

Technical Note

Note Title:	Gloucester City Plan Viability Assessment - Comments on Post-Exam Consultation Responses
Job No.:	1/96 Gloucester City Plan Viability Local Plan Examination
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Quality Statement:	In preparing this Addendum, the authors have acted with objectivity, impartially, without interference and with reference to all appropriate available sources of information. No performance-related or contingent fees have been agreed, and there is no known conflict of interest in advising the client group about the viability of the proposed Gloucester City Plan.
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Introduction

This note provides the Porter Planning Economics Ltd (PPE)'s comments on behalf of Gloucester City Council (GCC) in response to the consultation responses to the Gloucester City Plan Examination EXAM DOC 8B Viability Assessment Addendum.

Two noted consultation responses had been received in relation to the Exam Doc 8A, which are:

- EXAM 22E - Post Hearing Note Response - Pioneer for Robert Hitchins - EXAM 8A 8B 17; and
- EXAM 22F - Post Hearing Note Response - Savills for LQ Estates - EXAM 11 19.

The following comments, in relation to these responses, have been prepared to help inform the Inspector's examination of the Gloucester City Plan.

Comments

EXAM 22E - Post Hearing Note Response - Pioneer for Robert Hitchins - EXAM 8A 8B 17

The response in para i refers to many of the concerns raised on behalf of RHL in terms of the input assumptions in VIA001 and VIA002 that remain unaddressed in EXAM 8B.

While this is a matter for the Inspector to decide, we would note that the pre-exam consultations and hearing process have covered these aspects, and as previously noted in the Council's responses, we were able to justify the approach and assumptions applied and therefore we are unclear why this statement has been made again. For example, the response includes multiple references to the benchmark land values being too low because they do not reflect the market values that are routinely being encountered by RHL in Gloucestershire. We already explained in VIA001 that the Planning Viability Assessment should disregard price paid and hope value because PPG on Viability paragraph 15 states that this should be the case for plan making. As such, we focus our comments in this note on those relating only to the post hearing additional EXAM 8B document, as was requested by the Inspector.

The response para 2.2 states that c.42% of the windfall sites tested are suggested to be unviable or marginal.

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The Exam Doc 8B Table A1 identifies 12 typologies that are considered to reflect windfall sites, and only 4 are unviable at full policy requirement. All bar one of these unviable windfall typologies are in the low value area and all bar one is on a brownfield site. Further to this, we would place little weight on such developments coming forward irrespective of Local Plan policies since developers tend to focus on higher value areas. But if they did seek to secure windfall brownfield sites in the low value areas, then no doubt planning tools such as vacant building credit or CIL discount is also able to be applied in helping to bring these sites forward. As such, these minority of windfall sites should not be used to undermine the sustainable aspiration of the Local Plan that should be seeking to “...secure maximum benefits in the public interest”, as set out in the PPG Viability paragraph 10.

The response at para 2.2 notes that 100% of ‘low value’ sites are listed as unviable / marginal.

This is incorrect since the results shown in Exam Doc 8B Table A1 show three typologies in low value areas to be viable and one site is marginal viable at full policy requirements.

The respondent at paras 2.12 and 2.13 notes the baseline testing assumes £3,250 as the average s106 cost per dwelling, and states that this is too low based on previous evidence used for the CIL exam.

We would clarify here that the £15,000 assumed s106/s278 per dwelling was only applicable to the JCS strategic sites delivering more than 400 units, where there will be much bigger site-specific requirements for infrastructure items. These sites, and this required s106 figure, do not relate to the GCP.

The respondent in para 2.16 refers to changes in s106 education contributions based on the County Council’s published Interim Position Statement (following the recent Coombe Hill Appeal (reference 3257625)) referencing reductions to pupil product yields. The Council have noted this and this is still subject to final decision. Also, since the County Council’s requirement for meeting need has to be balanced with meeting needs for a sustainable plan regarding items such as affordable housing, then it is too early to set the education requirement through policy making, especially since not all developments are likely to be required to meet an education deficit from their developments.

The respondent in para 2.23 also notes in relation to Exam Doc 8B that there is no sensitivity of there being 5% higher sales costs with 5% higher build costs and that the two should not be assumed to cancel one another out.

We have not considered this scenario but we can confirm that if such a scenario was tested then the base case viability would show improvements across all sites. This is because the sales value rate per square metre rate is substantially higher than the build cost plus other costs (such as the extra over Externals and PFs) rate per square metre.

The response at para 3.3 states that EXAM 8A appears to use Site References which do not align with sites of the same name within Table 3.2 of the VIA001.

The reason for this difference is that the VIA001 report preceded changes in the site numbering in the GCP. This is because SA11 Land Adj Eastgate Shopping Centre was deleted after VIA001 was produced, and so the numbering after SA11 shifted by one digit. This revised numbering appears in VIA002 and in EXAM DOC 8A and 8B. Admittedly, we have not noted anywhere in the further viability work that SA011 Eastgate was deleted since there was no reason to because the subsequent work reflected the site numbering in the Pre-Submission GCP.

EXAM 22F - Post Hearing Note Response - Savills for LQ Estates - EXAM 11 19

The response under “EXAM8A and 8B – Viability” notes that Part M4(2) should have been tested with revised cost of £1,400 per dwelling to meet this enhanced standard rather than the estimate of £521 per M4(2) house and £924 per M4(2) flat that was used in VIA001 based on the previously available DCLG estimates.

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The source for this update costs figure, the MHCLG Raising accessibility standards for new homes consultation paper (Sept 2020), was published after VIA001 was prepared. As such, like all other estimated costs and values, EXAM 8B document maintains the testing of values and costs as those prepared for the VIA001. But also, the new MHCLG evidence noted that 10% of new dwellings are already meeting or exceeding M4(2), which would therefore account for a large proportion of the 50% of dwellings to be constructed at this standard in Gloucester. There is also further evidence from the Equality and Human Rights Commission (EHRC) (2018) 'Housing and disabled people - A toolkit for local authorities in England: Planning for accessible homes' that highlights the extra costs of build and space for M4(2) standards, when compared to M4(1) and after allowing for some cost recovery via sales, varies from £1,229 for a 1-bedroom apartment to £1,386 for a 4-bed detached home, which is less than the DCLG estimate. Lastly, and an important point to note, is that the testing of M4(2) in VIA001, as it was in VIA002 and EXAM 8B, tested meeting the M4(2) cost at a higher rate than all these sources. This is because the viability assessments tested this policy requirement by assuming process costs at £521 per M4(2) house and £924 per M4(2) flat, plus the additional cost of building larger sized homes, as noted in VIA001 para 5.57 and Table 5.15. This additional build cost in meeting M4(2) standard homes increased the construction cost of M4(2) flats by some £3,000, and houses by some £9,000 per house.

The response under "EXAM8A and 8B – Viability" notes that based on EXAM16, the Cotswold Beechwood current cost is £667 per dwelling, which is more than the £250 per flat and £500 per house that was tested in EXAM 8A document.

It is likely that certain costs like the Cotswold Beechwood costs will vary over time, but the difference between these figures are unlikely to cause a notable viability impact. But also, the viability assessment in EXAM 8A document, like in VIA001, includes a large contingency of 4% to cover such variations.

The response under "EXAM8A and 8B – Viability" notes that the S106 average contribution of £3,250 per dwelling may not reflect the outcome of the revised pupil projections for education contributions based on the outcome of an s78 appeal.

We refer the Inspector to our comment above in referring to this same point made by Pioneer.

End