

1. CIL Bath and North East Somerset Draft Charging Schedule Consultation September 2014

Ref: Strategic Sites Odd Down

Summary

- 1.1. The Hignett Family Trust (HFT) have promoted the land adjoining Odd Down within the Core Strategy process. The Site is now allocated as a strategic site under Policy B3A, to include 300 new dwellings. HFT will be taking the majority of site forward in partnership with Bloor Homes, whilst the owners of Sulis Manor consider various alternative strategies. This representation is in respect of the BANES Draft Charging Schedule (DCS) and relates to the whole of strategic allocation, although similar arguments can be made in respect of the other strategic sites referred to in the DCS.
- 1.2. Savills, who act for HFT and Bloor Homes in respect of this site, have made separate representations in respect of this DCS on behalf of a group of Housebuilders. Their findings reach similar conclusions to these representations.
- 1.3. HFT conclude that the DCS and more specifically the reduced £50/m² rate for strategic sites will result in either a substantial delay or more likely a failure to bring forward this strategic site. The calculation of this rate fails to have regard to all the relevant evidence, including evidence from its own advisors. HFT recommend that the DCS is amended to include a zero rate for the five identified strategic sites in the Core Strategy. Failing this, a zero rate should be applied to the strategic site at Odd Down, Policy B3A.
- 1.4. HFT will wish to attend examination and make further representations supported by relevant evidence.
- 1.5. HFT welcome the separate appraisals undertaken for the five strategic sites allocated in the Core Strategy as follows:
 - Land adjoining Odd Down
 - Extension to MoD Ensleigh
 - Land adjoining East Keynsham
 - Land adjoining South West Keynsham
 - Land at Whitchurch
- 1.6. It is important that large scale sites are adequately tested as their inputs differ to smaller development sites owing to their individual characteristics, the up-front infrastructure requirements and most importantly the application of the specific Placemaking Principles for each strategic site, as set out in the Core Strategy. The Placemaking Principles in respect of Policy B3A, land adjoining Odd Down Bath, indicate significant additional infrastructure costs, high Section 106 costs and a 40% affordable housing requirement. This means a review of the assumptions that form part of the BNP evidence (Appraisals in Appendix 4) is required, for without adequately

testing the impact of CIL, the development may be delayed or not come forward at all. This would undermine the Development Plan and be contrary to CIL Guidance.

- 1.7. The Charging Authority propose a reduced CIL rate of £50 per sq m for strategic sites and the 2014 BNP Report recommends this approach:

On Strategic Greenfield Sites, our appraisals indicate that the Council should consider setting a lower CIL rate if it intends to negotiate more than £5,000 per unit through Section 106 obligations. Clearly the Council has the option of setting a low CIL rate in any event, if it considers that it is better placed to secure infrastructure requirements on these sites through Section 106. If this is the Council's preferred approach, it would need to be satisfied that such contributions comply with Regulation 122.

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- 1.8. HFT have a number of concerns regarding the assumptions used in the viability evidence and in this section we address each of these in turn.

Section 106

- 1.9. As previously stated, the associated planning obligations on strategic sites are significant and should not be underestimated. The Viability Assessment states that the Council has advised that strategic allocations will be required to make either on-site provision or financial contributions towards various infrastructure types including primary education. The Council has not costed these requirements and BNP Paribas has therefore tested a range of Section 106 requirements ranging from £1,000 to £15,000 per dwelling.
- 1.10. The Viability Assessment has acknowledged that in applying site specific Section 106 costs to these sites, the room to accommodate CIL is lessened and a lower rate should be proposed. Where the Assessment proposed a threshold of £5,000 Section 106 costs per dwelling, this would trigger a reduced CIL rate of £50 per sq m. The Charging Authority has seemingly accepted this assumption by accepting the £50 rate.
- 1.11. If the Section 106 charges were however higher than £5,000 per dwelling there would need to be a further reduction in the CIL rate to reflect this. This seems inevitable on some of the strategic allocations. Indeed the cost of primary education alone is likely to be in the order of £3,953.99 per dwelling based on the formula in the draft SPD.
- 1.12. Para 246 of the Core Strategy Inspectors Report 2014, suggests that assuming no contribution to secondary education, the level of Section 106 costs for strategic sites can be assumed to be no more than £10,000 unit.

Site Servicing Costs

- 1.13. For the Odd Down site, which is the largest of the strategic allocations, there will be considerable costs associated with servicing and on-site physical infrastructure required to deliver serviced land parcels. This is a separate cost to community or social infrastructure and relates to the provision of services, highways infrastructure, drainage etc. HFT note an allowance of £10,000 per unit for site preparation, infrastructure and

utilities costs has been included for the strategic sites. HFT consider this assumption, included without any evidence or justification, to be low and not reflective of the requirements to bring forward sites at the early planning stages. As a rule of thumb, the Harman Guidance indicates that the costs of strategic infrastructure is typically in the order of £17,000 - £23,000 per plot for larger scale schemes¹.

- 1.14. **The table** below extracts the site-wide infrastructure cost assumptions used in the Viability Assessment. It then compares these to the mid-point benchmark figure of £20,000 per dwelling contained in the Harman Guidance. The difference is considerable and very simply demonstrates the fundamental flaw in just one of the assumptions used in the viability testing of the strategic sites.

Strategic Infrastructure Cost Assumptions

	Viability Evidence Assumption	Dwellings	Total Infrastructure Cost	Difference
Land adjoining Odd Down <i>Source: Bath and North East Somerset Core Strategy (Adopted July 2014) and Preliminary Draft Charging Schedule</i>	£3,000,000	300	£6,000,000	£3,000,000
Extension to MoD Ensleigh	£1,200,000	120	£2,400,000	£1,200,000
Land adjoining East Keynsham	£2,500,000	250	£5,000,000	£2,500,000
Land adjoining South West Keynsham	£2,000,000	200	£4,000,000	£2,000,000
Land at Whitchurch	£2,000,000	200	£4,000,000	£2,000,000

Build Costs

The overall build costs for land adjoining Odd Down are underestimated by BNP Parabas, given the location of the site on the edge of the Bath World Heritage City, alongside the Green Belt and in the Cotswold AONB. The requirements of the Placemaking Principles in these sensitive locations will result in higher build costs both for housing and public realm and infrastructure. Adjoining the South Stoke Conservation Area the Wansdyke SAM, together with constraints above, means any scheme failing to use natural materials such as Bath Stone, will be at risk of damaging these nationally and internationally important constraints. These higher costs are not adequately factored into the overall appraisal and will certainly lead to construction costs that reflect central Bath.

Affordable Housing

The land adjoining Odd Down has an affordable housing requirement of 40%, to meet the Development Plan requirements.

Overall Site Density

Site density plays an important role in the overall viability testing of CIL. The overall density on Green Field Strategic sites, as tested by BNP Parabas Appendix 4 are generic and are referable to net development areas, as opposed to gross areas. The land adjoining Odd Down is defined within Policy B3A and the Concept Plan, to be read alongside it.

The allocation area is over 25 hectares however much of this area is subject to constraints and the application of mitigation works and therefore this will result in a much lower overall density scheme. Assuming 300 dwellings as per the Core Strategy, this could result in a gross density of 12 dwellings per hectare.

The development will require extensive infrastructure, public open space, buffer and landscaping areas as well as areas for ecological/heritage mitigation. These are clearly set out in the Placemaking Principles. They will impact on areas of land beyond the allocation, particularly to mitigate ecological impacts from the scheme. Together these will add to the overall gross area to be acquired, in order to deliver the development and the mitigation supporting it.

This will result in Gross to net developable ratios of at least 2- 2.5 to 1 which when factored into the calculations in BNP Appendix 4, would lead to housing densities below 15-20 units per hectare and possibly as low as 10 units per hectare..

Interpretation of Evidence

The BNP Parabas results for the largest strategic site at Odd Down, on the policy compliant 40% affordable housing requirement, results in amber or red value ranges for 40 & 30 dph density. It would therefore appear that the viability evidence alone does not support the proposed rate of CIL of £50/m² .

Taking account these other site specific elements, which have not be adequately addressed in the BNP Appraisal, leads one to a conclusion that CIL values above zero will only contribute to the lack of viability of the site and therefore delay or even fail to achieve its delivery as set out in the Development Plan.

Conclusions

- 1.15. HFT's clear preference for land adjoining Odd Down is that infrastructure requirements be delivered through planning obligations rather than CIL for without this, the burden of CIL may result in the failure to bring forward the site and therefore deliver the Development Plan objectives. The key strategic objective of delivering a substantial contribution of affordable housing through the site would also be put at risk. The approach of providing a zero CIL rate for strategic sites or for land adjoining Odd Down in particular, recognises more fully characteristics of the site, the costs of delivery and enables greater flexibility to address necessary infrastructure requirements through a bespoke Section 106 agreement which balances the costs and timing of infrastructure delivery. A re-appraisal of the supporting evidence and the assumptions behind them will demonstrate that this conclusion is sound and meets CIL Guidance.
- 1.16. For the avoidance of doubt, when it comes to determining viability of the site in the context of a specific Section 106 Agreement, HFT will wish to further review and refine its assessment of the assumptions and the modelling on viability, put forward by the Council in this DCS.