

Welborne S106 Viability Note

The Welborne S106 Schedule 10¹ agreement provides information on the requirements for viability in relation to affordable housing provision on site. Prior to commencement of any housing on site, including affordable housing, the Terms of Reference for the Affordable Housing Steering Group are to be agreed by the LPA in consultation with Homes England. Homes England will be invited to the Steering Group as an active member as per the terms.

J10 cost overrun

Currently the minimum proportion of affordable housing agreed to be delivered for Welborne is 10% subject to the J10 cost overrun. If the developer has to pay any part or all of the J10 overrun costs then the proportion of affordable housing will be adjusted downwards depending on how much of the overspend allowance is used. A proportion of 7.3% affordable housing represents the worst case scenario whereby the developer has had to pay all of the overrun costs. If only part of the overrun cost is required for J10 improvements, then the minimum AH will fall somewhere between 10% and 7.3%.

It should be noted however that the risk of calling on the J10 overrun contribution is relatively low. The recorded cost of the junction in the [Officer report to Planning Committee](#) was £81m which includes a contingency amount. The secured funding position provides for £87.55m which is already in excess of the predicted junction costs (including a contingency). Then in addition the developer has agreed to provide a further £10m (the overrun amount), taking the overall funding for the junction to £97.55m, nearly £16m over the estimated junction costs which, again, include a contingency already.

Tenure split

The affordable housing will be split 50/50 between affordable/social rent and affordable home ownership.

Viability reviews

In terms of the timescales for delivering affordable housing, the developer must submit a viability statement twelve months after the first reserved matters approval for residential development, and every year thereafter until the final viability review.

The developer will also carry out the following steps to ensure a review of viability in relation to the affordable housing delivery:

- A viability model will be submitted to the LPA by 1,500 occupations
- Between 1,800 – 1,850 occupations a viability appraisal is to be undertaken and to be submitted to the LPA by 2,000 occupations.
- Viability Reviews start at 2,000 occupations and every 1,000 thereafter up to 5,800 occupations.

¹ [Case Tracker \(fareham.gov.uk\)](http://fareham.gov.uk)

Furthermore, any additional Affordable Housing secured with strategic partnership funding would count towards AH delivery and contribute towards the provision. As such this could help Welborne achieve at least, or above 10% without any impact on viability, the mechanisms referenced in this note will ensure this is kept under review.

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