



# Dorchester Civic Society

An Independent Voice

Registered Charity No. 268636

**Tess James** (Chair)

70 Monmouth Road

Dorchester DT1 2DG

info@dorchestercivicsociety.org.uk

www.dorchestercivicsociety.org.uk

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## Position Statement 2

### Assessing the viability of the proposed North of Dorchester development

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#### Background to this position statement

1. Dorset Council is preparing a local plan comprising planning policies and proposals for the entire council area and looking ahead to at least 2038. The Council's published timetable for the work is: Options Consultation - September 2020; Publication – September 2021; Submission – March 2020; Examination – Summer 2022; and Adoption – Spring 2023.
2. The new Council is drawing on earlier work by, in Dorchester's case, West Dorset and Weymouth & Portland councils reviewing the current local plan for the area adopted in 2015. That review included publication of an issues and options document in 2017 and a preferred options document in 2018. Dorchester Civic Society's critical assessment of the preferred options statement can be found at: <https://www.dorchestercivicsociety.org.uk/publications/>
3. Dorset Council is pressing ahead with a proposal to develop a garden community scheme on land north of the Frome water meadows despite local reservations and objections. This position statement is the second of a number that the Society anticipates it will need to prepare relating to facets of Council allocations and proposals leading up to a Local Plan Examination in Summer 2022. The first position statement (May 2020), relating to the impact of the proposed development on Poundbury Camp and its heritage setting, can also be found at the above web address.

#### Assessing the viability of the proposed North of Dorchester development

4. One of the key issues that has not, as yet, been properly addressed is that of the viability of the proposal, particularly its financial viability. The Council's website on the evidence being put together to support a development North of Dorchester includes a 'High Level Viability Appraisal'. This document is just a couple of paragraphs which includes the following sentence:  
*'As the project progresses, the Council will continue to monitor all funding opportunities to help deliver the necessary infrastructure to enable high quality development to take place at an accelerated rate.'*
5. This is disturbing for two reasons. Firstly, it assumes that the 'project' will 'progress' and secondly, and more importantly, it clearly assumes that an initial viability study may find the project to be financial unsustainable and, therefore, that there is a need 'to monitor all funding' as the project progresses.

6. It is unsurprising that there is concern about the financial viability of the 'project'. The starting point for any financial appraisal must surely be the 2008 West Dorset Urban Extension Study by Halcrow Group Ltd: <https://www.dorsetcouncil.gov.uk/planning-buildings-land/planning-policy/west-dorset-and-weymouth-portland/evidence-base/pdfs/sustainability/west-dorset-urban-extension-study-main-report-halcrow-group-ltd.PDF>. This looked at the financial viability of various proposals in the former WDDC area including a development north of Dorchester. The financial viability was appraised on an assumed development period 2008 to 2026. It found that the north of Dorchester proposal would have a negative residual value in 2026 of about -£174M (table 4.6A); and it concluded that the cost of the necessary road works to serve the proposal would exceed £113M. With the above appraisal as a starting point, any new appraisal which substantially differs from the Halcrow study will have to clearly explain how those differences come about.
  
7. The question of the financial viability of proposals for 'garden communities' has recently been the subject of an exhaustive examination of the 'North Essex Authorities Shared Strategic (Section 1) Plan', which was the subject of a report by the Inspector in a May 2020 letter to the three local authorities: [https://www.braintree.gov.uk/downloads/file/9294/ied022\\_-\\_inspectors\\_post-hearing\\_letter\\_to\\_neas\\_-\\_15th\\_may\\_2020](https://www.braintree.gov.uk/downloads/file/9294/ied022_-_inspectors_post-hearing_letter_to_neas_-_15th_may_2020). The question of the viability of the scheme is detailed in paras 192-254 of the report. His conclusion was that two of the three proposed 'garden communities' were financially unsound and therefore not deliverable. Therefore, the draft plan failed the key test of whether it was sound or not. What is of particular importance in the Inspector's analysis of the financial viability of the proposals is his criticism of the unrealistic assumptions being made on behalf of both the Councils involved and the promoters of the 'garden communities'. In particular he specifically refers to unrealistic assumptions regarding build-out rates and the need to account for 'optimism bias' in considering the cost of the infrastructure requirements. It is, therefore, important to make sure that any revised financial appraisal of north of Dorchester is wholly realistic in its assumptions.
  
8. The requirement to ensure that any proposal is not only financially viable at the outset but can cope with changes in circumstances is detailed in a report by the RTPi on 'The Deliverability and Affordability of Housing in the South West of England': <https://www.rtpi.org.uk/media/1949/deliverability-and-affordability-of-housing-in-the-south-west-of-england-full-report.pdf>. This concluded:
 

*'25. Viability issues emerged as a common theme across all the case studies. These issues can affect a scheme across its life. While the main viability discussion takes place as part of the outline planning permission process, external events later on, (for example the property market downturn of 2007-08), can result in changes in the scheme's circumstances and renegotiations. New phases of development and new (outline) planning applications also tend to lead to renewed viability discussions.*

*26. Viability issues differed subtly between the case studies, depending on, amongst other factors, affordable housing requirements, public funding availability and infrastructure needs. While different solutions were identified for each case study, they usually involved compromises between the amount and type of affordable housing secured and other infrastructure provided.'*
  
9. This highlights the importance of financial viability in relation to the provision of affordable housing. A proposal north of Dorchester will, in effect, be the only source for significant provision of affordable housing for the foreseeable future. There can, therefore, be no deviation from the policy of providing 35% affordable housing throughout any such project. This is a further reason for ensuring that any financial appraisal is sufficiently robust to ensure that, not only can the required infrastructure be provided, but that such expenditure will not compromise the provision of affordable housing throughout the project.
  
10. **Dorchester Civic Society is opposed to the proposed development north of Dorchester. Should such a proposal be included in the draft local plan the Society will check that its financial appraisal is realistic, robust and meets the above tests.**