

EiP Statement

Cheshire East Site Allocations and Development Policies Document

Story Homes

Representor ID: 1255389

Our ref 42155/11/CM/MGR
Date September 2021

Subject Matter 6 - General Requirements

1.0 Introduction

- 1.1 Lichfields is instructed by Story Homes [Story] to make representations on its behalf to the emerging Cheshire East Site Allocations and Development Policies Document [SADPD].
- 1.2 This Statement has been prepared in response to the Matters, Issues and Questions [MIQs] raised by the Inspector for the Matter 6 Examination in Public [EiP] hearing session.
- 1.3 Separate representations have been submitted in respect of the following Matters:
- 1 Matter 1 -Legal Compliance and Duty to Cooperate
 - 2 Matter 2 – Planning for Growth
 - 3 Matter 3 - Housing
 - 4 Matter 7 - Transport and Infrastructure
 - 5 Matter 8 - Natural Environment, Climate Change and Resources
- 1.4 These Matter Papers representations should be read in conjunction with previous submissions on the SADPD [Representor ID 1255389].
- 1.5 Story is seeking to bring forward a sustainable and high-quality residential site (including affordable homes) at Ryleys Farm, Alderley Edge. In the Publication Draft SADPD, part of this land was allocated for residential development (Site ALD2 – Ryleys Farm, north of Chelford Road) and part of the site was identified as Safeguarded Land (Site ALD3 – Ryleys Farm (Safeguarded)).
- 1.6 In the Revised Publication Draft SADPD, the proposed allocation has been removed. The Safeguarded land at Ryleys Farm remains but the northern and southern boundaries have been amended and the site has been reduced in size (from 2.7ha to 2.32ha).
- 1.7 Story strongly objects to the removal of the allocation at Ryleys Farm in the Revised Publication Draft SADPD. The identification of the safeguarded land is supported but we consider that the boundaries of the Safeguarded land should be amended, to provide a more permanent defensible boundary and to accommodate the re-allocation of land at Ryleys Farm.

- 1.8 This statement expands upon Story’s previous representations made throughout the Local Plan preparation process in light of the Inspector’s specific 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 Policy Practice Guidance [Practice Guidance].

2.0 Planning Issues

Design Principles (Policy GEN 1)

Q100. Does Policy GEN 1 serve a clear purpose, avoiding unnecessary duplication of policies in the NPPF and in the LPS, including Policies SD 1 and SD 2?

- 2.1 Story Home has no comment on this matter.

Q101. Is principle 1 of Policy GEN 1 clearly written and unambiguous, so it is evident how a development proposal would ‘fail to take the opportunity to support the quality of place of the local area’? Is the policy justified in only determining failure against this principle as a basis for resisting a proposal on design grounds?

- 2.2 Story Home has no comment on this matter.

Q102. Are Policy GEN 1 and its supporting justification consistent with the updated national policy on design set out in the 2021 NPPF, in particular with regard to the National Model Design Code and the emphasis on development reflecting local design policies and guidance?

- 2.3 Story Home has no comment on this matter.

Aerodrome safeguarding and Airport public safety zone (Policies GEN 5 & GEN 6)

Q103. Regulation 9 of the of the Town and Country Planning (Local Planning) (England) Regulations 2012 requires the adopted policies map to illustrate geographically the application of policies in the development plan. In the light of this, does the Council consider that, to ensure legal compliance, those parts of the Aerodrome Safeguarding area and the Airport public safety zone for Manchester Airport that are located within Cheshire East and to which Policies GEN 5 and GEN 6 apply, should be shown on the Policies Map?

- 2.4 Story Home has no comment on this matter.

Recovery of forward-funded infrastructure (Policy GEN 4)

Q104. Have the costs associated with forward funded infrastructure been taken into account in the viability assessments of the LPS and SADPD? If so, do these demonstrate whether or not allocations and future windfall development on which the local plan relies can viably support those costs?

- 2.5 Story is concerned that the requirements of this policy have not been adequately factored into the Council’s Viability Assessment Update work. With regard to this policy the Viability Assessment¹ states:

“As set out in the CEC CIL Position Statement on CIL and Planning Obligations paper, it is assumed all the modelled sites will contribute £5,202/unit towards infrastructure, being the reported average. A range of developer contributions are tested (in addition CIL)”

¹ Local Plan Site Allocations and Development Policies Viability UPDATE – July 2020 §8.37

- 2.6 However, no explanation is provided as to what these developer contributions are or whether they relate to the infrastructure for which contributions may be sought through Policy GEN 4. As the projects and sites affected by Policy GEN 4 have yet to be clearly identified it is not possible to assess whether the Viability Assessment provides an accurate assessment of the impact on individual sites. In addition, should these projects be located within LSC's then there is a risk that funding streams via windfall developments, may not align with requirements. Looking at trend data for windfall completions, this could be significant.
- 2.7 As noted in the Roger Hannah Viability Note attached at Appendix 3 of our representations to the SADPD Revised Publication Draft consultation, if the cost of infrastructure works being sought by the LPA are more than the modelled allowance, then a developer is likely to over pay of a site. How can a developer make an informed decision on land pricing if the costs are not known? If costs are not known this will have a direct impact on viability and thus deliverability. This is also likely to impact the viability at the application stage, unless the viability allows for the costs in the appraisal without an adjustment to benchmark land value.
- Q105. Given the guidance in the PPG² that 'it is not appropriate for plan-makers to set out new formulaic approaches to planning obligations in supplementary planning documents, as these would not be subject to examination', is Policy GEN 4 consistent with national policy in relying on SPD to set out the mechanism for calculating the cost of contributions?*
- 2.8 The Inspector is right to raise this as a concern, Story considers that information in Part ii (a-c) should have been provided now, alongside the Revised Publication Draft SADPD, in order for the full implications of the Policy to be properly considered. This is in line with the expectation in the PPG on Viability³ that plans should set out contributions expected from development; echoed in the PPG on Planning Obligations quoted in the Inspector's question; and further emphasised in the latest RICS guidance.⁴ Without the information listed in Part ii it is impossible to assess how individual sites will be affected. There is also no indication of how many sites will be covered by an approved supplementary planning document; the number and complexity of sites will affect the length of time it takes to draft a supplementary planning document, consult on it with meaningful engagement with stakeholders, and take it through the Council's approval processes. All of which could delay sites from coming forward for development. Policy GEN4 is therefore not consistent with National Policy and is considered to be unsound.
- Q106. Policy IN 2 of the LPS states that until a CIL Charging Schedule is in place, contributions from S106 agreements may be pooled to meet the costs of strategic infrastructure, subject to meeting legal tests, but once a CIL is in place S106 agreements will be used for site specific costs and affordable housing. Given that Cheshire East adopted a CIL Charging Schedule in February 2019, is Policy GEN 4 consistent with the LPS in now seeking to secure contributions to the forward funding of non-site specific infrastructure through S106 agreements?*
- 2.9 The policy does not identify sites, areas or types of development requiring contribution. If it is the intention of GEN 4 to relate to site-specific infrastructure, and therefore not be in contradiction with Policy IN 2 of the LPS, then Policy GEN 4 needs to make that clear and the details need to be listed in the site allocations chapter under each site.
- 2.10 In addition, it is not clear from the policy whether or how contributions would be sought from currently unidentified windfall sites in Policy GEN 4. S106 agreements can be used for site

² PPG Paragraph: 004 Reference ID: 23b-004-20190901

³ PPG Paragraph: 001 Reference ID: 10-001-20190509

⁴ Assessing viability in planning under the National Planning Policy Framework 2019 for England

specific costs and since the adoption of a CIL Charging Schedule in 2019, many windfall sites will contribute to strategic infrastructure. Again, this renders Policy GEN 4 ineffective and if it is adopted in its current form, it will cause great uncertainty for a number of development sites.

Recovery of planning obligations reduced on viability grounds (Policy GEN 7)

Q107. In the light of the guidance in the PPG, is Policy GEN 7 justified and consistent with national policy in setting out the circumstances where viability review mechanisms may be appropriate, as well as the process for how and when viability will be reassessed over the lifetime of a development?

- 2.11 Story has no comment on this matter as it did not object to the Policy GEN7. Story welcomes the inclusion of a viability review mechanism and following involvement at other recent examinations at St Helens and Halton it appears that other LPAs consider that a viability review mechanism is appropriate and consistent with National Policy.

Viability of SADPD policies as a whole

Q108. Does the evidence on viability demonstrate whether the additional costs of policies proposed in the SADPD could be viably supported by as yet uncommitted development sites in the borough, in particular for residential development? Is there any substantive evidence to demonstrate that these additional policy costs would put at risk the delivery of the development requirements in the LPS or planned development in the SADPD?

- 2.12 Story's viability advisors Roger Hannah consider that the evidence on viability fails to cumulatively consider the cost impact of the additional SADPD policies or building regulations requirements. Given the level of unknowns and inaccuracies in assessing viability there are concerns that there is a risk that sites may not be able to meet the additional policy costs, the Future Homes requirements and the need to contribute to the recovery of forward funded infrastructure costs. There is therefore a risk that this could put the delivery of wider sites in the LPS and SADPD at risk. This risk to delivery is further exacerbated through the failure to plan positively in LSCs.
- 2.13 Building Regulations have changed and there is now a Part L (2021) requirement, with the Government imposing Option 2 of the consultation 'fabric plus technology' which would add a cost of £4,847 per unit to new build development.
- 2.14 The VA points to some evidence from 2013 in Wales to support the notion that the increased regulations will equate to increased sales values. Given that these measures have only recently announced and are yet to take effect, it is unknown at this stage if this increased level of building regulations will equate to any increase in sales values across new build housing, and that the costs could be offset. In fact, there is yet to be any market evidence of a premium being achieved for properties that go beyond the current regulations. We therefore refute this statement in the VA.
- 2.15 In terms of testing, Option 2 is considered in the sensitivity testing with a range of other measures. It is therefore unclear what the result of the Part L changes are on the viability testing. We note the wider comment that should developer contributions increase by £2,500 per unit, this leads to fall in the residual value of about £66,500 per ha. A cost of £4,847 per unit for part L is therefore likely to result in a fall in the residual value of approximately £130,000 per ha based on the VA findings. This is considered relatively significant, particularly now that this is a known requirement for future development. The cost of £4,847 per unit should be included

within the standard testing within the VA, rather than as part of a sensitivity analysis, in order to reflect actual development costs incurred. It is currently unclear if the site typologies can viably support Part L 2021 Building Regulation changes.

- 2.16 There is also a need to consider proposed changes to Future Homes Standards (2025), with a likelihood that building regulations will become more costly as a result. Halton Borough Council and St Helens Council both had recent Local Plan Examinations and the requirement for Future Homes Standards was debated at length, with all developers assuming it will be a mandatory requirement that needs to be accounted for. This is significant as this could have a significant impact on the deliverability of sites throughout the plan period, particularly given that there is no relevant sales evidence to show an increase in sales revenue is achieved to offset the increase in costs. The VA should consider this within the testing to ensure that it is robust and justified, in accordance with the soundness requirements of the NPPF.
- 2.17 We also still have concerns over the approach to BLV and developer's return in the VA more generally. As per PPG requirements, we would expect each GDV typology to have a different BLV relational to house prices, to reflect the differing levels of minimum landowner expectations across value locations. In respect of developer's return, this is considered too conservative for the purpose of plan making and we believe that a figure of 20% on GDV should be adopted.