

HEARING STATEMENT

Peter Brett Associates on behalf of Severn Trent Plc

Representor ID: 003 / Reg 19 Ref No: SLP442

Matter 8: Viability and Deliverability

Introduction

1. This statement has been prepared by Peter Brett Associates (PBA) to amplify objections made on behalf of Severn Trent Plc to the soundness of the emerging North Warwickshire Local Plan.
2. Severn Trent Plc is the owner of available development land to the east of Curdworth and west of the M42 motorway.
3. This statement responds below to those questions raised by the Inspector that are relevant to Severn Trent Plc. It concludes that there are gaps in what should be a reasonable and proportionate evidence base and, due to the nature of the sites proposed for development, this could render parts of the plan unviable or undeliverable. Without the necessary evidence the plan is not, and cannot be demonstrated to be an effective tool to enable sufficient homes to be delivered.
4. Were a full suite of evidence made available it is our position that the spatial strategy is likely to be rendered unsound in its present format. There are concerns that growth centred along the A5 corridor creating micro market conditions that wouldn't necessarily serve needs. A greater emphasis on the preferred Sustainability Appraisal Option OUT1 could address this in more detail. Locating housing to meet Birmingham's need closest to where need arises i.e. between the urban edge and M42 i.e. (around Curdworth) would redress soundness concerns about the creation of an over-heated micro-market in the north of the District.

8.1 Is there appropriate evidence regarding viability, market conditions, and infrastructure funding to indicate that the level of development that the LP intends to enable would be delivered in practice?

Viability

5. No. A gap exists between assumptions set out in the Viability Appraisal (NWBC13) and the Infrastructure Delivery Plan (IDP 2018) (CD0/4) which in our submission means that the available evidence is insufficient to support a viable plan. In particular, the strategic site assessments at Appendix 8 of NWBC13 contain a number of cost omissions in respect of developer contributions. Part of the reason for this is that the supporting IDP 2018 appears to contain several significant costing omissions. For example the following are omitted:-
 - a. Elements of the A5 road improvements;
 - b. Early years education costs;
 - c. Plus 16 years tertiary costs;
 - d. Elements of local green space and local space requirements.



HEARING STATEMENT

6. In cases where costs have been identified, such as some of the Green Infrastructure items, these are also based on aged data from 2008-2010. This raises the question whether they are up to date?
7. When examining the costs of infrastructure delivery in Appendix 8 of NWBC13, some of the following viability inputs appear unusually low and may be a result of missing information in the IDP 2018:

“Appendix 8c- Land to east of Polesworth and Dordon (2,000 dwellings)

Statutory S106 costs £

Transport	£59,305
Highways	£28,535”

“Appendix 8d- Land west of Robey’s Lane (1,270 dwellings)

Statutory S106 costs £

Transport	£55,778
Highways	£0”

“Appendix 8e- Land between Church Rd and Nuneaton Rd (400 dwellings)

Statutory S106 costs £

Transport	£17,568
Highways	£0”

8. Given one of the stated objective of the LPA was a need to locate development along the A5 corridor to deliver developer contributions for strategic highway infrastructure, the viability appraisal does not appear to reflect this? Either the spatial distribution is not intended to deliver highway infrastructure or the appraisal process has important gaps that need to be understood to determine viability on a site by site basis.
9. To remedy this in a proportionate manner, the IDP 2018 should provide some form of costing information for major road infrastructure and that should be applied to the appraisals contained with NWBC13 (Appendix 8) especially where infrastructure is listed as ‘critical’ or ‘necessary’ for new development. It is only at the point of having this information that a reasonable judgment can be made about whether the plan is positively prepared or whether a reasonable alternative strategy would prove to be the most sustainable option.
10. It is noted at Recommendation 8 of NWBC13, that the viability appraisals suggests a CIL rate of £40psqm can be absorbed in the residual profit element of the schemes appraised in Appendix 8. However, it is not clear from this or other evidence whether a rate of £40psqm would be sufficient to deliver the infrastructure requirements summarised in Appendix B and Appendix G of the IDP 2018 (CD0/4) given they are not costed in sufficient detail? Whilst CIL may be for a separate examination process, it is important to have confirmation now, that critical and necessary infrastructure is deliverable.

Market Conditions

11. The Council has not produced any material evidence to suggest that the delivery of circa 10,000 houses is unachievable within the Borough during the plan period.



HEARING STATEMENT

There is no evidence to suggest an increase in delivery would be unsustainable to the housing market either.

12. However, Severn Trent Plc has some concerns about the impact of this particular spatial strategy which focuses the majority of growth in one narrow transport corridor and thus could create a micro-market. Any concern in respect of this could be remedied by following the Council's preferred hybrid distribution which includes growth option OUT1 (as set out in the Sustainability Appraisal (CD1/2)) and would spread development more widely in areas where it is most needed. This is commented upon further below in respect of meeting Birmingham City's cross border growth.

Infrastructure Funding

13. The Council's position on this is unclear, leading to uncertainty about the effectiveness of the plan's delivery. In responses to the Spatial Distribution session, focusing housing around the A5 was justified in part by the need to support major highway infrastructure. However, as can be seen in the viability appraisal this does not appear to be the case on a site by site basis. Moreover, the IDP 2018 contains significant gaps in its explanation of costs and which specific funding streams have been secured to bridge the gap between developer contributions and infrastructure costs.
14. Of most concern is whether the proposed housing sites in the north of the Borough are reliant upon the infrastructure improvements within the A5 corridor? Appendix B of the IDP2018 explains some schemes are 'critical' or 'necessary'. If they are, then the evidence base must include a clear position on infrastructure funding to support their allocation as deliverable sites. With many LPAs seeking DfT and MHCLG funding, not all bids are successful. The plan should be deliverable upon adoption and, if those schemes listed as critical or necessary have yet to secure funding, the effectiveness of the plan is brought into question.

8.2 What is the relevance of paragraph 9.67 of the Greater Birmingham Strategic Growth Study [CD8/23] which sets out that there is 'no effective potential' for additional housing supply beyond housing growth of 1.8% per annum? (NB this replicates an earlier issue in matter 4).

15. Using historical housing growth to predict future housing growth is an erroneous starting point. There are many factors that would have affected housing growth in the recent past, including planning policy constraints, maximum housing requirements and the significance of the last recession on the housing sector.
16. The GBHMASGS provides no evidence to demonstrate that the removal of planning policy constraints would not result in an uplift in delivery. In particular, the release of sites within the Green Belt would be an example way of removing policy constraints to development south of the Borough.
17. Furthermore, as Birmingham City, Tamworth Borough and Coventry are no longer able to supply the housing needed to support their own growth, the resultant pressure will ripple out to those locations that have agreed to delivery some of their housing requirement. That pressure is not reflected in a backwards looking market capacity assessment.



HEARING STATEMENT

18. It has already been pointed out that, in arriving at a housing need for North Warwickshire, the GBHMASGS consultant chose to place a policy limit on employment growth in the SHMA update. Again, the removal of such a limit would generate a higher need for housing to meet indigenous growth. Again, where there is forecast pressure in the employment market, that will have a similar positive effect on the local housing market.
19. In our view, the only barrier to increased potential growth is the locational limitations of the spatial strategy. This risks creating micro-market conditions along the A5 corridor that do not serve the needs of exported growth from Birmingham (which makes up a significant proportion of the housing need). The Sustainability Appraisal spatial option OUT1 (meeting need closest to where it arises) forms part of the chosen plan strategy, yet there is no evidence of it in the plan itself. The delivery of some growth in accordance with option OUT1 would redress soundness concerns about the creation of an over-heated micro-market in the north of the District by spreading it south west along the inner edge of the M42.

8.4 Are anticipated delivery trajectories suitably comprehensive and thorough, including to enable appropriate monitoring [NWBC10, NWBC10a, NWBC10b]? What assumptions have been made in respect of delivery trajectories and are these robust (including in respect of lead-in times, lapse rates, build-out speeds etc.)?

20. Research paper, 'From Start to Finish' prepared by NLP in 2016 (appended to this statement 'App1') provides a helpful assessment of the delivery of 70 large sites across England and Wales to establish delivery data trends.
21. Table 2 on page 18 provides data on the time lapse up to the point of securing planning permission (generally around 5 years for large greenfield sites). Table 3 provides annual average build-out data which shows sites in the 1,500-1,999 size category managed 142 completions per annum.
22. The conclusion that can be drawn from this in respect of North Warwickshire and the March 2018 Housing Trajectory (NWBC10b) is as follows:
- a. The trajectory for H7 (land east of Poleswoth and Dordon) appears optimistic (166-197 completions per annum). Assuming a start on site in 22/23, the site may deliver 1,562 dwellings during the plan period at an average of 142pa instead of 1,968.
 - b. Therefore, the housing trajectory for H7 when considered against the NLP paper demonstrates that the build out predictions are unrealistic and the site will clearly underdeliver against the plan by at least 3 years and result in a shortfall of delivery during the plan period.
 - c. This raises questions as to whether there has been an overly positive view on delivery in other respects.

8.5 Is viability evidence in support of the plan based on reasonable assumptions reflecting the particular nature of the Borough?

23. Concern is raised about two aspects of the updated viability appraisal (document NWBC13). The concerns relate to:

HEARING STATEMENT

- a. no allowance for abnormal or site-specific S106 costs (paragraph 2.4.9); and
 - b. the 'small' residual allowance of £500 per dwelling within the CIL calculation (paragraph 73) – which seems to be woefully insufficient to deal with abnormal costs.
24. It is highly unusual for large or strategic-scale sites to avoid all abnormal and site-specific S106 costs. It should be borne in mind that much of the Borough sits within a mineral/mining area and site costs relating to non-standard foundation design, for example, in mining or mineral deposit areas can be a significant burden. There should be allowances and an acceptance that abnormal costs may arise.
25. Such a narrow approach puts the deliverability of the plan at risk when a significant proportion of development is currently focused on a small number of strategic sites all within the north of the Borough. Whilst this plan isn't being examined in accordance with the 2018 NPPF and accompanying Practice Guidance, the principles set out in ID 10-005-20180724 of the PPG underpin general soundness set out in the NPPF2012. In particular, it explains that site-specific circumstances of those sites critical to the delivery of a plan can be tested. Given the circumstances in North Warwickshire:
- a. a low residual land value allowance in the CIL affordability calculation;
 - b. reliance on a few large strategic sites;
 - c. greater pressure for greenfield sites to delivery affordable housing; and,
 - d. the necessity of new supporting infrastructure along the A5 corridor to support delivery.
26. There is real concern that the exclusion of site-specific and abnormal costs from the viability assessment leaves an important gap in the evidence base of the plan. This, risks the future delivery of housing or results in the re-negotiation of reduced affordable housing delivery through viability assessments (something the NPPF2018 seeks to avoid).
27. Implementation of option OUT1 would ensure a more robust approach to delivery.

(8.5 a) Have the full range of expected requirements been taken into account (including developer contributions)?

28. No. As indicated above, no allowance has been made for site-specific contributions in the viability assessment. Turning to the PPG ID 10-004-20180724,
- “Average costs and values can be used to make assumptions about how the viability of each type of site would be affected by all relevant policies”*
29. Given that site-specific developer contributions are by necessity, policy driven, they should be taken account of within the viability assessment process.

8.6 Has all necessary infrastructure provision been costed and timetabled? If not, would that compromise either deliverability or development viability?

30. Appendix B of the IDP 2018 identifies 8 projects (7 highway schemes) that are either necessary or critical. As described in the table below paragraph 5.5 of the IDP 2018,



HEARING STATEMENT

critical and necessary schemes are needed to support new development. Moreover, critical schemes must be in place before planned development commences.

31. As explained earlier, some schemes are costed in Appendix G of the IDP 2018, but Appendix B suggests that costing gaps remain. When looking at the trajectory many sites are still in their early development stages. If housing completions on strategic sites begin part way through the plan period and considering that there is a time lag between making a planning application and commencing completions, the ability for these sites to release substantial s106 contributions at this time may be limited. This would result in less contributions than needed for infrastructure. Appendix G identifies the year of inclusion of some substantial schemes as either 2021 or 2026 which is very early in the 'delivery / development cycle' and raises the question of which funding programmes have committed to their delivery?
32. It would be helpful to see a timetable for major infrastructure delivery which identifies the period of time necessary to build schemes and bring them into operation. This could then be set against the housing delivery trajectory to ensure critical and necessary infrastructure is funded and operational at the right times.