

GLOUCESTER CITY PLAN EXAMINATION
MATTER 10 – THE DELIVERABILITY OF THE PLAN

Inspector's issues and questions in bold type.

This Hearing Statement is made for and on behalf of the HBF, which should be read in conjunction with our representations to the pre submission City Plan consultation dated 14th February 2020. This representation answers specific questions as set out in the Inspector's Matters, Issues & Questions document.

Whether the proposed development is sufficiently viable to enable the delivery and implementation of the spatial requirements of the Joint Core Strategy (JCS)?

79. Does the evidence demonstrate that the level of development proposed within Gloucester, and defined within the JCS, will be viable and deliverable given the wider policy requirements of the Gloucester City Plan (GCP), such as ensuring developments are in keeping with the historic city, and the specific policy requirements which have been the subject of specific viability testing? Are these specific policy requirements and costs broadly consistent with those set out within the JCS? If not, what is the justification for any divergence between the two?

In plan-making, viability is inseparable from the deliverability of development. The Council has not demonstrated that development will be viable and deliverable. Without a robust approach to viability assessment, land will be withheld from the market and housing delivery will be threatened.

There are inconsistencies between the GCT JCS and the GCP for which there is no justification. The GCP is setting specific policy requirements above those set out in the adopted GCT JCS including (but not an exclusive list) Policies A2 – Affordable Housing, A6 – Accessibility Standards, F6 - NDSS, A7 – Self & Custom Build Homes, G7 - Water Efficiency Standards, G2 - EVCPs and B1 - Employment & Skills Plans (see detailed comments in HBF Hearing Statements for Matters 3, 7, 8 & 12). The Council is also diverging from Policy INF6 of the adopted GCT JCS and its adopted CIL Charging Schedule by applying a new formulaic approach to determine education infrastructure requirements, which add significant costs to S106 contributions sought. The Council's own viability evidence demonstrates that the cumulative impact of these costs cannot be borne by most sites.

80. Are the assumptions, on which the Gloucester City Plan Viability Report and Addendum are predicated, transparent? Is there any divergence between the basis on which the CIL charging levels were set and those underpinning the viability assessment (VA) reports? If so, what is the significance of this?

The basis of assumptions In the Council's Viability Assessment (VIA001) is not transparent. The viability of individual developments and plan policies should be tested at the plan making stage. The HBF is concerned that the GCP Viability Report September 2019 (VIA001) and Addendum 2020 (VIA002) have not robustly tested viability. Viability assessment is highly sensitive to changes in its inputs whereby an adjustment or an error in any one assumption can have a significant impact. Viability assessment should not be conducted on the margins of viability. The Council's viability assessment should accurately account for all costs for affordable housing provision, CIL, S106 contributions and policy requirements sought. The HBF understand that other participants, who are HBF Members have submitted detailed critiques of the Council's viability assessment. A number of concerns have been raised, the HBF share these concerns including (but not an exclusive list) :-

- site typologies, density & gross to net developable acreage ratio ;
- land values ;
- sales values ;
- use of BCIS lower quartile build cost figures ;
- professional fees ;
- externals & contingencies ;
- finance rate ;
- developer return ;
- opening up costs ;
- Beechwood SAC contributions ;
- compliance with Policies A2, A6, A7, F6, G2, G7 & B1 ;
- S106 contributions ; and
- further sensitivity testing (for Future Homes Standard & mandatory requirement for 10% biodiversity gain in Environment Bill).

The Infrastructure & Viability Background Paper November 2020 (INF003) sets out the change in the Council's approach to the delivery of infrastructure and its funding from CIL and S106 contributions. There is a divergence between the original GCT JCS viability evidence and the Council's Viability Assessment (VIA001) and the Addendum 2020 (VIA002). S106 contributions are increased from £2,500 to £5,000 per dwelling but this increase does not meet the much higher education contributions of £14,000 - £17,000 per dwelling sought by Gloucestershire County Council, which the HBF understand are routinely sought at planning application stage. The matter of the quantum of education contributions to be sought is not agreed between Gloucester City Council and Gloucestershire County Council as set out in the Statement of Common Ground 6. This matter should not remain unresolved, a resolution is urgently needed. If the higher education contributions are not viability tested through the GCP Examination, then it should be explicitly clear that the GCP is found sound on the basis that higher education contributions will not be sought.

82. My understanding is that the viability assumptions set out within the

September 2019 Viability Report have been amended in relation to updated Sales Values, Build Costs, S106 contributions, more up to date mitigation costs relating to the Beechwood SAC, and marginal increases in CIL levels. Is this approach justified by evidence? Is the quantum of S106 contributions tested realistic and justified by evidence? Have any changes to benchmark land values been considered? Also, should Tables A5, A6 and A7 be rerun using the 2020 Local Housing Needs Assessment preferred affordable housing tenure mix?

VIA002 makes only selective changes to the Council's viability modelling inputs and assumptions. The HBF consider that any updating of the Council's viability evidence should be a comprehensive re-refresh of all inputs and assumptions, which should include addressing concerns previously raised by participants. No benchmark land value changes have been considered. The quantum of S106 contributions is unrealistic (see answer to Question 80 above). The HBF also note that there has been very limited collaboration between the Council and developers on viability assessment. As set out in the NPPG, the drafting of plan policies should be iterative and informed by engagement with developers, landowners, infrastructure providers and affordable housing providers (ID 10-002-20190509 & 10-006-20190509).

Original viability evidence underpinning the GCT JCS demonstrated that circa 20% affordable housing provision should be sought subject to negotiation. The Council's latest viability evidence (VIA001 & VIA002) identify that a significant proportion of sites are unviable with 20% affordable housing and a full policy compliant basis (Policy Layer 6). As shown in Table 6.2 and Table A6 only house / apartment typologies on green / brown field land in high value areas and house typologies on greenfield land or large mixed-use developments on brownfield land in mid value areas are viable on a full policy compliant basis (Policy Layer 6) including 25% affordable housing provision. All other residential sites are unviable. Addendum 2020 (VIA002) confirms that 31% of allocated sites / 39% of the allocated site capacity are unviable. Furthermore, as S106 contributions increase to more than £5,000 per dwelling, viable worsens (see Table A7).

The 2020 LHN Assessment is not listed as an Examination Document so its contents are not subject to scrutiny at this Examination. It would be inappropriate to re-run the viability assessment using the identified preferred affordable housing tenure mix. If a re-run is undertaken for sensitivity testing purposes only, the inclusion of social rent rather than affordable rent is likely to worsen the viability of residential developments.

83. What would be the implication on the plan, if the viability evidence clearly demonstrated, on a plan wide basis, that the development proposed in the GCP was not viable?

Most sites should be deliverable without further viability assessment negotiations. If viability negotiations occur routinely rather than occasionally, the implication is non-delivery or significant delay to housing delivery whilst individual developments are negotiated on a site by site basis at planning application stage.

The Council's viability evidence demonstrates that viability is challenging and there is limited opportunity to support additional costs. There are some locations and types of residential development, where additional costs for compliance with the policy requirements of the GCP will have trade-off implications. Trade-offs between additional policy requirements, affordable housing and infrastructure provision including education contributions will be necessary.