

Response to EXAM 8A, EXAM 8B and EXAM17

In respect of:

The Gloucester City Plan Examination

Prepared by:

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On behalf of:

Robert Hitchens Limited

Date:

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Contents:

	Page:
EXAM 8A AND 8B EXECUTIVE SUMMARY	3
EXAM 17 EXECUTIVE SUMMARY.....	6
1 INTRODUCTION	7
2 EXAM 8B.....	7
3 EXAM 8A.....	13
4 EXAM 8A AND 8B OVERVIEW	16
5 EXAM 17 PARAGRAPHS 1.1 TO 1.3 AND PAGES 3 TO 4.....	20
6 EXAM 17 PARAGRAPHS 1.5 TO 1.8	21
7 EXAM 17 PARAGRAPHS 1.15 TO 1.17	22
8 EXAM 17 PARAGRAPHS 1.18 TO 1.20	22

EXAM 8A and 8B EXECUTIVE SUMMARY

- i. It is understood that EXAM 8B reflects the additional modifications that the Inspector has specifically sought. However, many of the concerns raised on behalf of RHL in terms of input assumptions in VIA001 and VIA002 remain unaddressed in EXAM 8B.
- ii. Critically:
 - unspecified Residual Land Values (“RLV”) are compared by Porter PE to Benchmark Land Values (“BLV”) which are, apparently, arbitrarily set - the assumption that for consented Greenfield residential land landowners will accept £152k per net acre (which based on VIA001 density assumptions suggests a land payment equating to £9.5k per dwelling) is plainly unrealistic in a competitive market and falls below the value levels routinely being encountered by RHL in Gloucestershire in respect of Greenfield sites, and,
 - the modelling assumes unrealistically low s106 costs in the baseline position which inform the conclusions in EXAM 8A.

These issues render the baseline modelling outputs in EXAM 8B unreliable even as a high level assessment and mean that the conclusions in EXAM 8A should not be relied upon.

- iii. EXAM 8A Table 1 (which draws on the baseline modelling outcomes summarised in EXAM 8B) remains of little use as it reflects the inclusion of a baseline £3,250 per unit s106 cost.
- iv. The Council’s own documentation (INF003) acknowledges that applications have seen requests for c.£16.5k per unit on average for County s106 education costs alone. Added to the Local Planning Authority s106 (cited in EXAM 8B as £3250 per unit albeit the supporting evidence that it will not exceed this is not transparently presented in any of the Council’s viability evidence) this will result in s106 costs of just under £20k per unit.
- v. Whilst the County have published an Interim Position Statement (June 2021) following the recent Coombe Hill Appeal (reference 3257625) referencing reductions to pupil product yields the impact on the likely average per unit any reductions

(understood to be resulting in a £10.5k per unit position) are on an interim basis subject to a wider review of the Gloucestershire 2021 Local Developer Guide – as such it is unclear that combined LPA and County s106 costs will fall below £17.5k per unit for the whole of the life of the Plan. In view of this, to assess the viability of Plan policies a combined LPA / County education s106 cost of c.£14k to £20k per unit should represent a baseline testing position.

vi. Analysis of the EXAM 8B s106 ‘sensitivity’ outcomes against the Plan allocations (where unit numbers per site are based on Table 5.4, page 29 VIA001 and alterations to SA05 capacity in EXAM 8B page 2) suggests that at 20% Affordable Housing:

- even at 5k s106 per unit, c.67% of allocated sites (12 out of 18) are either unviable or marginal. This means that c.40% of the allocated units (452 out of 1132) may not be delivered.
- at £7.5k per unit 72% of allocated sites (13 out of 18) are either unviable or marginal. This means that c.43% of the allocated units (482 out of 1132) may not be delivered.
- at £12.5k to £15k per unit (which most closely reflects the LPA s106 costs at £3.25k per unit combined with the interim reduced £10.5k per unit County education s106 cost following the Interim Position Statement being issued) 83% of allocated sites (15 out of 18) are suggested to be unviable or marginal). This means that c.96% of the allocated units (1082 out of 1132) may not be delivered.
- at £17.5k to £20k per unit (which reflects the LPA s106 costs at £3.25k per unit combined with the range of County s106 costs suggested in INF003 being sought from applications) a huge 88% of allocated sites are essentially suggested to be unviable / marginal (c.88% are wholly in the red category thus suggested to be unviable at £20k per unit). This means that c.98% of the allocated units (1112 out of 1132) may not be delivered.

The County Interim Position Statement does not confirm that reductions to the County education s106 costs suggested in INF003 to have been sought previously will be maintained during the life of the Plan.

- vii. Contrary to the claims in EXAM 8A this strongly suggests that the planned housing supply through allocated sites will fail to be delivered where the cumulative policy burdens proposed through the Gloucester Plan are imposed. Table A3 in EXAM 8B makes it clear that windfall sites will similarly be impacted upon so housing delivery is unlikely to be made up for through these. This is of significant concern given that the Local Authority at best has a marginal five year housing land supply position.
- viii. EXAM 8B does not test what level Affordable Housing / non-optional building regulations standards requirements would need to reduce to for sites to be viable in the context of these s106 costs.
- ix. If the Gloucester Local Plan is allowed to proceed on this current basis (even assuming the Council will seek no more than 20% Affordable Housing under existing Joint Core Strategy policy – something which is not guaranteed) then site by site viability testing will ensue contrary to the NPPF and resulting in significant reductions to housing delivery. Such an approach is not indicative of a sound Plan.

EXAM 17 Executive Summary

- i. It is unclear what EXAM 17 adds to the evidence already provided within the Local Housing Needs Assessment 2019 (published in September 2020 – “LHNA”).
- ii. As is noted in Appendix 2 to the Hearing Statement for Matter 8, prepared by Pioneer Property Services Ltd in April 2021:-
 - a. the ‘overall need for adapted housing’ figure in LHNA Figure 83 and Figure 77 does not reflect a net position once potential existing supply sources for future need households have been estimated and deducted.
 - b. Figure 64 of the draft LHNA (the October 2019 version which draws on the same data sources as the LHNA) suggests that after deductions for homes that could be adapted the requirement for new adapted homes (for both M4(2) and M4(3)) equates to c.32% of the overall local housing need suggested in the LHNA for Gloucester. This is lower than the 50% M4(2) requirement in Policy A6 and significantly lower than the 67% Gloucestershire wide LHNA proportion referenced in EXAM 17.
- iii. Where the Policy requirement is not based on background evidence which establishes the net need for new homes to M4(2) and M4(3) standards it is unclear how decision takers can apply the policy using planning obligations in accordance with Regulation 122.
- iv. Updated Housing Waiting List data within EXAM 17 is not analysed to deduct households already in adapted Affordable Housing that would free up such housing for another such household were they to move, and does not assess the ability of adaptations to existing Affordable Housing stock to meet backlog adapted housing needs.
- v. The HOU001 wheelchair user evidence referred to in EXAM 17 (page 5) is based on analysis which includes all tenures and does not demonstrate a need for 4% of all Affordable Housing to be provided to M4(3) standards.
- vi. The cumulative impact of requiring the M4(2) M4(3) standards in addition to other costs (including County education s106 costs) is not proven to be viable (see the response prepared on behalf of RHL to EXAM 8A and EXAM 8B for additional detail).

1 Introduction

- 1.1 Sections 2 to 4 of this paper respond on EXAM 8A and 8B provided in response to requests made by the Examining Inspector in respect of the Gloucester City Plan examination.
- 1.2 Whilst amendments to the viability modelling have been requested by the Inspector, these do not address all of the concerns raised previously in respect of elements of the viability work undertaken on behalf of the Council (i.e. in response to VIA001, VIA002 and EXAM 8 during the Hearing Sessions).
- 1.3 This paper should, therefore, be read in conjunction with the Hearing Statement for Matter 8, and specifically Appendix 1 to the Hearing Statement for Matter 8, prepared by Pioneer Property Services Ltd and submitted by Pegasus Planning to the Inspector in April 2021 on behalf of Robert Hitchins Ltd.
- 1.4 It is noted that EXAM 8B (as amended on the 9th of July 2021) provides a summary of the updated viability modelling and EXAM 8A updates EXAM 8 (the latter being issued during the Hearing Sessions) based on the outcomes of EXAM 8B. This paper therefore considers EXAM 8B first and then moves on to EXAM 8A.
- 1.5 Sections 5 to 8 of this paper respond on EXAM 17 which has been provided by Gloucester City Council to the Examining Inspector in respect of the Gloucester City Plan Policy A6 – Accessible and Adaptable Homes.

2 EXAM 8B

- 2.1 EXAM 8B suggests that at 20% Affordable Housing (a reduction over the 25% tested in VIA002) and £3,250 per unit s106 the baseline modelling (i.e. incorporating the amendments listed on pages 1 and 2 referred to as having been requested by the Inspector but excluding any sensitivity testing) c.75% of allocated sites and 'most' of the windfall sites tested will be 'viable at full emerging GCP policy level'.
- 2.2 However, c.42% of the windfall sites tested are suggested to be unviable or marginal (one site is listed as marginal). This suggests that almost half of any windfall sites that may come forwards will be unviable. Where the delivery of dwellings on allocated sites should falter (for viability or other unforeseen reasons) windfall sites will play a significant role in assisting with addressing the assessed housing requirement. Currently, the testing outputs, even at this

baseline level, when read as a whole suggests marginal viability outcomes where all policy levels are sought from such sites. In areas defined by the EXAM 8B author to be ‘low value’ 100% of such sites are listed as unviable / marginal.¹

Land Values

- 2.3 It is of critical importance when interpreting the EXAM 8B (and all prior related viability work) that residual land values are tested against realistic Benchmark Land Values (“BLVs”) – see paragraphs 1.19 to 1.23 of Appendix 1 to Matter 8 Hearing Statement submitted on behalf of RHL in April 2021).
- 2.4 As it is not stated otherwise, and no modifications appear to have been requested by the examining Inspector, it is assumed that the BLVs remain as those applied in the VIA001 and VIA002 (see Table 5.17 page 40 of VIA001) – so £375k per net hectare for Greenfield sites and £500k per net hectare for brownfield sites.
- 2.5 The critical question remains: where is the Council’s evidence to support these values? No specific supporting evidence has been presented – it is simply stated that the professional judgement of the author is that 15x EUV for Greenfield and 1.25x for Brownfield provides a ‘competitive return’.²
- 2.6 Many housing sites are promoted and gain permission via promotion agreements or options which have been exposed to open market tender and subsequent negotiation, and it is almost always the case that the legal provisions of these agreements specify a minimum landowner financial return, being a figure below which the land will not be released and available for development.
- 2.7 Evidence of these real world values can readily be found within promotion agreements; for example, in the experience of Robert Hitchins Ltd, when the required landowner returns are taken into account, the net per hectare land value for Greenfield sites will lie in the range of c.£600k to c.£1m in Gloucestershire. This is based on real-life figures.
- 2.8 The arbitrarily set VIA001 Greenfield BLV of £375k per net hectare (which equates to only £152k per net acre) does not reflect the reality of the values which will be required to persuade landowners to make their land available for development in Gloucestershire. It is simply unrealistic to suggest that Landowners will accept £152k per net acre for consented residential

¹ Only one site is marginal with the rest listed as unviable.

² page 40 of VIA001

land. Using the 40 dwelling density per net hectare suggested in VIA001 Table 5.4 suggests a density of c.16 dwellings per net acre – this means that it is expected that landowners will accept a land payment that equates to only £9.5k per dwelling. This is plainly unrealistic.

- 2.9 If conclusions about the release price for land are to be drawn on the basis of the commentary presented in the VIA001 (and used in VIA002 and EXAM 8B) this will not be linked to evidence and does not, therefore, appear to adhere to the principles established within the National Planning Policy Guidance (“NPPG”).
- 2.10 Whilst the revised NPPF has altered a part of how land is considered in the context of viability it still requires a judgment to be made to establish the landowners release price for various types of land. The land value threshold / BLV, or release price, is a critical component of the overall appraisal model and must be suitably identified and evidenced. A failure to do this in the context of the market will potentially jeopardise the timely release of sites over the plan period.
- 2.11 This is not a matter to be included only within sensitivity testing; realistic land values should be being used against which to test Residual Land Values (“RLV”). In common with earlier iterations on the viability work undertaken on behalf of the Council, the author has not even provide the RLVs within any of the ‘traffic light’ tables which are presented. It is therefore unknown how the outputs compare with the land values routinely found by RHL to apply in practice.

S106

- 2.12 The baseline testing assumes £3,250 local planning authority (“LPA”) s106 costs per unit in response to the Inspectors requested modifications.
- 2.13 This is too low even for the baseline position (see paragraph 9.6 of Attachment A to the response to Policy A2 Affordable Housing prepared by Pioneer for the Pre-Submission Local Plan submitted in December 2019 on behalf of RHL – PPE have previously referred to £15k per unit s106/278 costs in CILEXAM 002(a) prepared to support the preparation of the Joint Core Strategy CIL).
- 2.14 As stated at paragraph 1.12 in Appendix 1 to the Matter 8 Hearing Statement submitted on behalf of RHL the underpinning evidence for the current s106 assumption has never been presented. This is based on agreements dating since 2015 – preceding the changes to the

CIL Regulations following which the County Council are routinely seeking s106 education contributions from sites in addition to CIL.

- 2.15 INF002 paragraph 3.2 confirms that the 'LPA accepts that s.106, rather than CIL is GlosCC's preferred method for securing funding from developments towards education infrastructure'. The education infrastructure cost for the level of housing planned (including windfalls) is suggested to equate to £16,590 per dwelling.³ Paragraph 4.13 of INF003 confirms £16,590 per unit to be 'reflective of what is being requested in current planning applications' and that 'recent requests' are between £14,000 to £17,000 per dwelling. Whilst the actual amount is described as being subject to existing school capacity, this will remain unknown until the point an application for a site is actually submitted.
- 2.16 Since INF002 and INF003 were issued the County have now also published an Interim Position Statement (following the recent Coombe Hill Appeal (reference 3257625)) referencing reductions to pupil product yields. The impact on the likely average per unit County s106 education costs is not transparently specified within the Statement, but is understood to result in an interim c.£10.5k per dwelling s106 education cost – this will put the assumed LPA s106 cost and County s106 education costs at a combined £13.8k per unit. However, the Interim Position Statement confirms that the position in respect of Pupil Product Ratios is to be subject to 'wider review' and that following this the Gloucestershire March 2021 Local Developer Guide will be reviewed. As such, there remains uncertainty as to what the final cost that the County will seek to apply during the lifetime of the Gloucester City Plan will be.
- 2.17 EXAM 8B, part of a high level study the point of which is to ensure that burdens on development are not such that they jeopardise the delivery of the Plan, should, therefore, assume as a baseline position that County s106 costs at this level will be sought on all developments. In conjunction with the LPA s106 cost of £3,250 per unit a total £13.8k per unit s106 cost burden looks to be a more accurate reflection of what the minimum baseline position should be.
- 2.18 However, given the interim nature of the adjusted education s106 now understood to be sought by the County (following the Coombe Hill appeal), and in view of the education infrastructure cost being suggested to be £16.6k per unit within INF002 (which together with the LPA s106 would total £19.9k per unit) and confirmed to be the level of contributions that has previously been sought in practice, it is considered reasonable that until the outcome of the County LDG review is known a range of c.£14k to £20k per unit combined LPA / County education s106

³ INF002 paragraph 4.8

costs should be considered when assessing the viability of the proposed Gloucester Local Plan.

Sensitivity Testing

- 2.19 EXAM 8B includes the outcomes of various sensitivity tests as requested by the Inspector including testing without Nationally Described Space Standards (“NDSS”), reduced proportions of M4(2) accessibility standards (i.e. 10% and 25% of all units compared to 50% previously in VIA001 and VIA002) and increased and decreased sales costs and build costs. There is no sensitivity to test a nil M4(3) standard scenario (applied to 4% of Affordable Housing in VIA001 and VIA002) despite that this is more costly per unit than M4(2).
- 2.20 The cost assumptions for NDSS and M4(2) and M4(3) (which themselves have been queried⁴) which are removed from the sensitivity test scenarios in EXAM 8B Table A2 predictably do not, in themselves as individual adjustments, result in additional sites becoming unviable (against the EXAM 08B BLVs at least).
- 2.21 However, this misses the point. The fact is that:
- a) it is the cumulative impact of costs (particularly when they are not underestimated) that will erode the viability of development,
 - b) the comparison of the resulting RLVs to the arbitrarily set BLVs (see paragraph 2.7 above) results in an artificial viability outcome – the additional tests are meaningless if the outcomes are considered against unrealistically low BLVs.
 - c) sensitivity tests 1 to 3 reflect Local Planning Authority s106 costs at £3,250 per dwelling – as stated in paragraphs 2.12 to 2.16 above this does not reflect County s106 costs confirmed to have previously been sought at c.£16.6k per dwelling (which would suggest an overall s106 cost burden of up to c.£20k per unit when the LPA s106 cost is factored in) and now, in the interim subject to a full review of the LDG, at £10.5k per unit (suggesting an overall s106 cost burden of c.£14k per unit when combined with the LPA s106 cost). There is no confirmation by the Council and the County in SoCG7 that between £10.5k to £16.6k of education s106 will not be routinely sought, notwithstanding the Interim Position Statement published by the County Council, in the life of the Plan.

⁴ See paragraphs 6.9 to 6.12 of the Attachment A to the response to Policy A2 Affordable Housing prepared by Pioneer for the Pre-Submission Local Plan submitted in December 2019 on behalf of RHL and paragraph 1.3 of Appendix 1 to Matter 8 Hearing Statement, prepared by Pioneer Property Services Ltd and submitted by Pegasus Planning to the Inspector in April 2021 on behalf of RHL

- 2.22 Sensitivity test 3 (depicted in Table A2) provides a useful insight into what happens to viability when sales values decrease or build costs increase. In particular with respect to build cost increases, it is noted at a 5% increase only 11 out of the 24 typologies tested in EXAM 8B are suggested to remain viable against the EXAM 8B BLVs, at s106 up to £3,250 per unit and 20% Affordable Housing – i.e. 54% are unviable.
- 2.23 As reported by The Construction Index on the 18th of May 2021, a recent report by Arcadis ('Spring 2021 Market View' entitled 'Window of Opportunity') forecasts tender price inflation in the buildings sector totalling 15% by 2025⁵ - this is reported as an evolving situation being fuelled by a number of factors including in respect of the supply chain, materials availability and logistics costs, duties on material from the EU and capacity constraints.⁶ Impacts on infrastructure are reported to be more significant still - this will impact projects delivering both residential and infrastructure elements. Whilst residential values are also forecast to increase⁷ it is unclear to what degree this will apply within Gloucester. EXAM 8B does not model 5% higher sales costs with 5% higher build costs – the two should not be assumed to cancel one another out.
- 2.24 Sensitivity 4 tests 'Policy layer 6' across a range of per unit s106 costs (£2.5k to £20k). As stated in paragraphs 2.12 to 2.16 above, as a baseline, given that County education s106 contributions of c.£16.5k per unit have previously been sought on applications (as per INF003) in conjunction with £3,250 per unit for LPA s106 contributions, a s106 cost of £19.8k per unit can be assumed (i.e. c.£20k per unit). At minimum, in the context of the Interim Position Statement the County is understood to be seeking £10.5k per unit education s106, suggesting s106 would total c.£14k per unit. The County Interim Position Statement does not confirm that combined LPA and County s106 costs will fall below £17.5k per unit for the whole of the life of the Plan, given that the LDG is to be subject to review in conjunction with the Pupil Product ratios.
- 2.25 Table A3 in EXAM 8B does not assess a £14k per unit level of s106 with rates jumping from £12.5k per unit to £15k per unit. At £15k per unit s106 Table A3 suggests that only 7 site typologies out of 24 are viable when compared to the EXAM 8B BLV and at 20% Affordable Housing. This suggests 70% of sites to be unviable against the EXAM 8B author's own BLV

⁵ Page 7, Window of Opportunity, Arcadis – UK Construction Market View Spring 2021

⁶ Pages 6 - 7, Window of Opportunity, Arcadis – UK Construction Market View Spring 2021

⁷ Savills March 2021 mainstream residential property forecasts

at £15k per unit. At £12.5k per unit 4 sites are suggested to be marginal, but it is unclear that this would remain the position against £14k per unit s106.

- 2.26 At £20k per unit s106 Table A3 suggests that only 4 site typologies (sized at 4 and 9 units) out of 24 are suggested to be viable when compared to the EXAM 8B BLV and at 20% Affordable Housing. This suggests 83% of sites to be unviable against the EXAM 8B author's own BLV at £20k s106 per unit.
- 2.27 EXAM 8B confirms at page 7 that at £7.5k per unit s106 costs half of the typologies and 62% of the allocated sites (delivering c.59% of the allocated site capacity) would be unviable at the full emerging policy position. Bizarrely, despite this admission that 59% of the allocated site capacity is already unviable at £7.5k s106 per unit, EXAM 8B suggests that it is when s106 costs exceed £7.5k per unit that the 'aspirations of the emerging GCP may be put at risk'. Clearly, the aspirations are at risk even at £5k per unit where 11 out of 24 sites are unviable or marginal. Again, this is against the EXAM 8B own BLVs which are arbitrarily set and considered by RHL to understate land value levels routinely being encountered in Gloucestershire in respect of Greenfield sites.

3 EXAM 8A

- 3.1 EXAM 8A updates EXAM 8 (issued during the May 2021 Hearings) based on the June 2021 modelling summarised within EXAM 8B – EXAM 8 was prepared in response to the Inspector's request to explore the impacts on supply where allocated sites fall into 'red' unviable categories based on VIA001 Table 6.2 and translating the VIA001 typologies within red categories into actual allocated sites.
- 3.2 EXAM 8A suggests that sites 21 and 24 are struck out as they are no longer in a 'red' category after the June 2021 modelling. However, bullet point one at page 2 of EXAM 8B suggests that site 24 became site '25' after being altered from 200 units to 300. It is noted that Site 21 was in a red category in VIA001 Table 6.2 at 20% Affordable Housing and the only different factors in the baseline testing in EXAM 8B from VIA001 are the Affordable Housing tenure split, the dwelling mix (affordable and market) and an increased s106 cost assumption (£3,250 rather than £2,500 per unit). IN EXAM 8B Table A1 Site 21 is suggested to be marginal as opposed to viable. The absence of RLVs makes it difficult to know by how much the economic outcome for this typology is suggested to have altered.

- 3.3 Table 1 in 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 following is assumed to reflect the correct alignment:
- SA15 in Table 1 EXAM 8A should be 'SA16'
- SA18 in Table 1 EXAM 8A should be 'SA19'
- SA13 in Table 1 EXAM 8A should be 'SA14'
- 3.4 It is also noted that Sites SA13 (Rea Lane) SA02 (Barnwood Manor) and SA08 (Kings Quarter) are excluded from the EXAM 8B analysis (see footnote 1 in EXAM 8B) on the basis that they have obtained planning permission and are included as commitments in the 5 Year Housing Land Supply Statement. However, it is unclear whether this is full planning permission or outline, and until these schemes have actually been built and any agreed s106 due on them paid out it is suggested that it remains relevant to test what the impact of the emerging policy position and County education s106 demands may be as alternative s106 amounts and policy requirements could still be sought where permissions lapse or require modification such that new applications are needed.
- 3.5 The outputs in EXAM 8A Table 1 remain of as little use as in EXAM 8 as these reflect the inclusion of a baseline £3,250 per unit s106 cost when the Council's own documentation (INF003) acknowledges that applications have seen requests for c.£16.5k per unit for County s106 education costs alone. Subsequent to the County Interim Position Statement being issued it is understood that c.£10.5k will be sought in the interim, albeit a wider review of the LDG is to be undertaken and therefore the final position of the County during the life of the Gloucester City Plan is subject to uncertainty. Table 1 in EXAM 8A needs to be re-drafted taking increased s106 costs into account (at c.£14k to £20k per unit costs to reflect the range of combined LPA / County education s106 costs that should be considered) and to reflect the correct site references as used in VIA001.
- 3.6 This has been attempted using the information in Table 5.4 VIA001 and EXAM 8B Table A3 below and includes all typologies linked to a site allocation⁸:

⁸ based on Table 5.4, page 29 VIA001 and alterations to SA05 capacity in EXAM 8B page 2

Ref	Typology	Value Area	Links with site allocation	Policy Layer 6, (£5k s106 per unit)	Policy Layer 6, (£7.5k s106 per unit)	Policy Layer 6, (£12.5k s106 per unit)	Policy Layer 6, (£15k s106 per unit)	Policy Layer 6, (£17.5k s106 per unit)	Policy Layer 6, (£20k s106 per unit)	TOTAL Units*
5	9 Houses Brownfield	High	SA20,							10
6	9 Houses Greenfield	High	SA01,							10
10	20 Houses Greenfield	Mid	SA13,							30
12	20 Houses Greenfield	Low	SA16							30
15	30 Flats Brownfield	High	SA03, SA10, SA11, SA17, SA22							120
16	30 Mixed Brownfield	Mid	SA02, SA19							46
17	30 Mixed Brownfield	Low	SA04, SA14							50
18	50 Houses Greenfield	Mid	SA15							30
19	50 Flats Brownfield	High	SA09							50
22	150 Flats Brownfield	High	SA08							156
23	200 Mixed Brownfield	Mid	SA12							300
25	300 Mixed Brownfield	Low	SA05							300
Range of s106 costs to reflect £3.25k per unit LPA costs and £10.5k to £16.6k per unit County s106 education costs (based on INF003 and interim reduced s106 post County Interim Position Statement)										TOTAL: 1132

Based on Table 5.4, page 29 VIA001 and Table A3 EXAM 8B

* based on Table 5.4, page 29 VIA001 and alterations to SA05 capacity in EXAM 8B page 2

- 3.7 The above suggests that even at 5k s106 per unit c.67% of allocated sites (12 out of 18) are either unviable or marginal. At £7.5k per unit this increases to 72% (12 out of 18) and at £12.5k to £15k per unit (which most closely reflects the LPA s106 costs at £3.25k per unit combined with the interim reduced County education s106 cost following the Interim Position Statement being issued) 77% of allocated sites (14 out of 18) are essentially suggested to be unviable (c.83% are suggested to be unviable or marginal).
- 3.8 At £17.5k to £20k per unit (which reflects the LPA s106 costs at £3.25k per unit combined with the range of County s106 costs suggested in INF003 being sought from applications) a huge 88% of sites (16 out of 18) are essentially suggested to be unviable / marginal (all 88% are in the red category at £20k per unit).
- 3.9 This suggests that with s106 costs of c.£5k per unit to £20k per unit from just under 70% up to almost 90% of the Gloucester City Plan allocations are assessed to be unviable. **Contrary to the claims in EXAM 8A this strongly suggests that the planned housing supply through allocated sites will fail to be delivered.** This is in the context of 20% Affordable Housing and the EXAM 8B BLVs - which are arbitrarily set and fall below value levels routinely being encountered by RHL in Gloucestershire in respect of the Greenfield sites.

3.10 In terms of the subsequent Table 2 and paragraphs 1.5 to 1.10 in EXAM 8A:

- Where there is a suggested benefit that may improve the viability outcomes to those listed as a result of VBC or CIL allowances there is no testing to see if this makes these sites viable.
- At paragraph 1.8 a rather vague comment is made that the sites are 'moving forward positively' – it is unclear what this actually means or where the evidence for this is (particularly if the sites are to be subject to the County education s106 costs as INF003 suggests).
- Paragraphs 1.6 (6) and 1.11 throws the position straight back into a site by site viability testing expectation that the NPPF confirms should be avoided - such matters should be established at the Plan making stage. The Council appears to be relying on a non-NPPF compliant approach of site by site testing as opposed to establishing a deliverable position at the Plan making stage.

4 EXAM 8A and 8B Overview

- 4.1 Whilst it is accepted that EXAM 8B reflects the additional modifications that the Inspector has specifically sought, many of the concerns raised on behalf of RHL in terms of input assumptions in VIA001 and VIA002 are still not addressed in EXAM 8B.
- 4.2 Critically, unspecified RLVs are compared by Porter PE to BLVs which are, apparently, arbitrarily set - the assumption that for consented Greenfield residential land landowners will accept £152k per net acre (which based on VIA001 density assumptions suggests a land payment equating to £9.5k per dwelling) is plainly unrealistic in a competitive market and falls below the value levels routinely being encountered by RHL in Gloucestershire in respect of Greenfield sites. The modelling also assumes unrealistically low baseline s106 costs even for the baseline position.
- 4.3 These issues render the baseline modelling outputs unreliable even as a high level assessment.
- 4.4 The cost assumptions for NDSS and M4(2) and M4(3) (which themselves have been queried in prior consultations) which are removed from the sensitivity test scenarios in EXAM 8B Table A2 predictably do not, in themselves as individual adjustments, result in additional sites

becoming unviable (against the EXAM 08B BLVs, £3,250k per unit baseline s106 costs and 20% Affordable Housing at least).

4.5 However, this does not mean these policy aspirations, as cumulative costs, are unlikely to risk the delivery of the emerging development plan, particularly when viewed in the context of forecast significant increases in build costs (with building tender price inflation totalling 15% by 2025 reported by Industry experts and even greater pressures for infrastructure delivery) and other economic pandemic/ Brexit induced uncertainties.

4.6 Furthermore, considered in the context of:

- the INF003 acknowledged levels of County education s106 that have been sought from applications (c.£16.5k per unit),
- the interim reduced costs (£10.5k per unit) understood to be being applied following the Coombe Hill Appeal / Interim Position Statement, and,
- with no agreement in the SoCG7 between the County and the LPA that this will be curtailed / given the indication in the County Interim Position Statement that the final position is subject to wider review,

4.7 Sensitivity test 4 Table A3 in EXAM 8B confirms that the aspirations of the emerging Plan will be put at risk: only 7 site typologies out of 24 tested (including allocations) are suggested to be viable at £15k s106 (i.e. the range of combined LPA and County s106 costs) when compared to the EXAM 8B BLV and at 20% Affordable Housing / policy layer 6. At £12.5k per unit 4 sites are suggested to be marginal, but it is unclear that this would remain the position against £14k per unit s106. At £20k per unit s106 Table A3 suggests that only 4 site typologies (sized at 4 and 9 units) out of 24 are suggested to be viable when compared to the EXAM 8B BLV and at 20% Affordable Housing. This suggests 83% of site typologies to be unviable against the EXAM 8B author's own BLV at £20k s106 per unit.

4.8 Unless the Council categorically confirms that the County s106 education contributions will not be sought during the life of the Plan these overall s106 costs (£14k to £20k per unit) should not be seen as a sensitivity (i.e. a 'maybe') but as baseline position.

4.9 Even without the County s106 costs, at £3,250 the LPA s106 is not clearly evidenced to be a maximum position by the Council's viability evidence and the BLVs applied are arbitrary and, in the experience of RHL in respect of Greenfield land, unrealistically low.

4.10 The outputs in EXAM 8A Table 1 (which draw on the baseline modelling outcomes summarised in EXAM 8B) remain of as little use as in EXAM 8 as these reflect the inclusion of a baseline £3,250 per unit s106 cost when the Council's own documentation (INF003) acknowledges that applications have on average seen requests for c.£16.5k per unit for County s106 education costs alone and interim reductions (understood to see this fall to c.£10.5k per unit) may be subject to change following review by the County during the life of the Plan.

4.11 Analysis of the EXAM 8B s106 'sensitivity' outcomes against the Plan allocations suggests that:

- even at 5k s106 per unit, c.67% of allocated sites (12 out of 18) are either unviable or marginal. This means that c.40% of the allocated units (452 out of 1132⁹) may not be delivered.
- at £7.5k per unit 72% of allocated sites (13 out of 18) are either unviable or marginal. This means that c.43% of the allocated units (482 out of 1132¹⁰) may not be delivered.
- at £12.5k to £15k per unit (which most closely reflects the LPA s106 costs at £3.25k per unit combined with the interim reduced County education s106 cost following the Interim Position Statement being issued) 83% of allocated sites (15 out of 18) are suggested to be unviable or marginal). This means that c.96% of the allocated units (1082 out of 1132¹¹) may not be delivered.
- at £17.5k to £20k per unit (which reflects the LPA s106 costs at £3.25k per unit combined with the range of County s106 costs suggested in INF003 being sought from applications) a huge 88% of allocated sites are essentially suggested to be unviable / marginal (c.88% are wholly in the red category thus suggested to be unviable at £20k per unit). This means that c.98% of the allocated units (1112 out of 1132¹²) may not be delivered.
- The County Interim Position Statement does not confirm that reductions to the County education s106 costs suggested in INF003 to have been sought previously will be maintained during the life of the Plan.

⁹ Unit numbers per site based on Table 5.4, page 29 VIA001 and alterations to SA05 capacity in EXAM 8B page 2

¹⁰ Unit numbers per site based on Table 5.4, page 29 VIA001 and alterations to SA05 capacity in EXAM 8B page 2

¹¹ Unit numbers per site based on Table 5.4, page 29 VIA001 and alterations to SA05 capacity in EXAM 8B page 2

¹² Unit numbers per site based on Table 5.4, page 29 VIA001 and alterations to SA05 capacity in EXAM 8B page 2

- 4.12 Contrary to the claims in EXAM 8A this strongly suggests that the planned housing supply through allocated sites will fail to be delivered. This is in the context of 20% Affordable Housing and the EXAM 8B BLVs - which are arbitrarily set. Windfall sites will similarly be impacted upon so housing delivery is unlikely to be made up for through these. This is of significant concern given that the Local Authority at best has a marginal five year housing land supply position.
- 4.13 Even at 20% Affordable Housing is likely to have to flex downwards and other policy aspirations, in terms of optional building standards, will need to fall away at the levels of education s106 sought by the County since the abolition of CIL Regulation 123.
- 4.14 EXAM 8B does not test what level Affordable Housing would need to reduce to (in conjunction with cumulative cost reductions through the removal of policy requirements for housing to be provided to standards in-excess of non-optional building regulations) for sites to be viable.
- 4.15 If the Gloucester Local Plan is allowed to proceed on this current basis (even against an assumption that the Council will seek no more than 20% Affordable Housing under existing Joint Core Strategy policy) then site by site viability testing will ensue contrary to the NPPF. Such an approach is not indicative of a sound Plan.

5 EXAM 17 Paragraphs 1.1 to 1.3 and Pages 3 to 4

- 5.1 It is unclear what EXAM 17 adds to the evidence already provided within the Local Housing Needs Assessment 2019 (published in September 2020 – “LHNA”). Paragraph 1.3 repeats paragraphs 30 and 31 (which refer to County wide outcomes) and Figure 83 of the LHNA.
- 5.2 The findings in the LHNA being used to justify the 50% of all housing in Gloucester City have been commented on at length within paragraphs 1.22 to 1.32¹³ of Appendix 2 to the Hearing Statement for Matter 8, prepared by Pioneer Property Services Ltd and submitted by Pegasus Planning to the Inspector in April 2021 on behalf of Robert Hitchins Ltd.
- 5.3 As is noted in Appendix 2 to the April 2021 Hearing Statement for Matter 8, prepared by Pioneer Property Services Ltd, the 9,636 ‘overall need for adapted housing’ figure in LHNA Figure 83 and Figure 77 does not reflect a net position once potential existing supply sources for future need households have been estimated and deducted.
- 5.4 As noted in the Appendix 2 to the Hearing Statement for Matter 8, prepared by Pioneer Property Services Ltd: this analysis was something which is included in the October 2019 draft version of the LHNA (“draft LHNA”) and suggests¹⁴ that County wide c.62% of homes could be adapted thus resolving the need in-situ.
- 5.5 Figure 64 of the draft LHNA suggests that 5,403 (56%) of the 9,636 households in Gloucester needing adapted housing lived in homes that could be adapted, leaving 4,232 requiring new adapted homes (for both M4(2) and M4(3)) – which equates to c.32% of the overall local housing need suggested in the LHNA for Gloucester. Even though it includes both M4(2) and M4(3) category households, this is lower than the 50% M4(2) requirement in Policy A6 and significantly lower than the 67% Gloucestershire wide proportion referenced in EXAM 17 (which is essentially a gross requirement position which does not reflect the ability to adapt existing homes or a households desire to actually move house).

¹³ NB: please note the reference to Tewkesbury Borough in paragraph 1.27 should read ‘Gloucester City’

¹⁴ Paragraphs 9.95 to 9.96 of the draft LHNA

6 EXAM 17 Paragraphs 1.5 to 1.8

6.1 These paragraphs appear to refer to the use of national level data to inform analysis of local level need for M4(2) and M4(3) category housing and lists the local authorities where this has been accepted by the Inspector at Examination.

6.2 The NPPG states that:

“Local planning authorities should take account of evidence that demonstrates a clear need for housing for people with specific housing needs and plan to meet this need.”

(Paragraph: 005 Reference ID: 56-005-20150327, NPPG – emphasis added)

6.3 Local authorities should take into account (among other things):

“- the accessibility and adaptability of existing housing stock.

- how needs vary across different housing tenures.

- the overall impact on viability.”

(Paragraph: 007 Reference ID: 56-007-20150327, NPPG)

6.4 Whilst national datasets provide a starting point for such analysis any obligations placed on developers to provide M4(2) and M4(3) homes will need to accord with the CIL Regulation 122 tests – where the assessed need for such housing does not take account of the existing supply of such housing, including through the ability for existing homes to be adapted, it is unclear that the requirement could be said to be necessary, directly related to the development or reasonably related in terms of scale and kind. Where the background evidence does not establish the net need for new homes to M4(2) and M4(3) standards it will be unclear to decision takers how policy can be applied in practice and remain in accordance with Regulation 122.

6.5 The impact on viability considered in EXAM 8B (as with VIA001 and VIA002) fails to reflect that the cumulative costs being placed on development, when appropriate levels of s106 costs are taken into account, are such that optional extras such as provided homes to standards in excess of non-optional Building Regulation standards **will not be economically viable**. The viability situation is commented on in detail in response to EXAM 8A and EXAM 8B.

7 EXAM 17 Paragraphs 1.15 to 1.17

- 7.1 At Page 5 Housing Waiting list data is presented which paragraph 1.16 refers to as relating to Gloucester City as at the end of March 2021. This refers to households who are a wheelchair user (column 1), registered disabled (column 2) or simply requiring a ground floor home or a lift (column 3). The three columns total 1,203 so it is unclear why paragraph 1.17 refers to a total of 1,853 households.
- 7.2 Households in the third column (574) do not require adapted housing as ground floor accommodation will fulfil their need.
- 7.3 In terms of the Wheelchair User and Disabled households in columns 1 and 2 it is unclear how many already occupy adapted homes that would be released for re-occupation by another household in the Housing Waiting List needing such a home were they to move.
- 7.4 Whilst it is only available up to 2020 Local Authority Housing Statistics data suggests a total of 481 households in a reasonable preference category on the basis that they are 'People who need to move on medical or welfare grounds, including grounds relating to a disability'. Again, some may free up adapted housing for others where they already live in Affordable Housing.
- 7.5 It is also unclear whether the needs of the households in columns 1 and 2 can be resolved or not through in-situ adaptations (either within the existing home or an alternative available existing affordable home) as opposed to necessitating a whole new affordable home to be built to this standard. In that regard there is no commentary on what the Council (or Registered Providers who own stock in the area) are doing to improve the standards of the existing Affordable Housing stock.

8 EXAM 17 Paragraphs 1.18 to 1.20

- 8.1 Paragraphs 1.18 and 1.19 provide information on past new affordable homes provided in Gloucester to M4(2) and M4(3) standards or equivalent. However, this does not assist with understanding what level of existing Affordable Housing stock can be adapted to assist with addressing future requirements for such housing. For the same reasons that are set out in Section 3 above it is essential that this is understood before additional burdens are placed on development through Plan policy. New development should not be expected to resolve existing deficiencies in the Affordable Housing stock owned by Registered Providers or the

Council - these are not directly related to the new development itself. At minimum there should be a clear understanding for the net need for new additional such housing.

- 8.2 Paragraph 1.20 refers to the findings of the Housing Background Paper HOU001 in respect of wheelchair user housing needs despite that this is acknowledged in paragraph 1.2 of EXAM 17 to have been updated by the LHNA which applies a different analysis and draws on different source information.
- 8.3 The HOU001 approach has been commented on previously in response to Policy A6 by Pioneer for the Pre-Submission Local Plan submitted in December 2019 on behalf of RHL. Essentially HOU001 applies 2016 Habinteg proportions to all households (of any tenure) as at a point in time¹⁵ that are estimated to be a) wheelchair users and of which are b) wheelchair user households with an unmet housing need.
- 8.4 The resulting number of households is then applied to the estimated supply of rented Affordable Housing in the Plan period (2,385) to suggest a 4% need for M4(3) Affordable Housing.
- 8.5 The Table at page 5 of EXAM 17 applies the same approach as that which was set out in the HOU001, but then also to the number of households in the city plus 10 years of growth to 2029 based on the LHNA. As the LHNA supersedes the HOU001 it is unclear why the Council is reverting back to the older HOU001 approach and then attempting to overlay this onto the LHNA.
- 8.6 This methodology negates to assess how many of these households are in Affordable Housing tenures or would need Affordable Housing and yet is used to inform the proportion of households that will be required to M4(3) standards in Policy A6.
- 8.7 The 106 households referred to in the table at page 5 in EXAM 17 (updated from 97 in HOU001) is across all tenures and equates to 0.18% of the 58,659 households of all tenures suggested to be in the City by 2029, 1.6% of the minimum Local Housing Need figure for Gloucester 2019 - 2029 (i.e. 656 x 10) and c.2% of the 5001 household increase between the HOU001 household figure (53,658) and the LHNA figure including household growth to 2029 (58,659). This is of households across all tenures and without taking into account the ability to adapt existing Affordable Housing stock to ensure a net requirement is assessed.

¹⁵ Using the most recent estimate of households in the City

- 8.8 The approach does not evidence the need for 4% of all Affordable Housing to be provided to M4(3) standards.
- 8.9 Notwithstanding any of the above points the cumulative impact of requiring this standard in addition to other costs (including County education s106 costs) is not proven to be viable (see the response prepared on behalf of RHL to EXAM 8A and EXAM 8B for additional detail).