

EAST HERTS COUNCIL

DISTRICT PLANNING EXECUTIVE PANEL – 22 OCTOBER 2015

REPORT BY THE LEADER OF THE COUNCIL

DELIVERY STUDY, SEPTEMBER 2015

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- This report presents the findings of the Delivery Study, September 2015.
- The report seeks agreement that the Delivery Study, September 2015 should form part of the evidence base to inform and support preparation of the District Plan.

**RECOMMENDATION FOR DISTRICT PLANNING EXECUTIVE
PANEL: That Council, via the Executive, be advised that:**

(A)	The Delivery Study, September 2015, be agreed as part of the evidence base to inform and support preparation of the East Herts District Plan.
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1.0 Background

1.1 Peter Brett Associates (PBA) was commissioned in July 2014 in order to prepare a document known as the Delivery Study. The overall aim of the study is to assess the deliverability and viability of the draft proposals contained within the District Plan Preferred Options document which was published for a period of public consultation in February 2014.

1.2 The basis for undertaking a technical study of this nature is set out within national planning policy. In particular, Paragraph 182 of the National Planning Policy Framework (NPPF) states that Local Plans should be:

- *Positively prepared – the plan should be prepared based on a strategy which seeks to meet objectively assessed*

development and infrastructure requirements, including unmet requirements from neighbouring authorities where it is reasonable to do so and consistent with achieving sustainable development;

- *Justified – the plan should be the most appropriate strategy, when considered against the reasonable alternatives, based on proportionate evidence;*
- *Effective – the plan should be deliverable over its period and based on effective joint working on cross-boundary strategic priorities; and*
- *Consistent with national policy – the plan should enable the delivery of sustainable development in accordance with the policies in the Framework*

1.3 The Delivery Study therefore seeks to assess whether the proposals identified within the District Plan Preferred Options document are '*Effective*', in terms of their deliverability over the course of the Plan period.

1.4 The information and recommendations contained within the Delivery Study should not be considered in isolation, and in itself, the study does not provide the sole basis for the inclusion of any particular development proposal or policy within the District Plan. However the study does form a key part of the wider evidence base which will support the preparation of the emerging District Plan as it progresses towards Pre-Submission stage, and subsequently, Examination by an independent Inspector.

2.0 Report

2.1 Members may recall that the original specification for the Delivery Study identified a requirement to undertake eight specific tasks. These are as follows:

Task 1: To undertake a review of transport evidence and requirements;

Task 2: To review site specific concept Masterplanning;

Task 3: To draw together evidence in order to inform the preparation of an Infrastructure Delivery Plan;

Task 4: To advise on the content of Local Plan policies;

Task 5: To undertake an assessment of Plan wide viability;

Task 6: To undertake a viability appraisal of strategic sites;

Task 7: To advise on matters relating to the Community Infrastructure Levy (CIL); and

Task 8: To review the approach to identifying Objectively Assessed Housing Need.

2.2 The specification can be read in full on the Council's website at: www.eastherts.gov.uk/deliverystudy. In order to address the requirements of the specification, PBA has prepared two separate reports, namely: a 'Strategic Sites Delivery Study' and a 'Plan Viability, Affordable Housing and CIL Study'. This report presents the content and findings of the two studies.

2.3 It should be noted that in addressing Task 8, PBA did produce some informal advice regarding an initial draft of the Strategic Housing Market Assessment (SHMA). However, the SHMA has evolved considerably since the advice was received, and it has therefore not been presented as part of this report.

Strategic Sites Delivery Study

2.4 The District Plan Preferred Options document was based on an Objectively Assessed Housing Need figure of 15,000 dwellings, to be provided between 2011 and 2031. In order to assist with meeting this challenging housing requirement, the draft Plan identified three 'Broad Locations for Growth':

- North and East of Ware (200 – 3,000 dwellings);
- Gilston Area (5,000 – 10,000 dwellings); and
- East of Welwyn Garden City (1,700 dwellings).

2.5 In addition, land to the South of Bishop's Stortford was also identified in order to provide a further 750 - 1,000 dwellings.

2.6 Paragraph 173 of the NPPF states that:

'Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, the sites and the scale of

development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable’.

- 2.7 Furthermore, in order to understand when a site may come forward for development, the NPPF distinguishes between deliverability and developability. In particular, the footnotes to Paragraphs 47 to 55 state:

‘To be considered deliverable, sites should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years and in particular that development of the site is viable’.

‘To be considered developable, sites should be in a suitable location for housing development and there should be a reasonable prospect that the site is available and could be viably developed at the point envisaged’.

- 2.8 Therefore a site that is expected to come forward for development within the first 5 years of the Plan period is considered to be ‘deliverable’, while a site that is likely to come forward in year 6 of the Plan period or later is considered to be ‘developable’.

- 2.9 The four strategic sites identified above form a fundamental part of the District Plan Preferred Options document. Should the sites continue to be identified within the final ‘Submission’ version of the Plan, the ability of the Council to demonstrate their deliverability or developability will form a critical part of the Examination in due course. The Strategic Sites Delivery Study, which forms **Essential Reference Paper B**, therefore seeks to address this issue based on information and data that is currently available.

- 2.10 In undertaking the study, PBA has had regard to the requirements of the NPPF and Planning Practice Guidance (PPG). Specific guidance on viability has also been considered, notably ‘Viability Testing in Local Plans, Advice for Planning Practitioners’ (known

as the Harman Report), and 'Financial Viability in Planning' (known as the RICS Guidance).

- 2.11 The identification of infrastructure requirements forms a key aspect of assessing the overall deliverability of strategic sites. This process involves understanding what infrastructure is needed to support the proposed development, how much it would cost, and when it could be delivered. In order to understand these issues, PBA held a series of workshops with the respective site promoters as well as service providers such as Hertfordshire County Council, NHS England and Thames Water. Through these workshops, and further subsequent work, PBA was able to critically analyse the level of infrastructure that would likely be required to support the proposed development schemes.
- 2.12 It should be noted that the Strategic Sites Delivery Study represents an assessment of deliverability at a specific point in time. The Council's understanding of infrastructure requirements will continue to evolve as further evidence based work is undertaken. For instance, at present, it is not yet possible to fully understand the level of transport infrastructure that maybe required to support the planned level of development. This is due to the fact that VISUM transport modelling, led by Essex County Council, is still ongoing, while, as noted in the previous agenda item, Hertfordshire County Council will also be preparing a new transport model known as COMET. The findings of the Study may therefore need to be reviewed in the coming months as work on the District Plan continues to progress.
- 2.13 The identification of likely infrastructure requirements has informed an overall appraisal of viability for each of the four strategic sites. In order to achieve this, PBA has had to gain a clear understanding of the local housing market by interrogating existing sources of data and liaising with developers and estate agents. Evidence based assumptions were subsequently made on land values, sales values, housing mix and density. This information was then combined with likely infrastructure and policy requirements, including affordable housing, in order to inform an assessment of viability.
- 2.14 The conclusions and recommendations arising from the study in relation to the four strategic sites are discussed briefly in turn below. It is important to reiterate that the findings of the study need to be read in the context of ongoing transport modelling work, the results of which could affect the deliverability of the

strategic sites. Appendix E identifies current understanding in terms of capacity issues on the strategic transport network.

North and East of Ware

- 2.15 The District Plan Preferred Options document identified land to the North and East of Ware as having the potential to provide between 200 and 3,000 dwellings. PBA has indicated that including such a broad range within the final Submission version of the Plan is unlikely to be considered an acceptable approach by an Inspector at Examination.
- 2.16 Given the existing pressure on secondary education capacity in the Hertford and Ware school planning area, it is likely that any substantial development within the North and East of Ware Broad Location would require the provision of a new school. PBA has indicated that a minimum of 2,000 dwellings would be required to facilitate the delivery of a new school in this location. Two quanta of development have therefore been appraised through this study: 2,000 dwellings and 2,972 dwellings. The latter figure is reflective of the scheme put forward by the site promoters.
- 2.17 Overall both schemes are considered to be 'developable' in that they could come forward for development outside of the first 5 years of the Plan period. PBA has noted that there does not appear to be any land ownership issues which may impact on delivery, and critical infrastructure schemes, in particular school provision and the requirement for a link road and sewer, have been shown to be achievable.
- 2.18 Should the Council wish to pursue the implementation of a Community Infrastructure Levy (CIL) funding schedule, then the study shows that, based on an affordable housing requirement of 40%, a total of £150 per square metre of floorspace could be secured from this development in order to contribute towards strategic infrastructure schemes. PBA has assumed a reasonably broad timeframe for commencement of development (2020 to 2025) and it is likely that 150 to 175 dwellings would be completed per annum.

Gilston Area

- 2.19 In a similar fashion to North and East of Ware, PBA assessed two levels of development for the Gilston Area. The first, a scheme of 10,000 dwellings, is reflective of the scheme being promoted

jointly by Places for People and City and Provincial Properties. A second smaller scheme of 2,500 dwellings has also been assessed.

- 2.20 PBA has concluded that a development of 2,500 dwellings is likely to be considered to be 'developable'. The larger scheme of 10,000 dwellings has the potential to become 'developable' subject to two key issues being resolved, namely, the approach to sewage treatment and the provision of a second road crossing of the River Stort. A number of other issues also need to be resolved in co-operation with the site promoters and service providers. These are identified in Paragraph 11.6.6 of the Study.
- 2.21 Both schemes are concluded to be viable although the viability of the larger scheme becomes marginal when factoring in an affordable housing requirement of 40%. Due to the complex nature of this scheme, and the development costs involved, it is likely that only a nominal CIL charge could be secured for this site. PBA has indicated that, due to unresolved infrastructure issues, development is most likely to commence towards the middle or end of the plan period with a probable completion rate of 200 to 250 dwellings per annum.

East of Welwyn Garden City

- 2.22 A scheme of 1,700 dwellings was found to be 'developable'. Again, this is reflective of the scheme being promoted through the District Plan process by Gascoyne Cecil and Lafarge Tarmac.
- 2.23 A requirement to provide 40% affordable housing is considered to be viable and would allow the Council to secure a CIL charge of £150 to £200 per square metre. An estimated start date for development of 2022-2023 is reflective of the fact that there is a need for a period of minerals extraction on site which Lafarge Tarmac estimate will take around 5 years to complete. Following the commencement of development it is likely that approximately 150 to 175 dwellings would be completed per annum.
- 2.24 PBA has noted the importance of continued close co-operation with Welwyn Hatfield Borough Council on cross boundary infrastructure issues.

South of Bishop's Stortford

- 2.25 A scheme of 750 dwellings was assessed by PBA in this location. This reflects the likely need to provide a secondary school on site in order to meet the education needs arising from the wider Bishop's Stortford area as well as this development itself.
- 2.26 PBA has concluded that the site is 'developable' and could move towards being 'deliverable' dependent on the timing of a planning application. A start date for development of 2018 to 2019 has been assumed with a potential delivery rate of 75 to 100 dwellings per annum. Based on the provision of 40% affordable housing, a CIL charge of £150 per square metre could be secured.
- 2.27 In terms of design, PBA has recommended that particular attention is given to mitigating any impact of development on the Hertfordshire Way footpath.

The approach to the Broad Locations

- 2.28 The District Plan Preferred Options document indicated that the favoured approach with regards to the Broad Locations was to not seek to allocate them through the District Plan, but rather to prepare subsequent Development Plan Documents (DPD's). This approach would allow the Council to review the Green Belt in these locations at a later date, having resolved any remaining uncertainties regarding infrastructure delivery and undertaken a process of masterplanning the proposed developments.
- 2.29 Through the Strategic Sites study, PBA has suggested that they do not support this approach on the basis that the site promoters for each of the Broad Locations have already undertaken considerable masterplanning work. In addition, with regards to the Gilston Area, PBA has suggested that uncertainties relating to infrastructure delivery should not be left unanswered until after the District Plan Examination.
- 2.30 If the Council decides to continue to identify these sites within the next stage of the Plan making process, further consideration will be required in order to determine whether they should be removed from the Green Belt and allocated, or whether to maintain the current approach of identifying the sites as Broad Locations and preparing future DPD's.

Plan Viability, Affordable Housing and CIL Study

- 2.31 The second part of the Delivery Study, **Essential Reference Paper C**, assesses the viability of District Plan Preferred Options document as a whole.
- 2.32 Paragraph 174 of the NPPF states:
- ‘Local planning authorities should set out their policy on local standards in the Local Plan, including requirements for affordable housing. They should assess the likely cumulative impacts on development in their area of all existing and proposed local standards, supplementary planning documents and policies that support the development plan, when added to nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle’.*
- 2.33 As a starting point, PBA analysed all of the draft policies contained within the District Plan Preferred Options and identified those that would have a cost implication for future development. The policy areas that are considered most likely to impact on development viability are:
- Affordable housing
 - Infrastructure provision
 - Water efficiency standards
 - Provision for Gypsies and Travellers and Travelling Showpeople.
- 2.34 The study aims to assess the impact of the policy requirements identified above on the viability of development schemes in East Herts. PBA identified sixteen different residential site typologies to test based on different levels of development and housing mix. PBA also directly assessed the viability of two key brownfield regeneration sites; Mead Lane in Hertford and the Goods Yard in Bishop’s Stortford. While the housing market in East Herts is generally considered to be strong, for the purposes of this study, PBA has split the District into two value zones. This has been done to reflect the fact that sales values are marginally higher in the south of the district when compared to the north.
- 2.35 Table 8.8 on Page 48 of the study identifies the viability assessments for each of the site typologies. Crucially, for each

typology, if the residual land value (the value generated by a scheme) is greater than the threshold land value (the cost of the land) then the scheme is considered to be viable. The study demonstrates that all typologies are viable apart from flatted schemes where there is a requirement for 40% affordable housing.

2.36 Importantly this means that, based on the appraisal of site typologies, all of the sites identified within the first 5 years of the housing trajectory contained in the District Plan Preferred Options document are considered to be viable. In terms of the two specific brownfield sites, both are considered to be viable, albeit the Goods Yard only marginally so.

2.37 Table 10.1, reproduced below, shows PBA's recommendations on the level of affordable housing that could be sought from different development types. The table also suggests the level of CIL charge that could be sought should be Council choose to introduce a charging schedule. Of particular note is the fact that the study is suggesting that only a small percentage of affordable housing can be secured from flatted schemes. It will be for the Council to decide how to translate the findings of this study into policy in a way that ensures that a sufficient level of affordable housing is delivered over the plan period.

Use	Affordable housing policy / refinements	CIL charge per sq. m
Residential (less than 5 dwellings)	0%	Up to £200 per sq.m
Residential (5 – 14 dwellings)	Amend to 35%	Up to £150 per sq.m*
Residential (15 dwellings or more)	40%	£100 per sq.m
Southern Zone flats	20%	£50 per sq.m
Northern Zone flats	Either 10%	Or £40 per sq.m
Convenience retail	n/a	£80 per sq.m
All other developments	n/a	£0 per sq.m

2.38 PBA also assessed the viability of a number of generic non-residential schemes. Apart from convenience retail schemes these typologies were generally shown to be unviable. This is reflective of previous viability work undertaken on behalf of the Council. However PBA has caveated this by indicating that the typologies tested are based on speculative developments that would be made available for rent. In reality most non-residential schemes are developed with a specific end user in mind. In addition, the District Plan Preferred Options document generally seeks to provide new employment space as part of larger mixed use schemes rather than standalone developments.

Next steps

2.39 As a whole, the Delivery Study offers valuable advice with regards to the overall deliverability of the proposals and policies contained within the District Plan Preferred Options document. Following receipt of the study, it will be necessary to undertake the following steps as the Plan moves towards Examination and beyond:

- The infrastructure schedules that formed the basis of the study should be used in order to inform an Infrastructure Delivery Plan (IDP). The IDP will identify all of the strategic infrastructure schemes that will be necessary to support planned development;
- The study raises a number of issues to be addressed in relation to the Broad Locations, particularly in relation to Gilston. Officers will need to continue to seek a resolution to these issues through further discussions with site promoters and service providers;
- The draft policies contained within the District Plan Preferred Options document should be reviewed in light of the study, particularly in terms of the recommendations on affordable housing;
- A review of the study's conclusions will be required following receipt of further transport modelling data;
- The findings will need to be considered alongside the rest of the evidence base in order to inform the identification of a final development strategy, including the approach to the Broad Locations; and
- Following the adoption of the District Plan, the Council will need to decide whether to pursue the introduction of CIL in East Herts.

3.0 Implications/Consultations

3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

- National Planning Policy Framework (NPPF)
(<https://www.gov.uk/government/publications/national-planning-policy-framework--2>)
- Planning Practice Guidance (PPG)
(<http://planningguidance.planningportal.gov.uk/>)

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