Background

This brief Supplemental Statement in respect of Matter 6 relates to the additional documentation referred to in the Programme Officer’s e-mail announcement of 05/03/18, and specifically document EXD/015 (Cushman & Wakefield Valuation advice).

Supplemental Statement

The NPPF already provides under the ‘Effective’ test that plans should be deliverable, and in paragraph 173, it makes clear that viability assessments need to take into account both the costs of development (arising from infrastructure and policy requirements) and the need for competitive returns.

The importance of proper viability testing at the Local Plan stage is emphasised in the emerging NPPF through the final sentence of new paragraph 34 of the consultation draft, coupled with the proposed changes to the PPG, which together make clear that viability testing at the Local Plan stage will need to be sufficiently rigorous to avoid the need for viability testing at subsequent stages.

Whereas the Hyas viability assessment (EB013) proceeds on the false assumption that land price can ‘flex’ to the point where land is effectively provided by landowners voluntarily at or below Existing Use Value (agricultural), the Cushman and Wakefield assessment of land price proceeds on the basis of experience of the real cost of land, and an assumption that this would be in the region of £100,000 - £150,000 per acre. This evidence suggests that a typical Benchmark Land Value of £125,000 per acre as stated in our Matter 6 Statement under the Inspector’s Question 8f would be appropriate for this exercise.

We note that the NEAs have added a ‘disclaimer’ at the start of the document in an attempt to downplay the relevance of the C&W assessment of land price, but it is evident from Section 2.2 of the report that, whilst C&W do acknowledge that the Garden Settlements may proceed on a different purchase basis to other strategic sites, the reality is that landowners will both expect and, from the perspective of viability testing, are entitled to assume a land price considerably in excess of Existing Use Value.

Irrespective of the above, the Hyas report does not itself support a policy stance of a minimum of 30% Affordable Housing for the Tendring Colchester Borders Garden Community, as the commentary under Table 7.3.1 on page 36 makes clear (unless a substantial ‘garden city premium’ is added, an assumption with which we disagree for the reasons set out in our Matter 6 Statement – for different reasons, we note that C&W share our scepticism as to the extent to which it would be possible to secure a garden city premium in these locations at Section 3.4 of their report).

Once a realistic land price is taken into account as per the Cushman and Wakefield assessment, it is evident that the Hyas viability report indicates that the correct affordable housing requirement for this location is no more than 20%.
The Inspector will be aware from the NEAs statement on this matter that even the NEAs do not seek to defend the inclusion of the word “minimum” before the suggested affordable housing policy requirement of 30% (not surprisingly as the SHMA also does not support anything over 30%).

In respect of affordable housing provision for the Tendring/Colchester borders Garden Community, therefore, we suggest that the issue for consideration is whether or not the policy should refer to a level of affordable housing “up to” 30% which can be subject to further viability testing in due course, or whether the policy should be amended to reflect the evidence provided by the combination of Cushman and Wakefield/Hyas reports at 20%. In the light of emerging national planning policy as evidenced by the recent NPPF consultation, our view is that it should be the latter.