

Note: Our comments on Matter 6 relate only to the Tendring/Colchester Borders Garden Community proposal, within which Mersea Homes has land interests.

Question 4 – Are the locations for the proposed garden communities and any associated green buffers adequately and accurately identified on the Policies Maps? Should they be more, or less, clearly defined?

Firstly, we note that the Key Diagram at Section 10.1 of the Part 1 plans identifies the three Garden Communities, but there appears to be no clear explanation or justification for the different approaches used – west of Braintree appears to be a circle with no attempt at locational specificity, Marks Tey appears to be drawn to reflect the approximate boundaries of the location, and East Colchester is also a shape that appears to be trying to reflect the extent of the site, but incorrectly, since for example it includes virtually no land within Colchester’s boundary, and no land south of the A133, in contrast to the actual boundaries of the land shown on the Policies Maps.

We assume the Key Diagram is trying to depict the broad locations for each garden community symbolically rather than geographically, and in order to avoid any misunderstanding, it would be more appropriate to use a symbol for each garden suburb, rather than shapes that might be mistaken for geographically accurate representations.

Turning to the Policies Maps themselves, we would note the following comments:

- For the Tendring/Colchester Borders garden community, the Colchester Policies Map continues the hatching for the garden community over the border on to land with Tendring District Council’s area (but does not do the same on the other side of the Borough for the Colchester/Braintree Borders site). Presumably the hatching on Colchester’s Policies Map should stop at the Borough boundary;
- On the Colchester Policies Map, the hatching depicting the Tendring/Colchester Borders site does not extend as far as the Salary Brook, or cover the land immediately north of the University. The October 2017 Concept Framework, however (EB023) and the recently published Issues and Options Consultation for the site-specific DPD, both suggest that the Colchester Policies Map is not showing the full extent of the intended garden community in these locations. Although we appreciate that the hatching is showing an ‘area of search’ only, it is not clear why the hatching stops so far short of the area being considered through the Concept Framework;
- There is a lack of continuity between the Colchester Policies Map and Tendring Policies Map at the northern end of the Salary Brook, in the vicinity of Churn Wood. Tendring’s Policies Map excludes Churn Wood, but otherwise shows the extent of the garden community extending up to the district boundary of Colchester, which to the west of Churn Wood, is essentially up to the urban edge. As noted above, Colchester’s Policies Map shows the boundary of the site separated from the edge of the urban area, such that, where the

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district boundary lies along the southern side of Churn Wood, the extent of the garden community area on the Tendring side is not matching the extent of the garden community on the Colchester side;

- There is another mismatch between the Colchester Policies Map and the Tendring Policies Map in respect of the land south of the A133, where the Tendring Policies Map includes land south of the A133 and east of the B1028, but the small area of land within Colchester District that also lies within this same location is excluded on the Colchester Policies Map.

For the above reasons, we consider that amendments would be helpful to Colchester's Policies Map to achieve greater consistency in terms of the extent of the 'area of search' with both Tendring's Policies Map and the Concept Framework/Issues & Options Consultation Draft.

Question 5 – Have the infrastructure requirements ... been adequately identified and costed?

Yes, we believe that the broad infrastructure requirements for the Tendring/Colchester Borders scheme have been adequately identified, at an appropriate level of detail at this stage. Costs are more difficult at this stage, because schemes have not been fully designed or tested, which may lead either to cost savings or additional expenditure. In addition, there may be potential for different delivery mechanisms to be tested which could affect overall infrastructure costs (for example, some community/leisure/health infrastructure could end up being provided on a commercial basis rather than entirely through development funding), and there is also the potential for some public funding to be factored in.

Question 6 – Is there evidence that the infrastructure required will come forward within the necessary timescales?

Part (iv) of Policy SP7 requires infrastructure to be provided either ahead of or "in tandem" with the development it supports, and the latter is obviously the standard model by which all strategic development progresses i.e. the infrastructure is provided at the same rate as the development, rather than being overtly front-loaded. The specific triggers that govern the timing of individual pieces of infrastructure are normally determined at the application stage, rather than the policy stage, on the basis of the more detailed assessments available at that time.

In terms of the list of infrastructure set out in the viability appraisal EB013/1/2, the most significant single item is the site preparation and the primary site infrastructure (i.e. roads, utilities and drainage etc) necessary to serve the on-plot development. There is no reason why this infrastructure should not be provided on a phased basis in tandem with the development in the normal way. The second major item is education facilities, and again these will need to be provided on a phased basis, in the normal way for any strategic development – there is no merit in having empty classrooms ahead of the new population taking up residence. In terms of physical infrastructure, the two major items are the provision of a rapid transit system and a link road between the A120 and A133 – even these items will almost certainly be capable of phased provision, rather than all the costs being borne up front (in respect of the highway link, we note that the Jacobs report on costing EB014 even recommends a phased upgrading to dual carriageway standard, if indeed it transpires that that dualling is needed).

Although it is possible therefore that, through the delivery vehicle envisaged, there may be more up-front funding of infrastructure than might otherwise be the case if this scheme remained entirely private-sector driven, there are no substantive items of infrastructure that cannot be provided on a phased basis, and, crucially, no known impediments to upgrading infrastructure or particular time restrictions that would prevent infrastructure being delivered in tandem with the pace of development.

Question 7 – Should policies SP7, SP8 etc make more specific requirements as regards provision and timing of infrastructure ...?

On the basis of our answer to Question 6, there is no need for greater specificity for the Tendring/Colchester Borders proposal, because the infrastructure identified can be appropriately provided in tandem with the development, rather than there being an absolute and critical timing threshold by which a certain individual piece of infrastructure needs to be delivered.

Nevertheless, it would be possible, through the site-specific DPD, to provide additional information on the likely timing and sequencing of infrastructure delivery, alongside greater attention to the potential phasing of the development itself, to be considered further in that document.

Question 8 – Has the economic viability ... been adequately demonstrated?

- (a) Are assumptions on costs/timing of infrastructure appropriate?

Yes, please see our response to Questions 5-7 above; We believe they appear broadly appropriate, bearing in mind the high level nature of the appraisal assumptions.

- (b) Is the contingency allowance appropriate?

A contingency allowance of 10% is appropriate, albeit at the lower end of an acceptable range.

- (c) Are appropriate assumptions made about the level of output?

Yes, given the geographic scale of the development, the Tendring/Colchester Borders site does offer genuine opportunities for multiple outlets offering different products on different parts of the site simultaneously, and hence we consider the 250pa average referred to in EB013 realistic.

- (d) Are appropriate assumptions made about timing of land purchase?

No, the Hvas cashflow analysis does not include any up front land purchase cost. This has an obvious bearing on the compound finance cost calculation and respective viability conclusions.

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(e) Is it appropriate to allow a Garden City Premium?

No, a revenue premium is not considered appropriate. In our experience house purchasers will not pay additional amounts – and housebuilders cannot demand a premium – on schemes where significant market competition exists, as will be the case here.

(f) Is the viability threshold at an appropriate level?

Assuming the term ‘viability threshold’ is intended to mean the Benchmark Land Value, it is considered that an amount of £10,000 to £15,000 per gross acre is an insufficient land return for a hypothetical landowner, as this represents only an agricultural land value based return.

RICS Financial Viability in Planning states *“in order for schemes to be delivered, willing landowners require a ‘competitive return’ to release land in the form of uplift in land value reflective of its market value while allowing the developer an appropriate level of developer profit.”*

The Harman report entitled ‘Viability Testing Local Plans – advice for planning practitioners’ also states:

“In setting out a Threshold Land Value, it is important to avoid assuming that land will come forward at the margins of viability.”

It is widely recognised that this approach can be less straight forward for non-urban sites or urban extensions, where land owners are rarely forced or distressed sellers, and generally take a much longer term view over the merits or otherwise of disposing of their asset.

This is particularly the case in relation to large greenfield sites where a prospective seller is potentially making a once in a lifetime decision over whether to sell an asset that may have been in the family, trust or institution’s ownership for many generations.

Accordingly, the uplift to current use value sought by the landowner will invariably be significantly higher than in an urban context and requires very careful consideration.”

On this basis it is felt that a considerably higher BLV should be applied, of at least £125,000 per gross acre for a site of this nature in this location.

(g) Should an allowance be made for inflation?

No, a fundamental valuation principle is that both revenues and costs should be reflected on a day-1 (present day) basis, due to the inherent risks of forecasting.

It is felt that a scheme of this nature should be given an initial amount of affordable with future changes in market conditions/inflation picked-up within an appropriately structured review mechanism.

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It is therefore considered that the viability scenarios including revenue and/or cost forecasting should be ignored; the present day revenue/ cost scenarios are those that should be relied upon.

(h) Is an appropriate allowance made for finance costs?

It is felt that the 6.0% finance rate reflected in the cashflow modelling is broadly appropriate but (as above) the compound finance costs are likely to be insufficient because zero land costs has been included in the cashflow appraisals.

(i) Is the residual value methodology appropriate?

It is felt that the appraisal modelling is broadly appropriate in structure – subject to the above points regarding finance costs associated with the land acquisition and forecasting of revenues and costs.

Question 9 – Is there evidence to demonstrate that 30% affordable housing can be viably provided ...? Is it appropriate for this figure to be set as a “minimum” ...?

The Inspector will note from the EB013 and Tables 5.3.1 (West of Braintree Viability), 6.3.1 (CBB) and 7.3.1 (TCB), that out of the three Garden Communities, it is the last of these, the Tendring Colchester Borders Garden Community, that is the most marginal in terms of viability. Of the three Garden Communities, it is only the Tendring Colchester Borders Garden Community which, upon the methodology outlined in that assessment, produces scenarios where the residual land value is not above agricultural land value.

The Hyas conclusions indicate that the scheme can only support 20% affordable, based on present day revenues and costs, delivering a residual land value of £125,000 per gross acre (see summary table on page 36 of Hyas report). For the reasons provided to Question 8 (f) above, it is considered that this level of land value represents the minimum amount that would be required by a landowner for a site of this nature.

On the Council’s own evidence we therefore believe that the Tendring Colchester Borders Garden Community can only support 20% affordable housing.

We also object to the use of the word ‘minimum’. Whilst it may be appropriate for the Part 1 Plan to set out a target for affordable housing provision, ultimately, this has to be capable of amendment in the event that viability shows that the target level of affordable housing cannot be provided. In our view, the wording of Policy SP8 in respect of affordable housing should be amended to “ ... a target of 20% affordable housing, subject to viability ...”.

It may even be appropriate for the Part 1 Plan not to set an affordable housing target, but to leave this matter for the subsequent Site Allocation Plan, since that Plan is likely to have better information on the actual quantum of residential development to be provided, and refined infrastructure costs based on the further analysis that we assume will be undertaken in the context of the Site Allocation Plan, and will therefore be better placed to estimate the level of affordable housing that can viably be provided in connection with this development.

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Yes, subject to the level of affordable housing being capable of being adjusted as per our response to Question 9 to ensure that the development at Tendring/Colchester Borders remains viable.

Question 11 – Is there evidence to show that each garden community is capable of delivering 2,500 dwellings ...?

As per our response to Question 8(c), we do not disagree with the delivery rates used in the viability assessment EB013 relating to an average of circa 250 per annum (all tenures) for Tendring/Colchester Borders.

Questions 14 and 15 – Do the policies ... make adequate provision for the protection ... of the natural environment/heritage assets?

Yes – these matters are appropriately dealt with in part (x) of SP7 and part 20 of SP8.

Question 17 – Is the proposal to prepare subsequent DPDs ... justified?

We do not believe that there is a need for a separate DPD to set additional design policies, as the Part 2 Plans already include design policies that establish relevant design principles for all development. In addition, it is also likely that phasing arrangements in any DPD will be indicative rather than prescriptive, since phasing will inevitably be a matter that gets refined as the development progresses, rather than something that can be pre-set through the formal auspices of a DPD. If the Councils wish to provide more material on design aspirations and potential phasing solutions, then this can be done through an SPD, rather than a DPD.

The need or otherwise for a secondary DPD in our view therefore primarily comes down to whether or not there is a need for additional detail on land allocations.

Confusingly, all three authorities have adopted different approaches to showing the garden communities on their Policies Maps. Both Braintree and Tendring show areas that are defined on the key as being land for garden communities, but whilst Tendring's Map shows defined boundaries, Braintree's base map and method of shading is not of sufficient detail to tell whether or not a precise area is being identified. Colchester, meanwhile, show a hatched area with no specific boundary, and a key that makes reference to the hatched area being an 'area of search' only for the new garden communities.

Although the situations in Braintree and Tendring are less clear, Colchester's Policies Map does not appear to be making a specific land allocation. As land allocations can only be made through a DPD, we have to assume that an additional DPD is therefore necessary to establish the extent of the land allocation in each case (but a DPD is not necessary for the other reasons suggested).

Question 18 – Is there an appropriate distinction between the roles of the Section 1 Plan and the DPDs?

In our view, the role of the Part 1 Plan is to establish the broad locations and key strategic principles of the garden communities. In our view, the role of the separate DPD in each case should be primarily to make the associated land allocation, taking account of the site specific evidence in each

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case. We accept that what we would term as the Site Allocation DPD may contain other helpful contextual material on phasing and infrastructure, but the primary purpose is defining the extent of the site, and any associated core land use planning principles that the site specific analysis may justify.

Question 19 – Will current and future land ownership arrangements facilitate ... delivery?

In the case of Tendring/Colchester Borders, the majority of the land identified as being required for the new garden community is already under option to Mersea Homes Ltd. Mersea Homes Ltd are happy to work in conjunction with the relevant authorities to deliver the new garden community, and therefore (subject obviously to viability) the existing arrangements should facilitate delivery as the major landowners are already party to an agreement with a willing developer.

Question 20 – Are the proposed governance and delivery mechanisms ... appropriate?

We have no issue with the establishment of a Local Delivery Vehicle. Equally, we consider that the scale of development at Tendring/Colchester Borders is not dependent on such a mechanism, and the development can be delivered by the private sector operating in partnership with the local authorities through existing mechanisms.