

**Single Issue Review of Core Strategy Policy CS7
Examination**

Thursday 28 September 2017, 9.30am

**Matter 5 – Deliverability (the housing trajectory,
infrastructure and viability)**

Forest Heath District Council's Hearing Statement

Matter 5 – Deliverability (the housing trajectory, infrastructure and viability)

5.1 Appendix C of the Single Issue Review document sets out the housing trajectory. Is the trajectory a reasonable and realistic projection of housing delivery?

Response

5.1.1 The Council is confident the updated housing trajectory (CD:D10) sets out a reasonable and realistic projection of housing delivery over the plan period. Appendix C has been updated (CD:D10) to reflect the housing supply position at 31st March 2017, in accordance with recently published 5 year housing land supply (CD:D8) and proposed main modification (MM2) to update the housing position in policy CS7. It is informed by the following evidence;

- the status of the planning application/permission for each site where applicable, allowing reasonable time to seek approval for reserved matters and pre-commencement conditions, having regard to S106 agreement
- Whether there has been any commencements on site, information is sourced from building control records
- Site visits by planning policy officers
- Liaison with case officers in the Council's development management team
- Having regard to pre-application discussions where applicable, indicating the applicants intentions for bringing forward the site
- Responses from developers to letter from the council (Dec 2016) requesting they provide an update of their likely delivery rates
- Developer/landowner/agent response to SHLAA (2016) indicating likely delivery timetable
- Responses to consultations on the SIR and SALP on evidence of intended delivery rates
- Whether there is known developer, or multiple developers for each identified site
- Whether there is a requirement for a master plan or development brief to be prepared prior to determination of the planning application
- And other relevant considerations.

5.1.2 For all sites with planning permission these are included within the 5 year supply, in accordance with the NPG (paragraph 31) (CD:A15). Sites included in the submission SALP (Reg. 19) (CD: C8) which have a reasonable and realistic prospect of delivery in the 5 year supply are included as such, for sites where delivery is expected in years 6 to the end of the plan period these are included in the later part of the trajectory.

5.1.3 A reasonable and realistic estimate of windfall provision has been made for years 6 onwards, as evidenced in CD:D11.

5.2 Is the level and distribution of housing based on a sound assessment of infrastructure requirements and their deliverability, including expected sources of funding? In particular:

a) What are the key infrastructure requirements for the successful delivery of the housing planned?

Response

5.2.1 The key infrastructure requirements for the successful delivery of housing growth in Forest Heath in the plan period are highways/transport, electricity, health, education (including early years provision), water supply, flooding and surface water drainage and waste water/foul drainage, and green infrastructure as stated in the draft IDP section 5 (CD:C19). Early engagement with infrastructure and service providers prior to the Issues and Options consultation in August 2015 established the key areas of infrastructure that would need to be addressed. The only matters requiring attention are highways/transport, health, education, and green infrastructure as there are no issues around capacity or provision of electricity, water supply, flooding and surface water drainage or waste water/foul drainage to meet the level and distribution of housing proposed in the SIR.

5.2.2 In addition to the key infrastructure requirements listed above, other infrastructure items will also be required depending on the scale of the development, e.g. open space, sport and recreation facilities, library and waste infrastructure provision, and these are indicated in the Joint Development Management Policies document (CD:B2) and the S106 Developers' guide to infrastructure contributions in Suffolk (CD: B64). Continued engagement with infrastructure and service providers during preparation of the plan assisted with preparation of a draft Infrastructure Delivery Plan (IDP) at each stage of the SIR. No major issues (or "showstoppers") or need for major/strategic works were identified through the stages of preparing the drafts of the IDP.

b) What reassurances are there that these elements can and will be delivered when and where they are needed?

Response

5.2.3 In terms of infrastructure delivery Policy CS13 of the Forest Heath Core Strategy (CD: B57 page 79) requires that provision or improvement of necessary infrastructure is provided at appropriate phases of development, to be secured through planning obligations or conditions on planning permissions. Mitigation from housing schemes, including delivery of key infrastructure, is proportionate to the size/scale of the proposal. Supporting this, the planning of and mechanisms for delivery of key infrastructure lie in various documents that should be considered together. So, in addition to the Draft IDP (CD: C19), individual infrastructure elements are identified and planned for by infrastructure and service providers, e.g. the Education and Learning Infrastructure Plan (CD: B65), the Suffolk Local Transport Plan (CD: B68 and CD: B69) and

the S106 Developers' guide to infrastructure contributions in Suffolk (CD: B64).

- 5.2.4 Through such documents the key elements from infrastructure and services providers can be identified, and the viability of future developments that are expected to provide this infrastructure can be tested. The Forest Heath Economic Viability Assessment 2016 (CD: B15) carried out for the council by Three Dragons and Troy Planning & Design concludes (Executive Summary paragraph 2) "This whole plan viability assessment of the SIR and SALP demonstrates that the residential plan is financially viable and achievable through the testing of a series of case studies." The Suffolk S106 Developers' guide has been operating for a number of years and works well, and the council is confident that the required infrastructure elements will be delivered via Policy CS13.
- 5.2.5 The Council has prepared a Site Allocations Local Plan (SALP) (CD: C8) in parallel with the SIR, and the viability study notes that "a large number of sites have already secured planning permission" and that this is "further evidence that the SALP is financially achievable". The Forest Heath 5 Year Land Supply document (CD: D8) includes two tables with paragraph 2.8 the first of which indicates the five year deliverable housing supply on identified sites. The Proposed Submission SALP (CD: C8) sites indicate 1401 dwellings delivered as part of the five year housing supply. This is over 30% of the additional provision set out in SIR Policy CS7, and an indication that key elements of infrastructure will be delivered.
- 5.2.6 In addition to Core Strategy Policy CS13 the Joint Development Management Policies document (CD: B2) Policy DM45: Transport Assessments and Travel Plans (page 55) requires applicants to submit a Transport Assessment (TA) and a Travel Plan (TP) where the proposal is for "major development and/or where a proposal is likely to have significant transport implications." The policy makes clear that if the TA and/or TP does not demonstrate that travel impacts can be satisfactorily mitigated or that measures will be put in place to promote sustainable modes of transport, planning permission will not be granted. It also makes clear that developers will be required to make financial contributions, appropriate to the scale of the development, towards the delivery of improvements to transport infrastructure. It is envisaged that this will be delivered through S106 and S278 agreements. However, it is not anticipated that strategic infrastructure will be required to deliver the level of housing planned in CS7, but should any proposal require more than local mitigation other strategic-level funding sources are available to 'top-up' eligible transport infrastructure improvement schemes on a case-by case basis, including the Local Transport Plan (CD: B68 and CD: B69) growth delivery budget.
- 5.2.7 The government's Planning Practice Guidance (CD: A15) (Paragraph: 018 Reference ID: 12-018-20140306; Revision date: 06 03 2014) states: "The Local Plan should make clear, for at least the first 5 years, what infrastructure is required, who is going to fund and provide it, and how it relates to the anticipated rate and phasing of development."

5.2.8 The Gantt chart in Appendix 1 is based on phasing in the Forest Heath Trajectory (CD: D10 and D8 Appendix A), and assumptions about the stage of delivery required (through planning conditions and/or S106) for major projects (e.g. highways works) but only includes the towns, key service centres and primary villages. Delivery in the first five years in these settlements is estimated at around 2,637 dwellings. Of these, 1,854 either have planning permission or a resolution to approve subject to completion of a S106 agreement. This means that developers will be delivering the required infrastructure through implementing the planning permissions of over 70% of the first five years of housing.

c) Has the cost of these infrastructure elements been estimated, and funding sources identified?

Response

5.2.9 Funding sources are included in Table 3 of the Infrastructure Development Plan (CD: C19) (Infrastructure and service provision by settlement) where known. As the SIR is a strategic document it is difficult to estimate infrastructure provision/mitigation costs until the scale and location of specific developments are known. However, no major infrastructure elements or “show-stoppers” were identified by infrastructure and service providers during preparation of the SIR and SALP documents.

5.2.10 The majority of key infrastructure elements are on-site ‘expected’ costs of development. These costs will also include ‘policy costs’ from the Core Strategy (CD: B57) and Joint Development Management Policies Document (CD: B2) as referred to in the Forest Heath Viability Assessment 2016 (CD: B15) as these policies can have an impact on the viability of development. Such policy costs include affordable housing, water quality, transport, public right of way, mitigation for horse walk/bridleway measures, provision of community facilities e.g. schools, healthcare, and open space and leisure facilities. The assessment uses the best estimates of likely costs and revenues in assessing the viability of the plan. Paragraphs 2.16 and 2.17 (page 16) explain where the data on build costs used in the assessment are from, including S106 costs and the amount of S106 costs used in the three value areas. In paragraph 4.8 (page 24) the study sets out the explanation for using higher costs on the larger case studies. This is also illustrated in Appendix I: the technical detail for residential testing which includes a number of tables (table at the top of page 38 refers). Appendix II reviews policies in the Core Strategy, the Joint Development Management Policies document and other related Supplementary Planning Documents and identifies viability implications - page 47 sets out the viability implications of Core Strategy Policy CS13 Infrastructure and Developer Contributions.

5.2.11 Many key infrastructure costs are set out in the S106 Developers’ guide to infrastructure contributions in Suffolk (CD: B64). These include infrastructure items not identified as key infrastructure requirements in paragraph 5.2.1 above but are, never-the-less, expected to be delivered with new development (appropriate to the scale of the development) e.g. libraries, waste infrastructure and fire and rescue provision. The details are set out in active documents online and are available on Suffolk County

Council's website: <https://www.suffolk.gov.uk/planning-waste-and-environment/planning-and-development-advice/section-106-planning-obligations/>. These documents provide further information about the infrastructure requirements in chapter 4 of the Developers Guide in the following areas:

- Air Quality
- Archaeology
- Early Years and Childcare Provision
- Education Provision
- Fire and Rescue Provision
- Health Infrastructure
- Highways and Transport
- Libraries and Archive Infrastructure Provision
- Police Infrastructure Provision
- Supported Housing Provision
- Waste Infrastructure Facilities

5.2.12 In addition, at the more detailed planning application stage, NHS England Midlands and East (East), in collaboration with the local Clinical Commissioning Group, respond to consultations from the local planning authority and, if appropriate, they will request mitigation in the form of capital contributions from developers to provide extensions/improvements to GP practice premises. This is explained (with the summer 2016 figures) in Appendix C to the IDP that accompanies the Proposed Submission SIR (CD:C19 page 73).

d) Where, when and how will the additional school places and early education provision required a result of the housing set out in Policy CS7 be delivered?

Response

5.2.13 The County Council is under legal duties to ensure provision of early education and school places, and the location and timing of these additional school places is set out in Suffolk County Council's response to this question. The required school place provision/new schools will be delivered through Core Strategy Policy CS13 Infrastructure and Developer contributions (CD: B57 page 79), and the joint approach of the county and district councils through the cost estimates set out in the relevant online document supporting the S106 guide to developers contributions (CD: B64 and the link to the website in paragraph 5.2.11 above).

5.3 Is the housing set out in Policy CS7 financially viable? In particular:

- a) are the viability assessments in the Economic Viability Assessment (2016) [B15] sufficiently robust and are they based on reasonable assumptions?**

Response

5.3.1 The viability assessments were carried out by Three Dragons and Troy Planning in 2016 (CD: B15) to support the Council in drawing up its Local Plan, Single Issue Review of Core Strategy policy CS7 and Site Allocations Local Plan. It followed the relevant regulations and guidance and is in line with the National Planning Policy Framework (NPPF) (CD:A14). It was prepared in consultation with the development industry and takes account of relevant policies in the adopted Core Strategy (May 2010) (CD:B57), Joint Development Management Policies Document (February 2015) (CD:B2), and other related Supplementary Planning Documents, Site Allocations Local Plan (Preferred Options April 2016) (CD: B26), as well as the emerging Single Issue Review of Core Strategy Policy CS7 (Preferred Option April 2016) (CD:B24). It demonstrates that the housing set out in Policy CS7 is financially viable.

5.3.2 Yes. For the residential testing, general assumptions are summarised in section 2 of the Viability Study (CD: B15) and set out in more detail in Annex I. These assumptions include a map of the different residential value areas and the house prices in each, as well as the range of development costs taken into account in the testing. The residential and non-residential assumptions were assessed through a consultation with the development industry in August 2016. The notes of this consultation are set out in Annex III of the Viability Study.

5.3.3 Planning Practice Guidance (PPG) (CD:A15) requires that the viability assessment is based on appropriate available evidence including comparable average market values and a broad assessment of costs, and that the 'evidence should be proportionate'. PPG also requires that the assessment is based upon current costs and values (rather than 'uncertain judgements about the future'). Therefore, the following sources of information were used, which combined public official sources with reputable trade databases and specific consultation work:

- Residential values were drawn from Land Registry price paid data for new build sales. Energy Performance Certificates were used to provide floor areas. The findings were sense checked with local agents. Information for affordable housing values was obtained through consultation with Registered Providers during August 2016.
- Residential build costs were drawn from the Building Cost Information Service (BCIS). The data in the viability assessment uses 5-year median build costs.

- Assumptions about residential S106/278 costs were based upon information provided by the council on historic collection and taking into account future anticipated amounts, including education, strategic infrastructure, community facilities, and open space etc.
- Other residential development costs (external works, professional fees, marketing, opening up costs etc.) were based upon professional experience and in line with comparable studies elsewhere.
- Benchmark Land Values were based on a review of sources such as DCLG, previous local viability studies, existing use values, benchmarks in nearby locations and market land. They were presented at the developer workshop and the subject of interviews with individual stakeholders and local agents which gave confirmation of findings. Some sensitivity testing was carried out to allow for the potential of higher values for land for small straightforward sites.
- All assumptions were discussed through the development industry workshop in August 2016 and subsequent follow up interviews and the affordable housing assumptions were refined by direct consultation with Registered Providers.

b) do the viability assessments adequately reflect the nature and circumstances of the proposed allocations?

Response

5.3.4 Yes. The choice of case studies for the viability assessment were based directly upon known details of the site allocations, including number of units and density, and takes typical typologies. PPG notes that the scale of evidence required for testing the viability of plans should be proportionate and that:

“Assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable; site typologies may be used to determine viability at policy level. Assessment of samples of sites may be helpful to support evidence and more detailed assessment may be necessary for particular areas or key sites on which the delivery of the plan relies.”

5.3.5 As a result of the time delay between publication of the Core Strategy and the SALP, a large number of sites had already achieved planning permission for policy compliant development and the typologies selected focus particularly on sites yet to be delivered. At the time of testing, the Hatchfield Farm site had been ‘called in’, was thus unconfirmed and had the potential to affect numbers and densities at other allocated sites.

5.3.6 Typologies were chosen to indicate viability on a range of typical sites taking account of variations in terms of scale, mix and values associated with different locations across the district. This included making sure that

scenarios were closely based on larger sites to test whether such schemes were able to deliver the numbers required and remain policy compliant.

c) has the cost of the full range of expected requirements on new housing been taken into account, including those arising through policies in the adopted Core Strategy (for example, in relation to affordable housing)?

Response

- 5.3.7 Yes - A policy analysis was undertaken as part of the study to ensure that the financial implications of all policies were included in the testing. Full details can be found in the table at Appendix III of the Viability Assessment (page 67 CD: B15).
- 5.3.8 Testing included allowance for Policy CS9: Affordable Housing requiring 30% of dwellings on sites of 10 or more (or larger than 0.33 hectares) to be affordable. Additionally, account was taken of alternative thresholds as per the then Written Ministerial Statement (November 2014), now contained within PPG¹. The affordable mix between tenures was tested as per the West Suffolk 2013 Joint Affordable Housing SPD (CD: D16).
- 5.3.9 Allowance was made for extra costs for policy DM7 (CD: B2) requiring greater water efficiency standards.
- 5.3.10 Opening up costs were allowed on larger sites to take account of typical development costs associated with strategic infrastructure. On the largest site, taking into account S106 and additional strategic costs, this amounted to just under £30,000 per dwelling².
- 5.3.11 In accordance with the approach taken in the SALP and to take account of policy DM12 (CD: B2), sites over 100 dwellings were assumed to have a net to gross ratio of 60% to take account of the recommendations of Natural England regarding the impact of development on Sites of Special Scientific Interest (SSSI) and the need for on-site infrastructure provision. Some sensitivity tests at higher net to gross were also conducted.
- 5.3.12 Policy DM50 (CD: B2): Horse Walks requires that specific allowance is made for sites within Newmarket and S106 was increased in this area, with costs based upon viability evidence held by the council.

d) does the evidence demonstrate that such costs would not threaten the delivery of the housing planned for?

Response

- 5.3.13 Yes - The full results of the viability testing can be found at Appendix IV of the Assessment (page 81 CD: B15). The testing demonstrates that costs referred to in the answer to question c) above would not threaten

¹ Paragraph: 031 Reference ID: 23b-031-20161116

² calculation based on a 3 bed semi at 30 dph

delivery of planned housing. The straightforward 1 ha sites give an overall picture of good viability and potential for policy compliant housing delivery across the district at a range of development densities. The case studies demonstrate good general viability for all site types in the high and mid value areas and sites allocated are shown to be deliverable.

5.3.14 In the lower value area (Lakenheath, Brandon) some of the larger sites tested are on the margins of viability. In the main there are no allocated sites for which no planning application has been received in these locations and the results have been included in the study to demonstrate that any reallocations to these areas could necessitate requirement for flexibility around policy, although in practice land value would be likely to flex or developers would make better optimisation of density to achieve viability. The only site likely to be affected by these results is SA8(d), [formerly L2(d)] for 165 dwellings which would be marginally unviable (by single thousands £s). This can be ameliorated if necessary by allowing a slightly better net to gross or development at a higher than recommended (30dph) density.

Provision of key infrastructure for SIR number and distribution by estimated housing delivery year

Key infrastructure requirement	Likely costs	Funding sources	Mechanisms for delivery
Education -pupil place provision including early years (excludes new school)	Additional pupil places costs as set out in Suffolk S106 Developers Guide	SCC/Developer/ Government	CS13, S106
Highways/transport	Cost varies from scheme to scheme	Developer	CS13, S278, planning conditions, S106
Green Infrastructure	Cost varies from scheme to scheme	Developer	CS13, Planning conditions, S106
Leisure/recreation	Cost varies from scheme to scheme	Developer	CS13, Planning conditions, S106
All the above/relevant infrastructure			
Education (new school)	New school costs as set out in Suffolk S106 Developers Guide	SCC/Developer/ Government	CS13, S106

SIR distribution by settlement	Anticipated delivery of additional housing (large sites with planning permission and additional provision at base date 31 st March 2017)														
	2017/18 - 2021/22					2022/23 – 2030/31									
	17/18	18/19	19/20	20/21	21/22										
Brandon: 71	38				33										
Mildenhall: 1,412	18	30	47	145	164	¹ 120	120	120	120	120	120	120	120	120	
Newmarket: 321	51	66	40	22		40	25		¹			30	30	27	
Lakenheath: 828	2	12	¹ 62	157	116	111	82	60	50	30	30	40	40	50	
Red Lodge: 1,129	62	¹ 82	235	221	125	100	90	50	50	35	35	32	30		
Primary Villages: 454	148	184	239	188	150	40	45								

¹ Primary school and early years

Note 1: Please note the delivery/implementation of infrastructure is an estimate based on the phasing in the Forest Heath Trajectory (CD: D10 and D8 appendix A), and assumptions about the stage of delivery required (through planning conditions and/or S106) for major projects (e.g. highways works).

Note 2: Delivery in the first five years in the towns, key service centres and primary villages is estimated at around 2,637 dwellings (excluding small sites with planning permission and sites outside the towns, KSC and PV). Of these, 1,854 either have planning permission or a resolution to approve subject to completion of a S106 agreement. This means that developers will be delivering the required infrastructure through implementing the planning permissions of over 70% of the first five years of housing.