

# EiP Statement

## Wyre Council Local Plan

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**Our ref** 42026/02/MW/BOC  
**Date** 25 April 2018

### **Subject** Matter 9 – Infrastructure and Delivery

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#### **1.0 Introduction**

- 1.1 Lichfields is instructed by Taylor Wimpey UK Limited [TW] to make representations on its behalf to the Wyre Council Local Plan [WCLP].
- 1.2 This statement has been prepared in response to the Matters, Issues and Questions raised by the Inspector for the Matter 9 Examination in Public [EiP] hearing sessions.
- 1.3 Separate representations have been submitted in respect of the following Matters:
- 1 Matter 1 – Legal Compliance, Procedural Requirements and the Duty to Cooperate
  - 2 Matter 2 – Strategy and Strategic Policies
  - 3 Matter 3 – Housing and Employment Objectively Assessed Needs (OAN) and Requirements
  - 4 Matter 4 – Housing Land Supply
  - 5 Matter 5 – Specific Housing Needs and General Housing Policies
  - 6 Matter 8 – Allocations (Garstang, Bowgreave, Catterall and Barton)
- 1.4 These Matter Papers representations should be read in conjunction with previous submissions on the WCLP [Representor ID 363] as well as those made on other Matters listed above.
- 1.5 TW is seeking to bring forward a high quality sustainable and comprehensively masterplanned residential extension on land West of Cockerham Road [Site ref. SA1/16] and land further to the north and west of the draft allocation. This would assist in the delivery of sustainable development within the borough by making a significant contribution towards meeting the identified needs for market and affordable housing.
- 1.6 This statement expands upon TW's previous representations made throughout the Local Plan preparation process in light of the Inspector's issues and questions. Where relevant, the comments made are assessed against the tests of soundness established by the National Planning Policy Framework [the Framework] and the National Planning Practice Guidance [Practice Guidance].

## 2.0 Planning Issues

### Issue 1 –The evidence base underpinning the LP and Policies SP6 and SP7

#### Do the Local Plan and Site Allocations Viability Study make realistic assumptions about land values, sales values, profit and, development costs?

- 2.1 Whilst TW acknowledges the response from Keppie Massie (Statement of Consultation January 2018) which considers a number of the issues raised in the representations submitted to the WCLP Publication Draft it still have concerns in respect of the appropriateness of the figures assumed for developer profits and development costs identified within the Local Plan Site Allocations and Viability Study.

#### *Developer Profits*

- 2.2 In respect of the percentage profits made on private housing, it is widely accepted that developers require 20%-25% of the GDV as a suitable return. This is particularly pertinent in areas with low land values and revenues where there is greater investment risk.
- 2.3 The requirement for developers to received 20% of the GDV is stipulated in the recently published draft Practice Guidance. In addition, a 20% developer profit has been accepted as appropriate in various appeals<sup>1</sup> and in the borough of Cheshire West and Chester in their CIL Viability Evidence prepared by Keppie Massie. Developers see a minimum profit of 20% of GDV as a prerequisite to cover their risks associated with developing sites and should be applied consistently across the viability evidence base.
- 2.4 In relation to affordable housing, developers are aware that lower percentage profit are made on the delivery of affordable units. However, this is only in circumstances where there is guarantee of an end sale at a known value which reduces the risk. The draft Practice Guidance advises that 6% GDV would be appropriate for the delivery of affordable housing. These figures are already widely utilised for viability appraisals however, the Local Plan and Site Allocations Viability Study makes no allowances for the percentage profits on affordable housing.

#### *Development Costs*

- 2.5 TW has concerns in regards to the limited consideration of abnormal in the Council's evidence base. Abnormal costs can have a significant impact on the viability of development and the decision of developers whether to invest in a site. This must be recognised in the Council's viability evidence base, with a realistic allowance made for the potential impact of this source of development costs.

- 2.6 Keppie Massie's Statement of Consultation states that:

*"...specific allocations that have been tested and costs are included for abnormal items on a high level basis based on site information that has been made available to us."*

Whilst TW understands that Local Plan and Site Allocations Viability Study has considered different site typologies, it is inappropriate to assume that each site would only require a high level abnormal costs given that each site will have its own associated issues. It is therefore prudent to adopt a flexible approach towards abnormal costs. A 10% allowance for abnormal is generally accepted as standard practice in the industry, suitable of covering unforeseen issues

<sup>1</sup> Land at the Manor, Shinfield – Pins Ref: APP/X0360/A/12/2179141

that arise throughout the process. This 10% for abnormal costs would cover any remediation works, cost associated with managing a heritage asset or any costs associated with phased or complex sites. The 10% cost is considered a minimum necessary for a strategic site.

## **Issue 2 – The marketing and information requirements for considering viability issues**

### **Does Policy SP6 as modified respect commercial confidentiality?**

- 2.7 TW supports the overarching principle of Policy SP6 is to ensure development is viable. Local Planning Authorities should have sufficient faith in the development plan evidence base and development plan policies relating to viability. The draft Framework is unequivocal that viability is dealt with during the plan making process instead of the decision taking process and, that viability assessments will only be required in exceptional circumstances and will be an open book and public process.
- 2.8 The onus is therefore on the Council to ensure that its allocations are viable and development plan policies will not inhibit the delivery of development. To ensure that development is viable, the viability evidence base should not seek to underestimate costs or overestimate the sales rates or values associated with development and should take a worst case scenario for all site typologies considered. This is the most effective strategy for ensuring development is kept viable. Having to submit viability assessments with development proposals is not an efficient process and can often lead to protracted negotiations and lead to the slowing down of the delivery of developments.
- 2.9 As a consequence, it is vital for the evidence base on viability to be robust and for the reasons noted previously this is clearly not the case and further work is required.

## **Issue 3 – the Effect of infrastructure requirements/developer contributions on development viability**

### **Should SP7 make specific reference to the legal and policy test for planning obligations?**

- 2.10 As outlined in the representations submitted to the consultation on the WCLP Publication Draft, TW objects to the lack of reference to the planning obligation tests in Policy SP7. The policy or reasoned justification should be amended to make it clear that any financial contributions required by the Council in the context of this policy, or others within the Local Plan, will meet the tests set out in the Framework and the Reg. 122 of the CIL regulations, namely that they are:
- 1 Necessary to make the development acceptable in planning terms;
  - 2 Directly related to the development and,
  - 3 Fairly and reasonably related in scale and kind to the development.

## **Issue 4 – Pooling of contributions**

### **What are the implications arising from the pooling restrictions with the CIL Regulations for the delivery of infrastructure?**

- 2.11 The CIL Regulation 123 currently restricts local authorities prevents local authorities from using more than five section 106 planning obligations to fund a single infrastructure project. The pooling restriction incentivises local authorities to introduce CIL in order to collect a fixed

contribution towards infrastructure from a large number of developments. Authorities which have not introduced a CIL, such as Wyre, would therefore need to be specific on the infrastructure for which they required developer contributions, for example, referencing specific schools that require improvements/increases in capacity rather than seeking a more general education contribution. By ensuring that contributions sought from developments are specific to pieces of necessary infrastructure, it would limit the risk of pooled restrictions having a negative impact on the delivery of necessary infrastructure.

2.12 However, the Council should be aware of the Supporting Housing Delivery through Developer Contributions consultation which seeks to address the implications arising from pooling restrictions. The Government is proposing to remove pooling restrictions in areas:

- 1 That have an adopted CIL;
- 2 Where authorities fall under a threshold based on the tenth percentile of average new build house prices, meaning CIL cannot feasibly be charged; or
- 3 Or where development is planned on several strategic sites.

The Local Plan should reflect this likely change in Government policy.

## **Issue 6 – Supplementary Planning Guidance**

### **What SPD will be prepared to provide guidance and what is the timetable for its production?**

2.13 A SPD is 'supplementary' to adopted planning policy and must be consistent with it and, can only deal with relevant environmental, social, design and economic objectives. It cannot allocate land, create new policies or impose additional infrastructure requirements which are outside the scope of the adopted development plan policy.

2.14 In relation to the preparing SPDs for affordable housing and mix of housing, green infrastructure, developer contributions and master planning, it is important that these accord with and supplement only the pertinent policies included within the adopted WCLP. Furthermore, the Council would need to clarify its reasoned justification for adopting any SPDs.

### **Would the SPD be likely to add additional policy and financial burdens on development?**

2.15 As outlined above, SPDs cannot impose additional policies or financial burdens on developments. SPDs are required to be in accordance with and supplement the policies contained within an adopted development plan. Placing additional financial burdens on development would not be consistent with national policy and could render developments in the borough unviable. Furthermore, the Council would be required to prepare a reasoned justification as to why it is necessary and justified to adopt an SPD which would include additional policy and financial burdens to development and, why these were not included within the WCLP.