

Helen Lambert
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16 December 2010
Our Ref: SAB/DW/C-0158500

Dear Helen,

Affordable Housing Viability Study statistics

Further to your emails of the 10th and 14th December 2010 we understand that, as part of considerations following the Examination in Public, Mr Foster has requested that a number of additional sensitivities of the Affordable Housing Viability Study are produced. We understand these are as follows:

1. Viability analysis based on a 33% affordable housing target;
2. Viability analysis based on an affordable housing target of 20%, 30%, 33% and 40%, modelled against fixed 'trough', 'current' and 'peak' value positions.

Viability analysis based on a 33% affordable housing target

The results of the financial modelling, in keeping with the format of the main study, are displayed in the following four charts.

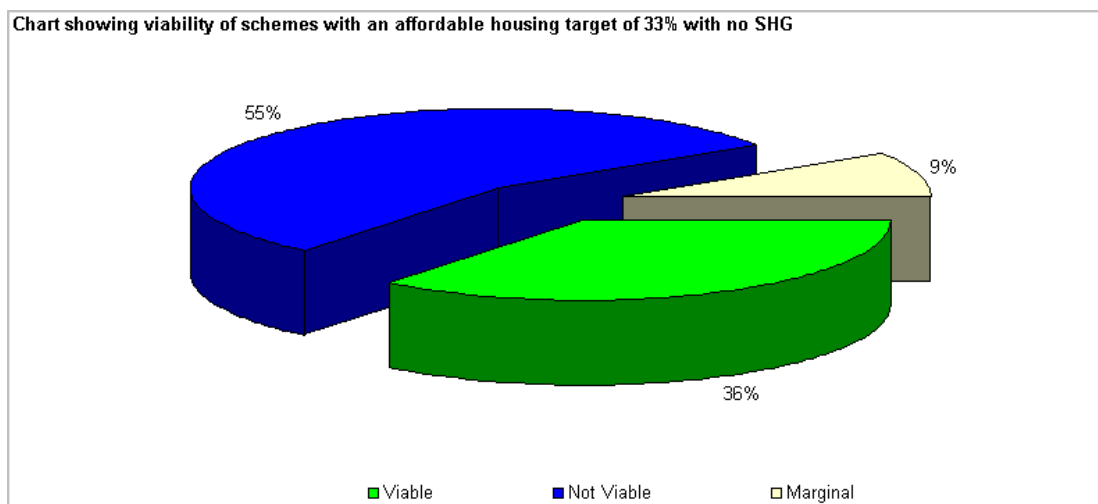


Chart A: 33% affordable, no grant, base value range

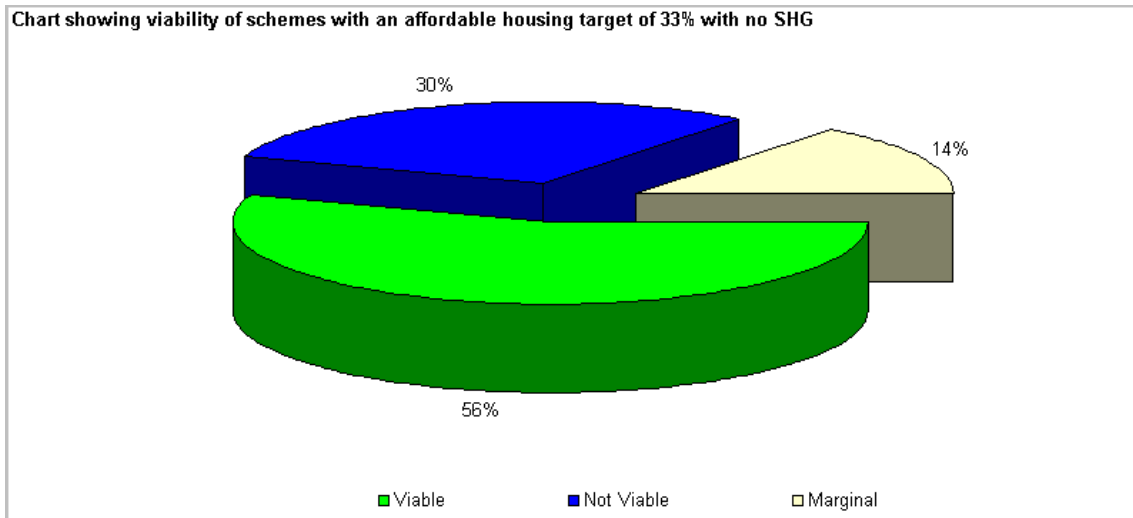


Chart B: 33% affordable, no grant, refined value range

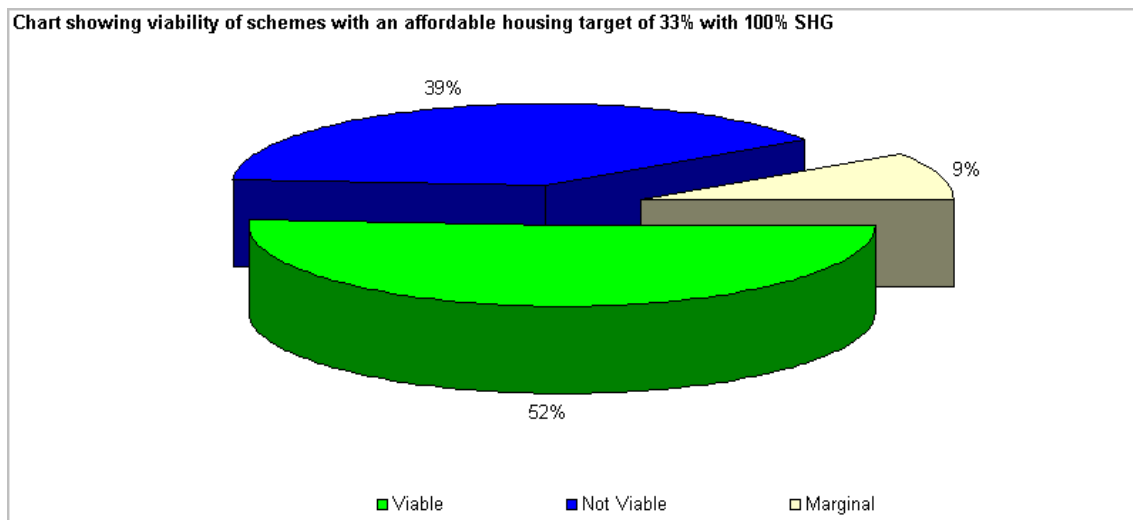


Chart C: 33% affordable, with grant, base value range

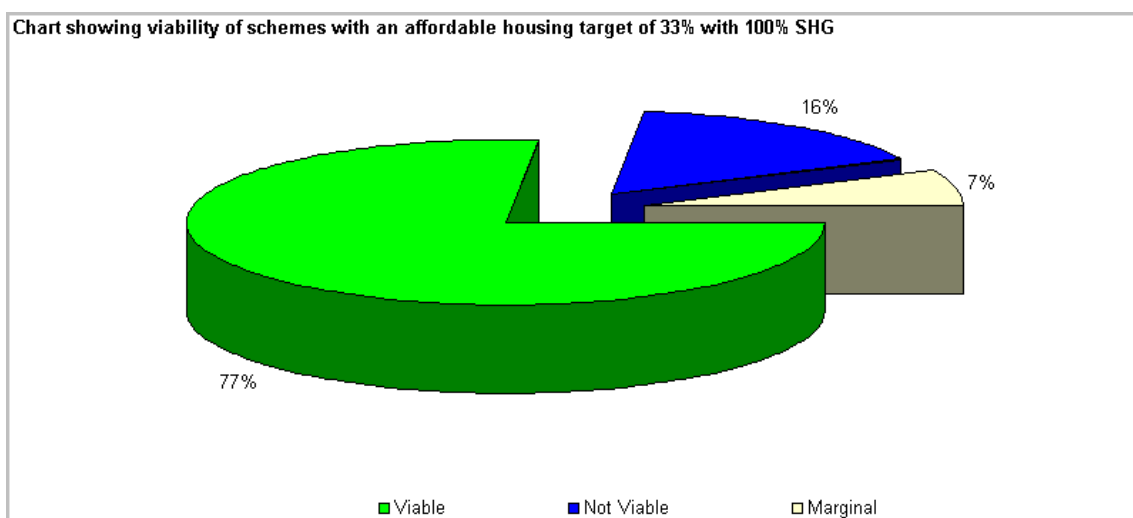


Chart D: 33% affordable, with grant, refined value range

Viability analysis based on an affordable housing target of 20%, 30%, 33% and 40%, modelled against fixed 'trough', 'current' and 'peak' value positions

The table below highlights the proportion of scenarios that are viable, not viable, and marginal when measured against fixed affordable housing targets and value positions. As highlighted in the main report, 'marginal' is defined as those scenarios which generate a residual value which is above the existing use value but are less than our assumed release values.

We have used two 'current' values to reflect the range of values across a diverse planning policy area.

All the results below assume no affordable housing grant funding is available.

Point in Cycle	20%			30%		
	Viable	Not Viable	Marginal	Viable	Not Viable	Marginal
Trough (say £1,500psm)	0%	100%	0%	0%	100%	0%
Current (say £2,250psm)	60%	29%	11%	50%	36%	14%
Current (say £2,500psm)	82%	14%	5%	70%	19%	10%
Peak (say £3,000psm)	98%	2%	0%	95%	2%	3%

Point in Cycle	33%			40%		
	Viable	Not Viable	Marginal	Viable	Not Viable	Marginal
Trough (say £1,500psm)	0%	100%	0%	0%	100%	0%
Current (say £2,250psm)	45%	40%	15%	34%	49%	17%
Current (say £2,500psm)	66%	22%	12%	59%	30%	12%
Peak (say £3,000psm)	93%	3%	4%	88%	8%	4%

For ease of interpretation, the table below shows just the 'viable' results:

Point in Cycle	20%	30%	33%	40%
Trough (say £1,500psm)	0%	0%	0%	0%
Current (say £2,250psm)	60%	50%	45%	34%
Current (say £2,500psm)	82%	70%	66%	59%
Peak (say £3,000psm)	98%	95%	93%	88%

I trust this provides the additional detail that the Inspector has requested. Please let me know if you require any further information.

Your sincerely,

David Wakeford
for Deloitte LLP (trading as Drivers Jonas Deloitte)