Bridge Road employment area

- 6.51 To gain a high level understanding of the existing use value (EUV) of the Bridge Road employment area, we have obtained Valuation Office Agency (VOA) rateable values for the units of the site. The VOA is responsible for assessing all business and non-domestic property in England and Wales, giving each one a rateable value. In broad terms the rateable value is a professional view of the annual rent for a property if it was available on the open market on a set date.
- 6.52 Current rateable values assume a valuation date of 1 April 2008 and are known as the 2010 rating list. The VOA provides summary valuations for the majority of properties online. As set out in Table 6-5 overleaf, the current rateable value for properties in the Bridge Road employment area is approximately £80,000.

Table 6-5 Bridge Road employment area - 2010 Rating List Rateable Values

Address	Description	Total Area (sq m)	Rateable Value
10, BRIDGE ROAD, FELIXSTOWE, SUFFOLK, IP11 7SL	WORKSHOP AND PREMISES	179.7	£5,800
10A, BRIDGE ROAD, FELIXSTOWE, SUFFOLK, IP11 7SL	WORKSHOP AND PREMISES	62.9	£2,650
11, BRIDGE ROAD, FELIXSTOWE, SUFFOLK, IP11 7SL	WORKSHOP AND PREMISES	289.9	£10,500
15, BRIDGE ROAD, FELIXSTOWE, SUFFOLK, IP11 7SL	WORKSHOP AND PREMISES	131	£4,900
5, BRIDGE ROAD, FELIXSTOWE, SUFFOLK, IP11 7SL	GARAGE AND PREMISES	218.3	£7,200
7A, BRIDGE ROAD, FELIXSTOWE, SUFFOLK, IP11 7SL	STORE AND PREMISES	65.8	£2,600
BRIDGE WORKS, BRIDGE ROAD, FELIXSTOWE, SUFFOLK, IP11 7SW	WORKSHOP AND PREMISES	283	£7,000
COLIN CARTER, BRIDGE ROAD, FELIXSTOWE, SUFFOLK, IP11 7SL	WORKSHOP AND PREMISES	252.9	£13,000
FELIX PRESS LTD 3, BRIDGE ROAD, FELIXSTOWE, SUFFOLK, IP11 7SL	WORKSHOP AND PREMISES	202.3	£7,100
M BARBER 18, BRIDGE ROAD, FELIXSTOWE, SUFFOLK, IP11 7SL	WORKSHOP AND PREMISES	32.18	£1,225
SPALLS OF FELIXSTOWE 7, BRIDGE ROAD, FELIXSTOWE, SUFFOLK, IP11 7SL	WORKSHOP AND PREMISES	56.9	£1,525
UNIT 1 AT 1, BRIDGE ROAD, FELIXSTOWE, SUFFOLK, IP11 7SL	WORKSHOP AND PREMISES	70.6	£3,300
UNIT 2 AT 1, BRIDGE ROAD, FELIXSTOWE, SUFFOLK, IP11 7SL	WORKSHOP AND PREMISES	70.6	£3,300
UNIT 3 AT 1, BRIDGE ROAD, FELIXSTOWE, SUFFOLK, IP11 7SL	WORKSHOP AND PREMISES	70.6	£3,300
UNIT 3A, BRIDGE ROAD, FELIXSTOWE, SUFFOLK, IP11 7SL	WORKSHOP AND PREMISES	198.3	£6,700
		2,185	£80,100

Source: VOA

- 6.53 If an indicative yield of 10% is used, this would equate to a total value in the region of £0.8m. This is a value of approximately £1.5m per ha based on the estimated site area. However, this could be considered a conservative estimation of EUV and does not necessarily reflect the price a landowner would be prepared to sell at, especially where there is “hope value” attached to potential residential redevelopment. For example, the draft 2010 rateable value for Unit 1 is £3,300, which would equate to a value of approximately £30,000 at a yield of 10%. However, the price stated to have been paid for the unit register at February 2009 in the title was £72,000.
- 6.54 The true acquisition cost of the site could therefore be significantly in excess £1.5m per ha. An allowance of approximately 20% is often added to the EUV in this respect for testing viability in planning policy, which would increase the indicative EUV to approximately £1.8m per ha.

- 6.55 Given the likely number of freehold owners, a compulsory purchase order may be required and would potentially further increase total acquisition costs (such as disturbance payments to businesses on the site). There are also costs associated with demolition, and potentially remediation.
- 6.56 This site may therefore only be viable, based on our analysis, if:
- acquisition costs are not significantly in excess of £1.5m per ha
 - house prices rise by at least 10%
 - little or no affordable housing is required
 - there are no significant abnormal costs (such as decontamination)
- 6.57 Given the risks that all the above may not be met we have assumed this site is not viable for the purposes of this study.

Summary of assessment - achievability

6.58 A summary of the above analysis is set out in Table 6.5 below:

Table 6-6 Summary of achievability analysis

RTP Ref No.	Site Name	Physical & Financial Achievability Issues	Achievability
1	No.755 Peewit Caravan Park and Felixstowe Beach Caravan Park	Flood mitigation costs may render site unviable	?
2	No.502 North of Candlet Road	Assumed viable when house prices increase	✓
3	No.166a/166c North of Gulpher Road/Marsh Lane	Assumed viable when house prices increase	✓
4	No.1 Garrison Lane Car Park	Viability will depend on Council's land price requirements	?
5	No.30 land r/o The Vicarage, Parsonage Close	Assumed viable when house prices increase	✓
6	No.31 land adj. 5 and 10 Nursery Walk	Assumed viable when house prices increase	✓
7	Co-op Car Park at r/o Felixstowe Station	Viability will depend on landowner's land price requirements	?
8	Crescent Road Car Park	Viability will depend on Council's land price requirements	?
9	Ranelagh Road Car Park	Viability will depend on Council's land price requirements	?
10	Highfield Road Car Park	Viability will depend on Council's land price requirements	?
11	Convalescent Hill Car Park	Viability will depend on Council's land price requirements - slopes and potential flood mitigation could increase costs. Slopes could also reduce amount of development. Best location out of car parks overlooking the sea, and may therefore achieve highest values	?
12	Deben High School	Assumed viable if site has no existing use value and limited additional costs of development above those assumed in typology analysis	✓
13	Maidstone Infant School	Assumed viable if site has no existing use value and limited additional costs of development above those assumed in typology analysis	✓
14	Bartlett Hospital	Assumed marginally viable as listing status and presence of the Martello Tower could reduce development value and increase development costs in comparison to those assumed in typology analysis	?
15	Bridge Road Employment Area	Site in multiple ownership so site assembly potentially difficult. In any event, site acquisition costs are likely to render development unviable, even with reduced affordable housing requirements	✗

Source: RTP

7 SUMMARY OF SITE ASSESSMENT

7.1 A summary of the results of our assessment from the previous sections is set out in Table 7.1 below:

Table 7-1 - Summary of site assessment

RTP Ref No.	Site Name	Indicative Development Capacity (dw)	Suitability	Availability	Achievability
1	No.755 Peewit Caravan Park and Felixstowe Beach Caravan Park	230	✗	✓	?
2	No.502 North of Candlet Road	560	?	✓	✓
3	No.166a/166c North of Gulpher Road/Marsh Lane	184	✗	✓	✓
4	No.1 Garrison Lane Car Park	22	?	?	?
5	No.30 land r/o The Vicarage, Parsonage Close	8	✓	?	✓
6	No.31 land adj. 5 and 10 Nursery Walk	3	✓	?	✓
7	Co-op Car Park at r/o Felixstowe Station	32	✓	?	?
8	Crescent Road Car Park	17	✓	?	?
9	Ranelagh Road Car Park	28	✓	?	?
10	Highfield Road Car Park	16	✓	?	?
11	Convalescent Hill Car Park	10	?	?	?
12	Deben High School	127	✓	?	✓
13	Maidstone Infant School	15	✓	?	✓
14	Bartlett Hospital	52	✓	✓	?
15	Bridge Road Employment Area	24	?	?	✗
		1,328			

Source: RTP

8 CONCLUSIONS & RECOMMENDATIONS

8.1 Our principal conclusions are as follows:

Three sites are considered to fail the assessment criteria

8.2 Table 7-1 above shows we consider that three sites do not meet the assessment criteria. These are as follows and are summarised below:

- **Sites 1 and 3** are not considered suitable as these have policy (AONB) and physical (flooding and access) constraints
- **Site 15** is not considered achievable due to viability and site assembly issues

Table 8-1 Brownfield sites considered to fail assessment criteria

RTP Ref No.	Site Name	Indicative Development Capacity (dw)	Suitability	Availability	Achievability
1	No.755 Peewit Caravan Park and Felixstowe Beach Caravan Park	230	✗	✓	?
3	No.166a/166c North of Gulpher Road/Marsh Lane	184	✗	✓	✓
15	Bridge Road Employment Area	24	?	?	✗
		438			

Source: RTP

All other sites have issues in at least one of the criteria

8.3 All the remaining sites have a potential issue in at least one of the three criteria assessed. The key issues are as follows:

- **Site 2** contains agricultural land, farm buildings, business units and a golf driving range. It is debatable whether the majority of the site can be considered brownfield, and we have therefore questioned whether this is suitable as brownfield residential development land.
- **Sites 4 and 7-11** are considered to be marginally viable as they are car parks with an existing use value that may not be exceeded by the residual land worth from residential development, particularly at the proposed level of affordable housing (25%) and in current market conditions. Even with a 10% increase in house prices the residual still did not meet the target residual of £1m per ha in our analysis.
- **Sites 7-11** are Council owned car parks. We are not aware any individual car parks have been identified as surplus to requirements, and they cannot therefore be assumed as available. Indeed, even if the Council was prepared to release its car parks for residential redevelopment, we would assume this would only be one or two to ensure there is sufficient town centre car parking provision.
- **Sites 12 and 13** are schools in existing use that have not been made surplus. The most likely to come forward in the plan period is Deben High School (site 12), but this

is still dependant on Building Schools for the Future funding which is by no means guaranteed in the current climate of public sector funding.

- **Site 14** (Bartlett Hospital) is currently available, with a planning application already being prepared. However, it is not clear whether the site is viable for residential development. Although the site has effectively no existing use value, the planning requirements for the site (such as the hospital's listed status) could both decrease development value and increase costs in comparison to our indicative site typologies. As the indicative residual land worth figures from our analysis in section 6 were relatively low, this suggests any significant issues in this respect could render residential development unviable.

8.4 These sites are summarised below.

Table 8-2 Issues with brownfield sites that are not considered to fail assessment criteria

RTP Ref No.	Site Name	Indicative Development Capacity (dw)	Suitability	Availability	Achievability
2	No.502 North of Candlet Road	560	?	✓	✓
4	No.1 Garrison Lane Car Park	22	?	?	?
5	No.30 land r/o The Vicarage, Parsonage Close	8	✓	?	✓
6	No.31 land adj. 5 and 10 Nursery Walk	3	✓	?	✓
7	Co-op Car Park at r/o Felixstowe Station	32	✓	?	?
8	Crescent Road Car Park	17	✓	?	?
9	Ranelagh Road Car Park	28	✓	?	?
10	Highfield Road Car Park	16	✓	?	?
11	Convalescent Hill Car Park	10	?	?	?
12	Deben High School	127	✓	?	✓
13	Maidstone Infant School	15	✓	?	✓
14	Bartlett Hospital	52	✓	✓	?
		890			

Source: RTP

Limited brownfield sites that could help meet the Council's current housing targets

- 8.5 Table 8-2 shows the sites that are not considered to fail the assessment criteria, but still have some issues, have an indicative development capacity of nearly 900 dwellings. As set out above, the vast proportion of Site 2 is unlikely to be considered brownfield land. If the whole of this site is assumed to fail the assessment criteria on this basis, the indicative development capacity of brownfield sites that could reasonably be considered for allocation is reduced to 330.
- 8.6 In addition if only, say, two or three car park sites (at an average capacity of approximately 20 dwellings each) are in reality likely to come forward for redevelopment (either Council or privately owned) the capacity is further reduced to approximately 250 - 275. Deben High School represents approximately half of this assumed remaining potential residential capacity, and its availability will therefore be critical to the number of dwellings that could be delivered on brownfield land. Conversely, although Bartlett Hospital has potential viability issues based on our typology analysis in section 6, a higher density scheme than assumed for the purposes of this report could be delivered if the hospital building itself is converted to apartments and further residential development is accommodated on the site to achieve a viable development.

The current brownfield target of 250 dwellings appears realistic, although further work is required

- 8.7 On the above basis, a target of approximately 250 dwellings to be delivered on brownfield sites in Felixstowe and Trimley appears broadly realistic on the basis of our analysis. However, further work is required to refine the target and allocate individual sites; this is discussed in the recommendations below.

Our viability analysis suggests a "brownfield first" policy may not be appropriate

- 8.8 Our viability analysis in section 6 suggests that the indicative town centre/urban sites are unlikely to be viable in current market conditions. Indeed, even with a 10% increase in house prices, a reduction in affordable housing requirements for these sites may still be necessary to achieve financially viable development.
- 8.9 If infrastructure is required early on in the plan period, it is unlikely that brownfield development will be able to provide significant contributions to help meet these costs. Consequently a policy "brownfield first" may not be appropriate in light of viability and infrastructure funding considerations.

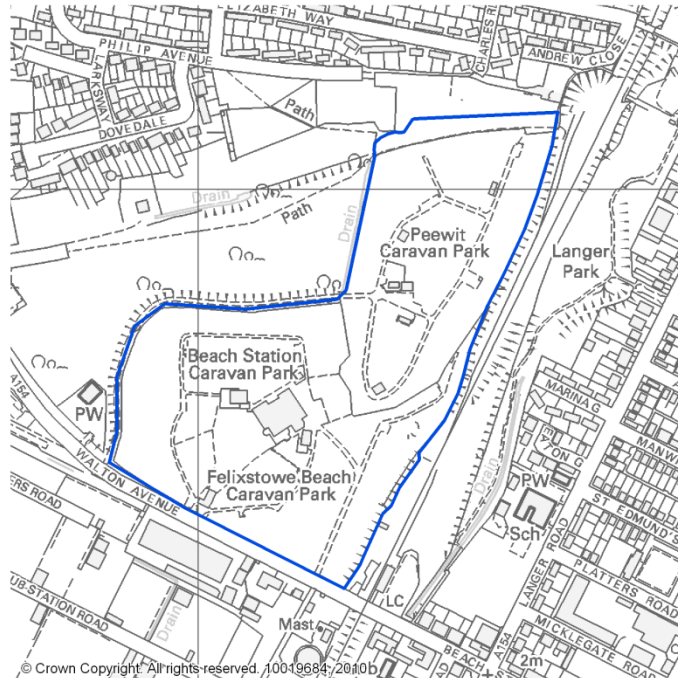
Recommendations

- 8.10 In order to progress the Council's Core Strategy and site allocations in respect of brownfield development, we would recommend the following actions:
- i) **Identify which car parks can be made surplus** - a significant proportion of brownfield development could come from car parks, a number of which are owned by the Council. We therefore recommend the Council considers its car parking strategy for Felixstowe in respect of which car parks may not be required in the future.
 - ii) **Continue discussions with landowners** - a number of the sites identified in this report have detailed development issues such as flooding and use of listed buildings. These affect both the suitability and achievability of the sites, and therefore continued discussions with landowners is critical to establishing whether the sites should be allocated for residential development.
 - iii) **Assess developer contribution requirements from brownfield sites** - we have assumed developer contributions of £5,000 per unit in our viability analysis in section 6, which is broadly in line with the findings from our Infrastructure Study for Felixstowe (September 2009) for the Council. However, this study excluded transport requirements. We understand Suffolk County Council is commissioning a separate study in this respect which will need to be reviewed in due course. Our viability analysis in section 6 indicated potential issues with many brownfield sites, and the deliverability of these sites could be further compromised if developer contribution requirements need to be higher than we have assumed to allow for transport requirements. A contributions strategy (through a mechanism such as a Community Infrastructure Levy) may need to be considered that requires greenfield sites to bear more of the burden of infrastructure requirements than brownfield sites (on a pro rata basis) due to viability.
 - iv) **Monitor market conditions** - the main factor influencing how much land is worth for development is house prices and at the present time the residential property market is slowly recovering from a steep decline in house prices and demand. Consequently, market conditions should be closely monitored as future changes in house prices will have a significant impact on the viability of brownfield sites.

APPENDIX 1

Site information

1 NO.755 PEEWIT CARAVAN PARK AND FELIXSTOWE BEACH CARAVAN PARK



This is a 12.8ha site on the urban fringe with capacity for some 313 dwellings. The site is currently in use as a caravan park although has no allocation or protection for this use.

The site is not considered suitable because it is at high risk of flooding, as well as having infrastructure and regeneration issues.

The site is definitely available, since it was promoted by the owner through the 'call for sites'.

The site's achievability is uncertain, since the danger of flooding may make it unviable.

2 NO.502 NORTH OF CANDLET ROAD



A 31.1 ha site, mostly Greenfield, with capacity for 654 dwellings. It is located within Felixstowe Urban Fringe (AP208). The site contains agricultural land, farm buildings, business units, and a golf driving range. Agent claims it not in agricultural use.

The suitability of the site is uncertain.

The site is available, since it was promoted by the owner through the 'call for sites'.

The site is likely to be achievable, as it is assumed it will be viable when house prices increase.

3 NO.166A/166C NORTH OF GULPHER ROAD/MARSH LANE



This 10.2ha site located on Felixstowe Urban Fringe (AP208) contains mostly farm buildings and land used for agriculture, although it also contains a few dwellings. Most the site would be classified as Greenfield rather than Brownfield land. It has capacity for 250 dwellings.

The site is unsuitable due to the proximity of an Area of Outstanding Natural Beauty; site No.166c is located within the AONB which would make it an unsuitable location for development. Site No.166a is adjacent to the AONB which means landscape impact is a factor and would affect the amount of development that the site could accommodate.

The site is available, since it was promoted by the owner through the 'call for sites'.

The site is likely to be achievable, as it is assumed it will be viable when house prices increase

4 NO.1 GARRISON LANE CAR PARK



This 0.4 ha site has capacity for some 26 dwellings. It is a car park and coach park in an urban area and allocated for employment.

The site is suitable for housing development, given its location.

Availability of the site is uncertain. The car park is free so the council may release the land. We recommend contacting the landowner to see if the site should be assessed through the SHLAA process.

The site's achievability is unknown as there is potentially limited demand for flats; and viability will depend on Council's land price requirements.

5 NO.30 LAND R/O THE VICARAGE, PARSONAGE CLOSE



This 0.2ha site is currently unused land, within established residential area in an urban area. It has capacity for 9 dwellings.

The site is suitable for housing development, given its location.

The site's availability is uncertain since it was not promoted by the landowner; however there is an expired permission for 4 dwellings so the site is definitely suitable for development.

The site is likely to be achievable, as it is assumed it will be viable when house prices increase and that for a small site market demand will not pose a significant problem.

6 NO.31 LAND ADJ. 5 AND 10 NURSERY WALK



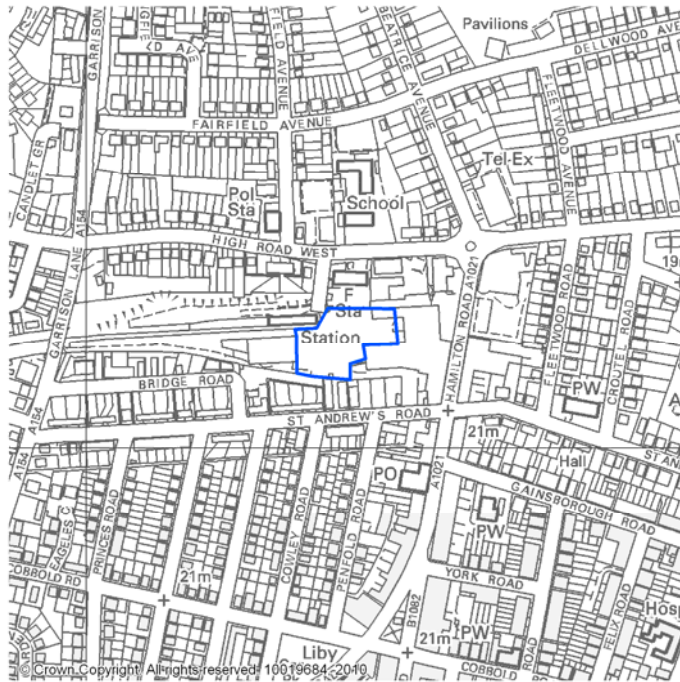
This 0.1ha site is a Girl Guide hut, within an established residential area in the urban area. There is capacity for 3 dwellings; however it is only suitable for 2.

The site is suitable for housing development, given its location.

The site's availability is uncertain; we recommend the landowner is contacted. Permission has previously been refused permission for 2 dwellings and a replacement Girl Guide hut.

The site is likely to be achievable, as it is assumed it will be viable when house prices increase and that for a small site market demand will not pose a significant problem.

7 CO-OP CAR PARK AT R/O FELIXSTOWE STATION



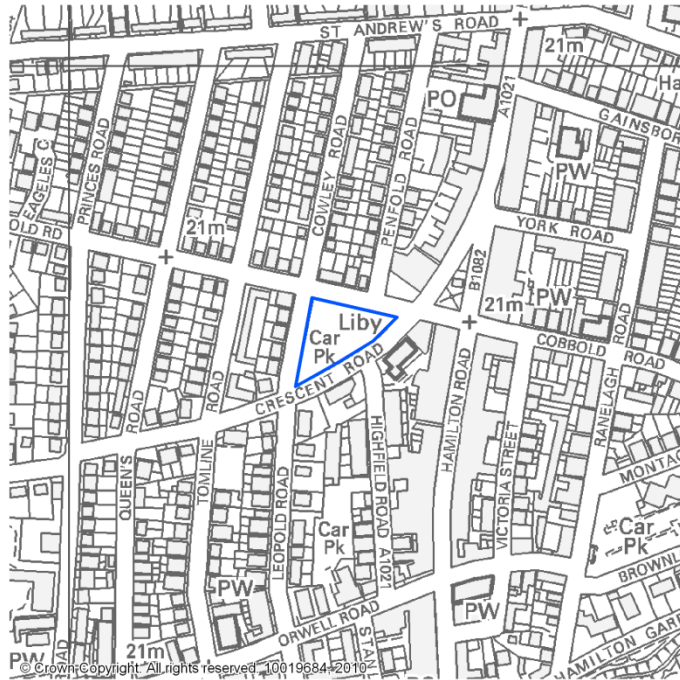
This 0.6ha site is currently a station and shoppers' car park, located within town centre boundary. It has capacity for 50 dwellings, however it is potentially an unattractive residential environment.

The site's suitability is uncertain, given its context.

The site's availability is uncertain since it is a private car park which is currently in use.

The site's achievability is unknown as there is potentially limited demand for flats; and viability will depend on the landowner's land price requirements.

8 CRESCENT ROAD CAR PARK



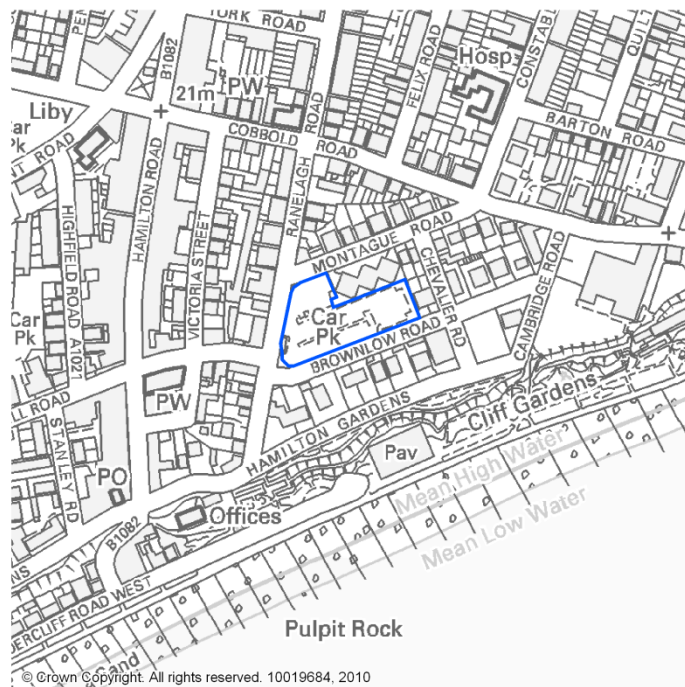
This 0.3ha site is a car park located within the town centre boundary. It has capacity for 27 dwellings.

The site is suitable given its location; it is a Brownfield site.

Availability of the site is uncertain. The car park is currently well used; a study is required to establish which, if any, car parks could be made surplus by the Council for redevelopment.

The site's achievability is unknown as there is potentially limited demand for flats; and viability will depend on the Council's land price requirements.

9 RANELAGH ROAD CAR PARK



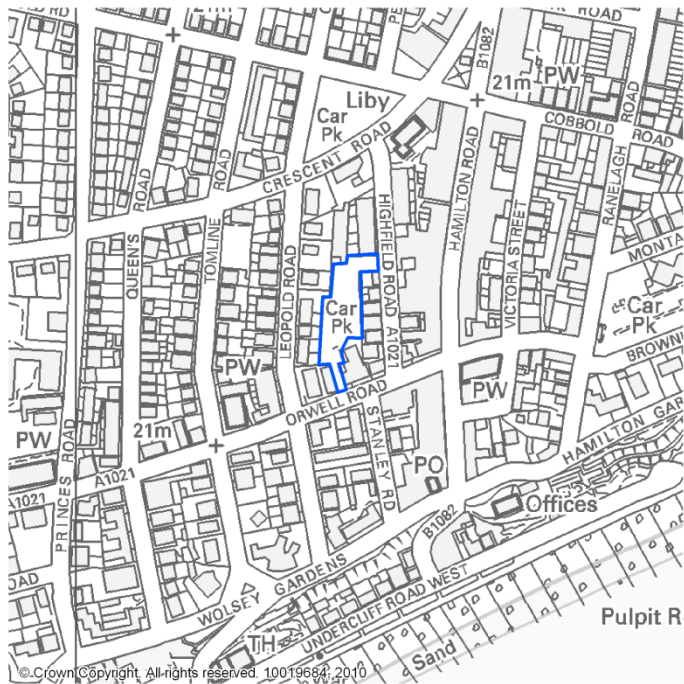
This 0.6ha site is a car park located within residential area in town centre. it has capacity for 45 dwellings.

The site is suitable given its location; it is a Brownfield site.

Availability of the site is uncertain. The car park is currently well used; a study is required to establish which, if any, car parks could be made surplus by the Council for redevelopment.

The site's achievability is unknown as there is potentially limited demand for flats; and viability will depend on the Council's land price requirements.

10 HIGHFIELD ROAD CAR PARK



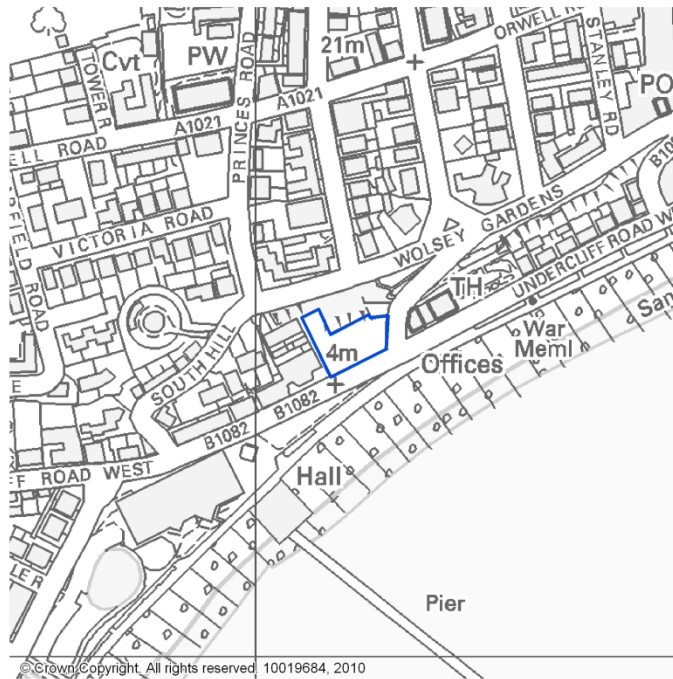
This 0.3ha site is a car park located within the defined town centre boundary. There is capacity for 25 dwellings

The site is suitable, given its location; it is a Brownfield site.

Availability of the site is uncertain. The car park is currently well used; a study is required to establish which, if any, car parks could be made surplus by the Council for redevelopment.

The site's achievability is unknown as there is potentially limited demand for flats; and viability will depend on the Council's land price requirements.

11 CONVALESANCE HILL CAR PARK



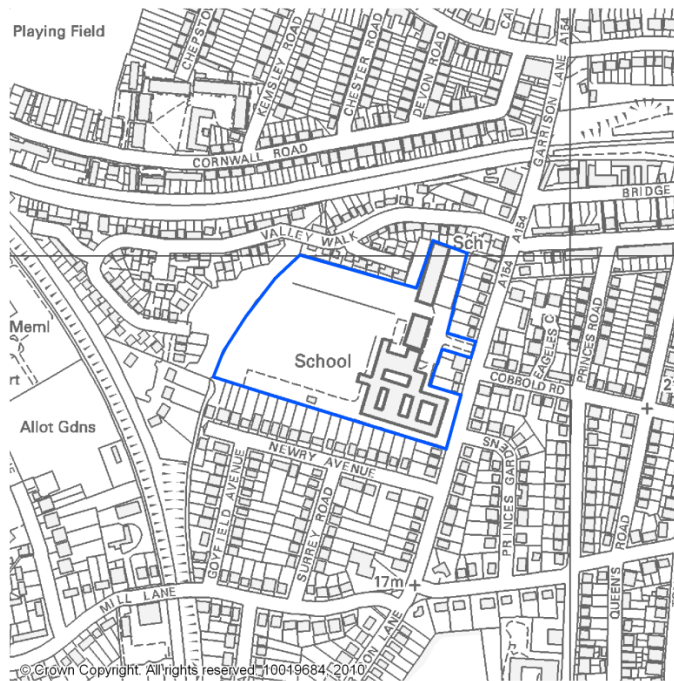
This 0.2ha site within an urban area is a car park, also used for the storage of construction equipment for adjacent highway improvement works. There is capacity for 15 dwellings.

The site's suitability is uncertain. The site is allocated for general employment and is within a B1 Employment Area, a Conservation Area, and an Encouragement of Holiday Accommodation policy area. It is not within the defined town centre boundary. The slope of the site may restrict the type and number of residential dwellings on the site.

Availability of the site is uncertain. The car park is currently well used; a study is required to establish which, if any, car parks could be made surplus by the Council for redevelopment.

The site's achievability is unknown as there is potentially limited demand for flats; and viability will depend on the Council's land price requirements.

12 DEBEN HIGH SCHOOL



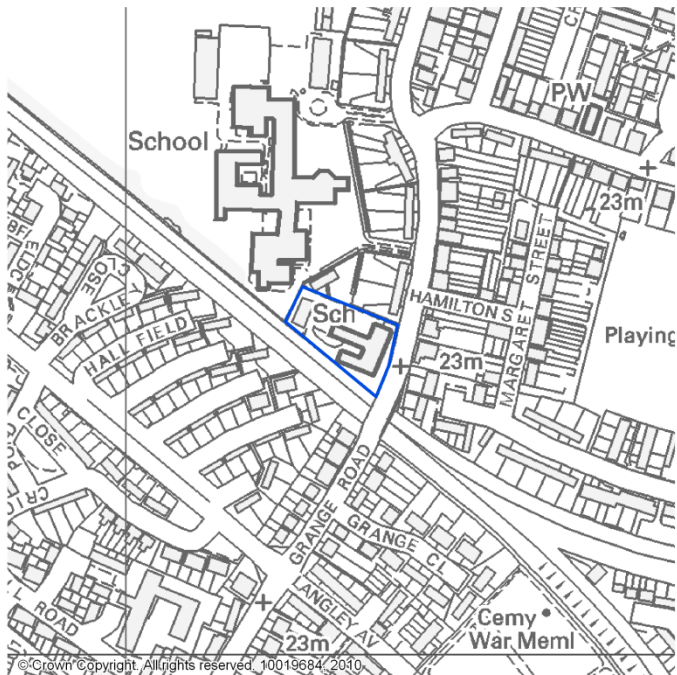
This 4ha site, located within an urban area, is a school with no specific allocation. There is capacity for 43 dwellings.

The site is suitable, given its location; it is a Brownfield site.

The site is not available since the school is currently in use and the owners haven't provided information that it could become free in the near future.

The site's achievability is unknown as there is potentially limited demand for flats; and viability will depend on the landowner's land price requirements.

13 MAIDSTONE INFANT SCHOOL



This 0.4ha site is a school located on the urban fringe, with no allocations. There is capacity for 17 dwellings. It is not allocated

The site is suitable, given its location; it is a Brownfield site.

The site is not available since the school is currently in use and the owners haven't provided information that it could become free in the near future.

The site's achievability is unknown as there is potentially limited demand for flats; and viability will depend on the landowner's land price requirements.

14 BARTLETT HOSPITAL



This 1.3ha site is a hospital located within an Encouragement of Holiday Accommodation policy area. There is capacity for 79 dwellings.

The site's suitability is uncertain since it is located within an Encouragement of Holiday Accommodation policy area.

The site is not available since the hospital is currently in use and the owners haven't provided information that it could become free in the near future.

The site's achievability is unknown as there is potentially limited demand for flats; and viability will depend on the landowner's land price requirements.

15 BRIDGE ROAD EMPLOYMENT AREA



This 0.5ha site is an employment area in the town centre; it is not specifically allocated for industrial use, but as an existing employment area it does have some policy protection. There is capacity for 38 dwellings.

The site's suitability is uncertain due to potential contamination issues as it is an existing employment area.

The site is unavailable, since it is currently in use as an employment site.

The site is not achievable. It is in multiple ownership and site assembly would potentially be difficult; there is potentially limited demand for flats; and site acquisition costs could render development unviable, even with reduced affordable housing requirements

APPENDIX 2

Key Assumptions in Viability Analysis

House prices

1. In Felixstowe the main factor influencing how much land is worth for development is house prices. At the present time (March 2010) the residential property market is slowly recovering from a steep decline in house prices and demand.
2. An assessment of current house prices is ideally based on prices achieved on comparable new developments but at present there are none being actively marketed so it is difficult to draw robust conclusions. The analysis that follows is based on:
 - Consultation with local estate agents.
 - Analysis of property currently being marketed through the rightmove.co.uk which is the dominant internet based marketing service.
 - Comparison with house prices in Harwich, where 'Peninsula' scheme by Taylor Wimpey is currently being marketed.
3. Felixstowe has its own housing sub markets and values fluctuate depending on location. Our impression is that in general terms the main factor is that prices are higher in the Old Town and to the west around the golf course.
4. We believe that an average new house would currently fetch around £2,000 sq m in most areas, and perhaps more in the old town or around the golf course. This equates to around £160,000 for a typical new small 3 bed unit, and compares with the £142,000 asking price at Peninsula in Harwich where we believe that prices overall are rather lower. A target price for flats in the old town might be c. £2,500 sq m. Flats in the rest of the town don't appear to fetch much more than houses and because flats cost more to build (measured by the cost per sq m of saleable space) this suggests that outside of the highest value areas most developers will opt to build houses where possible.
5. This is broadly in line with the findings from the Affordable Housing Viability Study by Fordham Research in June 2009 which estimated prices in Felixstowe of approximately £2,550 per sq m.
6. Assumed values are based on semi detached houses for ease of comparability and to accord with the basis of the cost estimates. Assuming a richer mix of housing types would not significantly affect the conclusions and in any event it is not practical to pre-judge the precise mix of types that a developer might prefer.
7. As we have used a cash flow model the predicted rate of sales has a material impact. Rates at present would be low but should increase by 2013 when a developer of larger scheme would hope to sell in excess of one home per week. Larger sites will obviously sell more homes per annum than smaller sites but the rate of sales per hectare will be greater on the latter. Affordable housing does not represent a challenge in sales terms. Adjustments have been made in each respect.
8. The short term outlook for house prices is not clear with estimates ranging from falls of 6%- 10% (from Savills and Capital Economics respectively) to a substantial rise (Citigroup) and a modest rise (RICS). Savills provides a longer term projection and they see prices starting to rise in 2011 and accelerating thereafter. Demographically led

supply and demand factors should inflate prices while continuing economic weakness coupled with restrictions in the supply of mortgages would exert counterbalancing pressure.

9. We have prepared the analysis on two bases. Firstly, current prices which we take to be £2,000 sq m for houses and £2,200 for flats on average and £2,500 in highest value areas and secondly with prices 10% higher. If Savills is right that would be achieved sometime on 2013. This higher value band probably provides a reasonable guide to the current economics of development on land in and around the old town and towards the golf course.

Affordable Housing

10. We have assumed a requirement for 33% affordable housing split 75% / 25% between social rented and shared ownership units with minor adjustments for arithmetic convenience. It is assumed that RSL's will be able to pay around £600 sq m for the social rented houses and £650 sq m for the flats using loans secured against rental income coupled with modest use of their own resources. The figures have been prepared on two bases, reflecting the availability or absence of grant support towards the cost of social rented units only. This has been assumed at around £300 sq m. (i.e. £25,500 for a 85 sq m house). Shared ownership property is assumed to be worth 75% of open market value.

Land prices

11. These figures might sound high and in particular people question why a farmer, whose land might typically be worth £10,000 to £20,000 per hectare in agricultural use, might seek such a high sum. The answer is in part precedent; many sites like this are secured by housebuilders through option agreements which have a 'base price'. This sum provides a premium over a typical base price which might be £0.25m - £0.5m hectare calculated on either the gross or net developable area). While our appraisals have allowed for all standard development costs, they do not allow for site specific costs such as:
 - The cost of assembling the site and buying out minor property interests
 - Remediation and demolition
 - Any requirement for off site infrastructure in excess of the modest provision made in the appraisal
12. In both cases, where site specific costs are likely to be modest the target land values should allow the landowner to meet necessary additional costs. But in some cases and in particular where there is an aspiration to replace existing buildings which have value in their current use, they will be too low. For instance, an old industrial estate would usually be worth over £1.5m ha.
13. We need to make an assumption about the price that landowners will require in order to release land for development. There is no typical price; it depends on the aspirations of those concerned and the specific details of the site. In the appraisals we have allowed for all standard development costs but not for site specific costs such as:

- The cost of assembling the site.
 - Remediation and demolition
 - Any requirement for off site infrastructure in excess of the modest provision made in the appraisal.
14. Our assumption is that in order to have a reasonable chance of development in the majority of cases the residual worth of land for development should be at least:
- £1.0m per **gross** ha for town centre sites where land assembly problems are usually more of an issue.
 - £1.0m per **net** developable ha (£0.6m per net ha) for larger peripheral sites where a substantial part of the land needs to be used for open space and distribution infrastructure. (Many sites like this are secured by housebuilders through option agreements which have a 'base price'. This sum provides a premium over a typical base price which might be £0.25m - £0.5m calculated on either the gross or net developable area).
15. In both cases, where site specific costs are likely to be modest, these allowances will be more than adequate. However, in some cases and in particular where there is an aspiration to replace existing buildings which have value in their current use they will be too low. For instance, an old industrial estate would usually be worth over £1.5m ha. This is discussed in relation to the types of sites in the main body of the report.

Construction costs

16. The basic residential construction cost we have assumed are based on the “Cost Analysis of the Code of Sustainable Homes” published by CLG in July 2008 which was based upon analysis by quantity surveyors Cyril Sweet. The premium to achieve CSH Level 3 was added to the base building cost for an end of terrace house. An aspiration to achieve Code Level 4 would add to the costs.
17. It is assumed that the CLG figures represent average costs for England and Wales but the Eastern Region is not untypical in this respect. Clearly they are also now a few years out of date. Indices also suggest that tender prices have fallen quite considerably in the past two years with the recession having risen quite sharply in the year preceding the date of publication of the CLG analysis. It is not possible to make a precise index-based adjustment to the construction costs in these circumstances and in any event developers will almost certainly be anticipating further changes in construction costs before any projects start on site. We have therefore opted to simply use the figures in the report on the basis that they should represent a fairly conservative assessment of current costs and that in the short term prices will not have exceeded the national average in 2008. We have no information on ground conditions and no special allowance has been made in this respect.
18. Further adjustments were made to reflect specific circumstances. In all cases, a specific and small provision has been made for any off site infrastructure that will be required and which would not be covered by standard Section 106 charges, for instance improvements to off site roads or drains.

19. For the brownfield sites, £50 sq m has been added to construction costs provide some cover for:
- Additional substructure costs incurred when developing made ground.
 - Removal of minor structures and hardstanding.
 - Reduced economies of scale in smaller schemes. (The CLG figures are predicated on larger scale schemes.
20. For the greenfield sites there is always a need to budget for:
- The cost of the external works immediately associated with new homes such as access roads, utility connections, parking spaces and gardens etc. We have budgeted a sum equivalent to 10% of the housebuilding costs for this.
 - In the case of an urban extension, the developer will also have to provide additional infrastructure such as distributor roads and services together with extensive on-site open space and landscaping. There are also frequently specific requirements in respect of drainage, habitat retention etc. An allowance equivalent to a further 20% of housebuilding costs and equivalent to £367,000 per gross ha has been made in this respect. This is based on our experience of schemes elsewhere in the country. In practice costs vary enormously between sites and this adds to the uncertainties here.
 - No additional allowance has been made in respect of exceptional ground conditions on the greenfield sites.

Finance

21. Larger housebuilders mostly finance schemes using their own funds. Major urban extensions can be delivered over a number of years so their key aim is to maximise the annual return on the capital they employ. In contrast smaller firms often use loans and are more likely to focus on the margin on cost because their schemes can be delivered relatively quickly (quite simply, a 20% margin on cost is good if earned in a year but an inadequate reward for tying up capital for five years). The best way of appraising schemes is to try and mimic the calculations of the developers so has ramifications for our model.
22. We have assumed that the developers of the smaller town centre sites will be debt funded and require a return of 15% on all costs including interest on borrowings. We have assumed that loans cost around 7.5% p.a. Both assumptions are very optimistic at present but are a reasonable assumption for the years to come. In contrast, we assume that developers of larger schemes will require a return on their capital of 17% per annum (which we have approximated to 4.0% per quarter). Since they would be using their own funds, the cost of borrowing is not taken into account.