

**Statement of Common Ground
B&NES Community Infrastructure Levy**

**Agents (Savills) on behalf of
Crest Nicholson (Bath Western) Ltd**

and

Bath & North East Somerset Council

16th January 2015

1. Introduction

- 1.1 This Statement of Common Ground (herein referred to as the 'Statement') has been jointly prepared by Bath & North East Somerset Council (herein referred to as the 'Council') and Crest Nicholson (Bath Western) Ltd (herein referred to as 'Crest') in relation to the Examination of the Bath and North East Somerset Community Infrastructure Levy (CIL).
- 1.2 The Statement provides background information to the CIL Charging Schedule Examiner relating exclusively to the Bath Western Riverside (BWR) site.
- 1.3 BWR has the benefit of outline planning permission granted on 23 December 2010 (Application No: 06/01733/EOUT). The plan attached at **Appendix 1** is the red line plan approved as part of the permission. The description of development is as follows:

"A new residential quarter including up to 2281 residential homes and apartments (Class C3); up to 675 student bedrooms and associated communal areas (Class C3) (or alternatively up to 345 student bedrooms (Class C3) and a primary school (Class D1)); local shops, restaurants, and other community services and facilities (within Classes A1, A2, A3, A4, A5, D1); construction of new bridges, roads, footways and cycleways; associated infrastructure and facilities; accommodation works; and landscaping."

- 1.4 A total of 358 dwellings have now been completed and sold across the site, a further 323 dwellings are under construction. Therefore up to 1,460 dwellings remain as part of original outline application.

2. Description of the site

- 2.1 The Bath Western Riverside site is located approximately 400 to 800 metres to the west of the city centre and is adjacent to and directly south of Victoria Park. The aerial photograph attached at **Appendix 2** shows the location of the site in the context of the city. The site extends to approximately 17.9 hectares with the largest part to the south of the River Avon, and includes two principal river crossings at Victoria Bridge, and Destructor Bridge and the former old gas works bridge, now used as a gas pipe crossing.
- 2.2 Approximately 50% of the site was formerly the Stothert and Pitt crane manufacturing works which was decommissioned and cleared in the 1980's. The remaining site to the south of the river comprised the recently operational gas works and a number of sublet employment uses.
- 2.3 The area to the north of the river, currently the Municipal waste and recycling facility has a frontage to Upper Bristol Road at an approximate ground level of 21.5 metres AOD, and extends to the north bank of the river at an approximate ground level of 19 metres AOD.
- 2.4 The completed phases of 323 homes, public open space, a public riverside walkway, public gardens and events space and the refurbishment of the Grade II listed Victoria Bridge has been completed in accordance with the detailed and reserved matters permissions pursuant to the December 2010 outline permission.

- 2.5 The plan showing the development status of the site is attached at **Appendix 3**. The proposed re-planning of the site relates to the residual land covered by the outline permission.

3. The Regeneration of BWR

- 3.1 BWR is a significant site in the city and it's continued regeneration is important for a number of reasons. Both Crest and the Council wish to ensure that the introduction of CIL will not risk jeopardising the delivery of the development.
- 3.2 The site was first allocated in the Bath and North East Somerset Local Plan (October 2007) under Policy GDS.1/B1. As acknowledged in the adopted Core Strategy (paragraph 2.17d), BWR is an exceptionally complex site. Whilst the first phase of development has been successfully implemented, there remain significant challenges which must be overcome in delivering the remaining land within the area covered by the outline permission.
- 3.3 The regeneration at BWR involves the removal of undesirable uses from the central location within the City (including a gas holder and municipal waste transfer facility), decontaminate brownfield land and create an attractive, high quality urban environment within the Core of the Bath World Heritage Site. The achievement of these important planning objectives involves considerable works and costs in addition to the construction of the development itself.
- 3.4 In addition, BWR represents an extremely important component of the Council's five year housing land supply. The latest evidence in the Council's SHLAA is that there are anticipated to be 696 dwellings completed on BWR within the next five years. The site will therefore play a key role in meeting the housing needs of the community and providing for the continued regeneration is therefore a high political priority.
- 3.5 The existing outline planning permission at BWR is accompanied by a detailed Section 106 agreement and an affordable housing agreement with Somer Community Housing Trust (now known as Curo) and B&NES. The provisions of the Section 106 agreement were the subject of viability testing at the time the agreement was signed and hence the required works and financial contributions reflect the challenging nature of the site. The 'cost' of the Section 106 agreement and the affordable housing scheme therefore represented the maximum amount that the BWR development could afford to deliver at the time the outline permission was granted.
- 3.6 It has very recently been decided by Crest that a change to the layout of the remaining elements of the development at the BWR would be beneficial drawing on the experience gained through earlier phases and Crest is in the process of agreeing with the Council the most appropriate means of addressing these changes through the planning process such as a Section 73 application to vary the existing permission. At this stage, any value this change to the layout might add to the scheme has not been quantified.

4. Viability Evidence Provided by Crest

- 4.1 Due to commercial confidentiality Crest contend that it is not appropriate to produce a viability appraisal and to publish this in the public domain. As an

alternative, Crest have analysed the assumptions and results of the most appropriate site typology in the BNPP evidence (typology 9) and based the evidence in this Statement on the conclusions of the BNPP Study. Whilst not all of the assumptions used in this typology are correct when applied to BWR it is nevertheless the closest and highly relevant comparison. This typology contains a mix of houses and flats at 90 dwellings per hectare. BWR similarly comprises a mix of houses and flats and is being delivered at an average density of between 100 and 110 dwellings per hectare.

- 4.2 Crest have reviewed the assumptions in the BNPP Viability Evidence for Scenario 9 and have provided an assessment of the viability appraisal assumptions as they relate to the BWR site. The explanation of the alternative assumptions is attached at **Appendix 4**.

5. Proposed Changes to the Draft CIL Charging Schedule

- 5.1 The following matters are agreed by Crest and the Council:

- a) BWR is an extremely significant site in the city and its continued regeneration is important for a number of reasons. Both Crest and the Council wish to ensure that the introduction of CIL will not risk jeopardising the delivery of the development;
- b) Site typology 9 in the BNPP Study is the closest of those tested in the Viability Study to the proposed development at BWR;
- c) Based on the policy requirement of 30% affordable housing, the findings of the BNPP Study (Table 6.10.1) conclude that site typology 9 in Bath N/W/A & CV(E) (i.e. the location of BWR) is 'not viable' when compared against any of the four benchmark land values;
- d) The exceptional / abnormal development costs and site infrastructure requirements associated with the delivery of the development come to a total of £46,027,000. There is no equivalent assumption in the BNPP Study and this would represent an additional cost to the development. The difference between these assumptions will have a significant impact upon the viability of development;
- e) The development is currently coordinated through an over-arching outline planning permission with associated Section 106 and the affordable housing scheme. This has been successful in the past and, due to the particularly complex set of circumstances, it is agreed that the bespoke arrangements that have been approved are the most effective means of delivering the development and the supporting infrastructure;

- 5.2 If the Examiner considers that this evidence contained in this Statement is sufficient to conclude that a £0 per sq.m. CIL differential rate should be set for BWR then it is agreed between the parties that the Examiner would need to recommend the following changes to the Draft Charging Schedule:


- A geographical boundary is established for a differential CIL rate as proposed on the plan attached at **Appendix 1**;

- That a CIL rate of £0 per sq m is set for all development within the geographically defined differential rate zone; and
- In parallel the Council will amend the Regulation 123 list to exclude the BWR from all items on the Regulation 123 list to enable the continued use of the Section 106 agreement.

Declaration

The content of this document is agreed for the purposes of the B&NES Community Infrastructure Levy Charging Schedule Examination 2015.

Signed on behalf of Crest Nicholson (Bath Western) Ltd:



.....
Position: Managing Director, Crest Nicholson Regeneration

Date: 16 January 2015

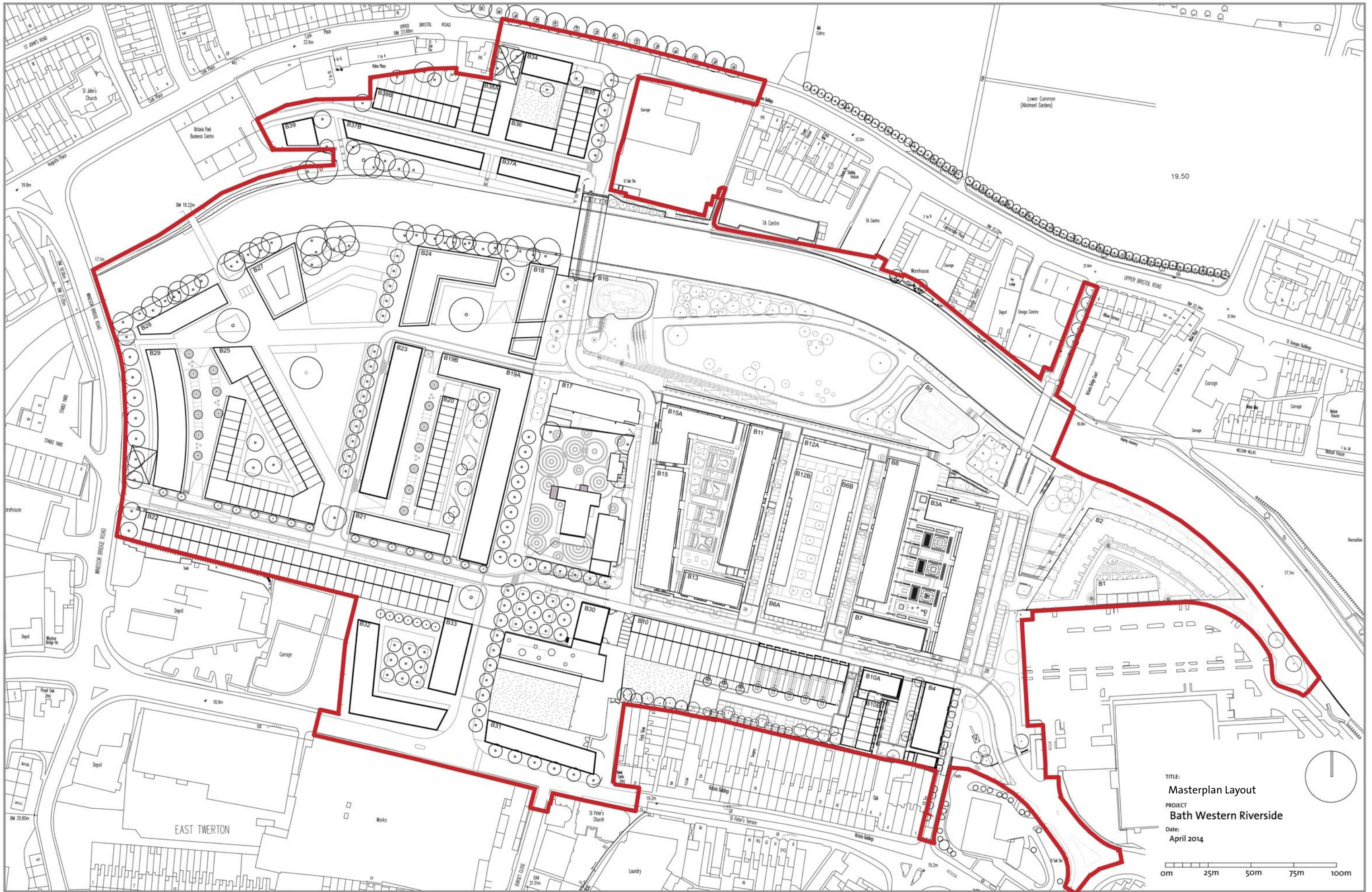
And

Signed on behalf of Bath & North East Somerset Council:

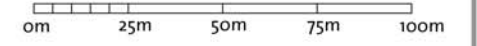


.....
Position: TEAM LEADER - PLANNING POLICY

Date: 16/1/2015



TITLE:
Masterplan Layout
 PROJECT
Bath Western Riverside
 Date:
 April 2014

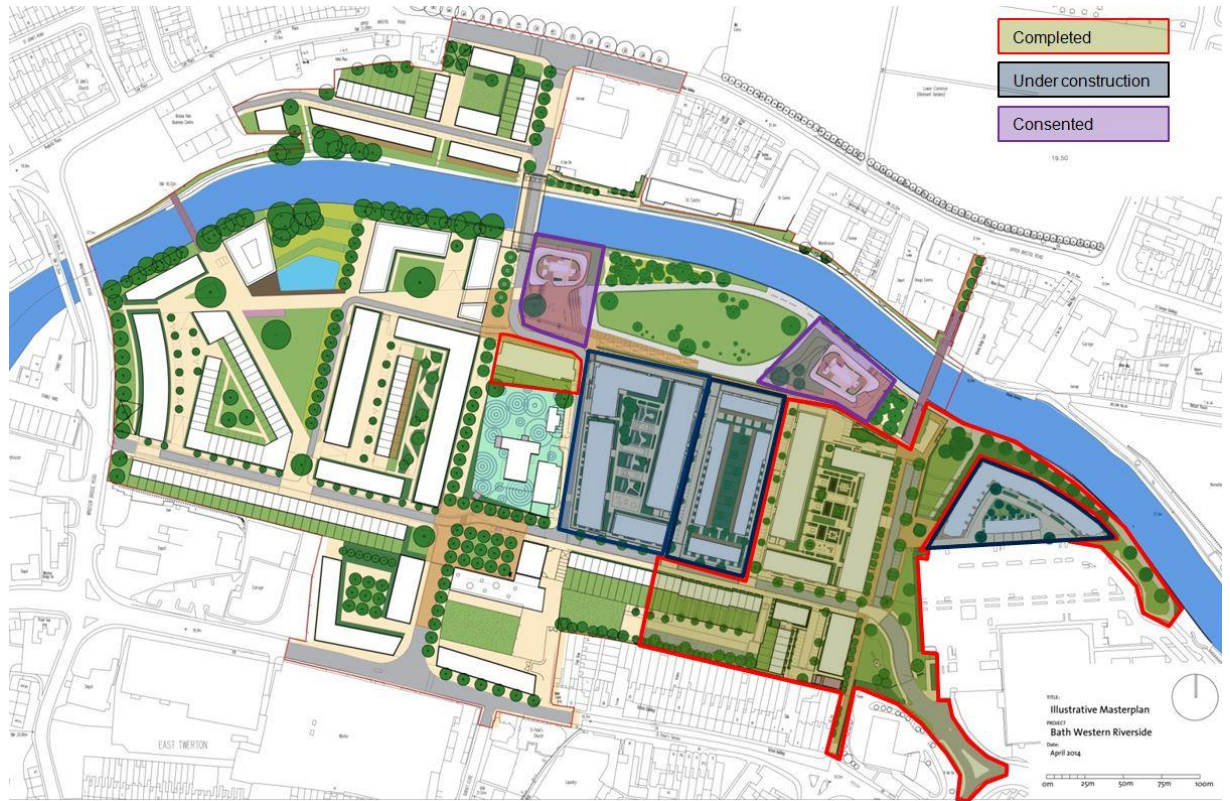


Appendix 2 The Location



Appendix 3

The plan showing the development status of the site



Appendix 4

Alternative BWR Specific Assumptions Produced by Crest

Residential Sales Values

The residential sales values identified by BNPP for Bath City Centre are set out in table 4.2.1 and indicates a range of residential sales values from £2,500 per square metre to £4,800 per square metre (per m²). Bath City Centre sites are assumed to have an average value of £4,800 per m². BWR sits on the edge of the City Centre across the River Avon and the sales values underpinning the viability of the site are based on sales values actually achieved on site and those anticipated going forward. The average range of values which reflects the inclusion of houses and apartments is between £3,800 to £5,000 per m², with an average between £4,500 and £4,600 per m² slightly under the assumed City Centre values and reflecting the edge of City Centre location.

Affordable Housing Tenure and Values

The BNPP analysis examines a series of scenarios relating to the quantum of affordable housing that can be provided on each of the sites. BWR has the benefit of an Affordable Housing Scheme which sets out the agreement in relation to the affordable housing provision across the whole site. Due to the initial viability challenges on BWR the base level of affordable housing provision was set at 25% with the potential to be increased to 30% where grant funding supports enhanced affordable housing values above an agreed level. The need for a £0 CIL charge correlates with the sensitivity analysis carried out by BNPP at table 6.10.1 which confirms that City Centre schemes they analysed became unviable between 20% and 30% affordable housing for site type 9 (sites including houses and flats of 125 units). This correlates with the experience on BWR and shows that the level of affordable housing on the development was set to correspond with the minimum viability threshold.

Residential Development Types, Density and Mix.

The BWR scheme is typical of the assumptions relating to density of housing for larger sites (125 units) and has a mix of houses and apartments. The expected density is anticipated to be in the order 100-112 units per hectare. The mix includes 2, 3 and 4 bed houses and studios, 1, 2 and 3 bed apartments.

Residential Build Costs

BWR has an agreed design code which sets out the design considerations, treatment of windows, frontages and materials acceptable for the development. As assumed in the BNPP cost assessment Bath stone has been used on all principal frontages. Windows are large and floor to ceiling heights are in line with Bath proportions. The whole development is being delivered to Code for Sustainable Homes 4 standards. BNPP indicates a range of build costs in Bath City assuming the use of Bath stone and Code 4 between £1,862 per m² and £2,494 per m². BWR build costs sit within this range so we concur with these assumptions.

Code for Sustainable Homes 4 is a Section 106 requirement and has been achieved throughout the development to date. The most cost effective means of achieving this obligation is to have a combined heat and power district heating system and other measures. The usual methods of achieving such measures were not available to BWR for various planning and design reasons. For example ground source heat pumps are not acceptable due to the possible interference with the aquifers of Bath; the use of photovoltaic panels is not acceptable in planning/visibility/site line terms given views to the site from the Royal Crescent; and a fabric first solution cannot be achieved due to the restriction on materials.

Development Programme

The rate of sales at BWR is similar to those assumptions set out in the BNPP report with a slightly faster sales rate of circa five per month.

Professional Fees

We broadly concur in cost terms with the professional fee assumptions as set out in the BNPP analysis. Infrastructure fees are slightly higher due to the complex nature of the works and also the different levels of agents including those of the Council appointed to oversee and inspect adoptable infrastructure such as the replacement of the Destructor Bridge and the refurbishment of the very recently completed Grade II listed Victoria Bridge. Detailed design fees for the buildings align with the 10% assumption of BNPP.

Finance Costs, Stamp Duty, Acquisition Costs, Developers Profit

BWR can share the assumptions set out on the stamp duty and finance costs relating to the development. These are industry norms.

Across the whole of BWR, we can accept BNPP’s assumption of 20% developers overhead and profit and support the explanation relating to it being driven by both funding institutions and the funding environment in which Crest is operating, together with the risk and cash flow profile of this challenging development.

Exceptional Costs and S106 Assumptions

Whilst the BNPP report makes a general allowance for Section 106 costs not covered by CIL, it expressly excludes any assumption to cover exceptional / abnormal costs. This is where the BWR development significantly departs from the assumptions set out in the BNPP viability analysis.

As a former contaminated industrial site and operational gas works with an operating Wessex Water Pumping Station, the costs involved in creating a developable site are significant. The delivery of the development requires:

- removal filter beds;
- decommissioning and demolition of gas towers
- whole site remediation;
- rationalisation of the gas network which is a continuing requirement to supply Bath;
- provision of the bridges connecting the site over the River Avon allowing movement to the City Centre;
- repair and long term maintenance of the Avon River wall along the length of the development site due to riparian rights;
- highly unique and specific works such as a contribution towards the relocation of the Council’s Waste and Recycling facility;
- provision of land required to deliver a school; and
- compulsorily purchase of land.

Considerable technical work has been undertaken to investigate the costs of addressing the site specific exceptional requirements of the BWR site. These can be summarised below:

		Cost £'000
<u>BWR REMAINING SCHEME CPO ACQUISITION & RELOCATION COSTS</u>		
Cost of Relocating Council Waste & Recycling Depot (from within the site))	
Land Required for School - CPO Acquisition and Compensation payments	>	16,717
Related CPO costs)	

	Cost £'000
Total Remaining Scheme CPO & Relocation Costs	16,717
<u>BWR REMAINING SCHEME – ENABLING WORKS</u>	
Demolition and Removal of Existing Gas Towers	
Gas Network Rationalisation	1,250
Gas Offsite Reinforcement Infrastructure	3,125
Site remediation of a former gas works, waste and recycling site	13,507
General Infrastructure	
Roads formation	2,038
Drainage	1,228
Utilities	3,377
Energy Centre	4,785
Total Remaining Scheme Enabling Works	29,310
<u>BWR REMAINING SCHEME – S106 MITIGATION CONTRIBUTIONS</u>	
Implementation of the public realm and public parks	3,287
River Avon wall repairs	449
Provision of a primary school and associated play areas	4,250
Pedestrian Bridge over the River Avon from the site	1,463
Works to Lower Bristol Road	767
Continuation of the Rapid Transit Road for adoption through the site	681
Financial Contributions to offsite road works, support of City wide transport initiatives	1,584
Public sector adoption fees and maintenance fees for public realm	1,057
Financial Contributions to public services including libraries, police and social services	526
Total Remaining S106 Mitigation Contributions	14,064
<u>TOTAL REMAINING BWR SCHEME COSTS</u>	60,091
Based on (say) 1,000 units, the average cost/unit of the above "abnormal" costs for the remaining scheme is:	£60.1k