



East Herts District Plan Delivery Study Members' Workshop 7 November 2014



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talking about

- deliverable plans
- viability
- funding infrastructure
- CIL and s106
- integrated plans
- evidence and telling the story

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“plans should be deliverable”

NPPF para 173

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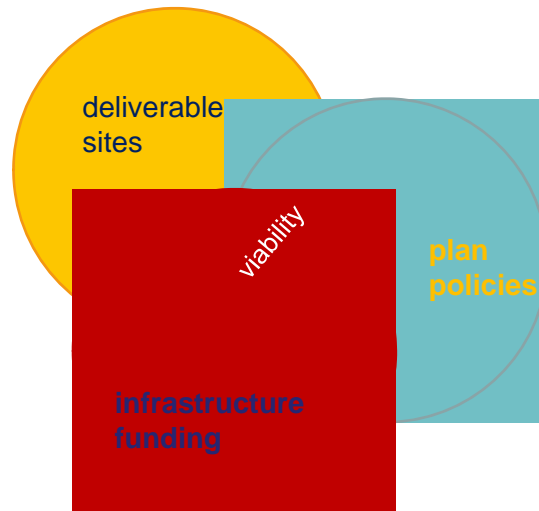
a deliverable plan

- a supply of development to meet objectively addressed housing requirements
- identified, integrated and funded infrastructure
- policies that are effective in achieving the plan’s objectives without inhibiting the required development

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viability evidence is the critical link



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Defining viability

‘An individual development can be said to be viable if, after taking account of all costs, including central and local government policy and regulatory costs, and the cost and availability of development finance, the scheme provides a competitive return to the developer to ensure that development takes place, and generates a land value sufficient to persuade the land owner to sell the land for the development proposed.’ Harman

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sites

A supply of housing for the plan period

- **Deliverable** sites over years 0-5 (viable, suitable location, available)
- **Developable** sites over years 6-10 + onwards if possible (suitable location, 'reasonable prospect for viable development at the point envisaged')

Supply for the next five years is a critical test

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Housing trajectory – 0- 5yrs and beyond

	A	B	C	D	E	F	G
			2011-2016	2016-2021	2021-2026	2026-2031	2011-2031
1							
2	Other	Windfall allowance	0	450	400	350	1200
3	Other	Completions	1,082	0	0	0	1082
4	Other	Commitments	1,572	0	0	0	1572
5	Other	Group 1 Villages	0	250	125	125	500
6	SLAA	Bishop's Stortford Urban Area	0	75	172	0	247
7	Allocation	Bishop's Stortford Goods Yard	0	0	200	0	200
8	Allocation	Hadam Road Secondary School Reserve Site, Bishop's Stortford (increase to 250 in 2016-2021 if secondary school not required)	0	0	0	0	0
9	Allocation	North of Bishop's Stortford (reduce to 2,350 if secondary school required)	0	1300	800	500	2600
10	Allocation	South of Bishop's Stortford (reduce to 750 if secondary school required)	0	500	500	0	1000
11	Allocation	East of Bishop's Stortford	0	150	0	0	150
12	SLAA	Buntingford Urban Area	0	13	0	0	13
13	Allocation	Buntingford South (former Depot)	0	300	0	0	300
14	Allocation	Buntingford North	0	0	180	0	180
15	SLAA	Hertford Urban Area	0	365	36	50	451
16	Allocation	North of Hertford	0	0	150	0	150
17	Allocation	South of Hertford	0	50	0	0	50
18	Allocation	West of Hertford	0	550	0	0	550
19	SLAA	Sawbridgeworth Urban Area	0	0	5	0	5
20	Allocation	West of Sawbridgeworth	0	400	0	0	400
21	SLAA	Ware Urban Area	0	20	12	0	32
22	Broad Location	Gilton Area	0	0	1,250	1,250	3000
23	Broad Location	North and East of Ware	0	0	800	1,000	1800
24	Broad Location	East of Welwyn Garden City	0	0	0	450	450
25		TOTAL SUPPLY - including contingency of c.6%	2654	4421	4630	4225	15932
26		Projected Need (750 dwellings per year)	3750	3750	3750	3750	15000
27		Shortfall spread over 2016-2021		365.3	365.3	365.3	1096
28		Need plus shortfall		4115	4115	4115	
29		5% buffer moved forward from 2021-2031 to 2016-2021		208	-103	-103	
30		Total Requirement	3654	4321	4012	4012	15000

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Policies

three categories

- Policies which do not have an effect on development costs
- Policies likely to increase the cost of certain types of development in all or some areas
- Policies setting specific requirements for something to be delivered as part of a strategic allocation - with a cost

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policies

Anticipated plan policy area (reference and page)	Does the policy have a cost implication?	Do these policies apply to all development or specific forms of development and when will it be imposed?	What is the estimate cost implication in monetary terms of the policy?	How should these costs been dealt with in this study – workshop discussion
SP1	No			
SP2	Yes	All development within Town Centre and out of town retail areas	IDP?	
SP3	Yes	Environmental enhancements Improvements to green links and spaces	IDP?	
CP1	No			
CP3 – i	Yes	Links with out of town retail	IDP?	
Currently SP6 Anker Valley	Yes	Infrastructure costs associated with delivery of housing site	IDP	
Housing Allocations (not yet finalized)	Yes	Infrastructure costs associated with delivery of housing site	IDP	
CP4	Yes	Affordable Housing – applies to all housing development		
CP5	Yes	Housing Types		

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Infrastructure funding – component from development

s106

development specific such as

- access arrangements
- training agreements
- affordable housing

negotiable charge

may be provided on site as part of development of strategic sites

CIL

generalised infrastructure provision – such as

- public transport services
- green infrastructure

- education provision
- strategic road links
- flood mitigation
- health and social services
- emergency services

mandatory fixed charge

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CIL

- potentially greater efficiency in collecting funding from development
- CIL charging Schedule requires local plan to be in place
- delivery of infrastructure for development requires careful design of respective roles of CIL and s106
- overall pot fixed by viability, but CIL charges fixed whilst s106 is negotiable
- proportion of CIL goes to neighbourhood forum - and from funding of infrastructure needed for development?
- CIL requires a funding gap - what makes up the gap?

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s106

- Planning obligations (s106 payments) remain
- Local authority to say what CIL is for (Reg 123 list) – cannot seek s106 for anything on this list
- s106 – three statutory tests
 - Necessary
 - Directly related to development
 - Fairly and reasonably related in scale and kind
- Five or more rule
- S106 scaled back with CIL in place

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Achieving a balance with CIL charges

£



CIL
charge
per sq
metre

too high risks
inhibiting development

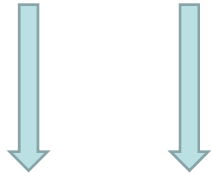
too low misses the
opportunity to collect money
to fund infrastructure

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development and infrastructure trajectories

critical infrastructure
thresholds



flow of development
yields funds for
infrastructure

- has enough funding accrued to pay for the infrastructure needed to make development work?
- have all sources been explored and how predictable are they?
- is the prioritisation of infrastructure right?

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how a development appraisal works

development value

less
build
costs

less
s106

less
CIL

less
profit

leaves
residual
land value

compare with
benchmark land value or
existing use value

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Appraisal model allows different policy costs to be explored, amongst other variables

Sale values of housing types categorised into zones across district.

Affordable housing trigger, percentage and tenure split can be easily adjusted

Transfer rates of affordable units

Total construction costs broken down

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outputs

an integrated set of recommendations

- on CIL Charging Schedule, with development types and locations
- on affordable housing policies, with thresholds, proportions and market areas
- on the respective roles of s106 and CIL
- on changes to draft policies, to achieve objectives with less inhibiting effects

The story of a deliverable plan

High cost policy aspirations have to be traded with funding of infrastructure to make sites and places work and with deliverability of supply to meet the housing requirement

A compelling link between what is in the plan and the evidence, clearly and concisely presented

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Closing the gaps

John Baker
Partner

