

**REPRESENTATIONS IN RELATION TO SOUTH
LAKELAND LAND ALLOCATIONS DEVELOPMENT PLAN
DOCUMENT ON BEHALF OF THE CUMBRIA HOUSE
BUILDER GROUP**

Our Ref: CNG/226/CSL

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INTRODUCTION

These representations in relation to the Land Allocations Proposed Main Modifications are submitted on behalf of the Cumbria House Builders Group (CHBG) including the following companies:- Applethwaite, Cumbrian Homes, Holbeck Homes, Leck Construction, Oakmere Homes, Russell Armer Homes and Story Homes.

The CHBG control approximately 2250 dwellings allocated for development in the draft Land Allocations document.

MM001

In paragraph 1.6 reference should also be made to the fact that the Land Allocations document does not allocate any land in or on the edge of small villages and hamlets.

MM002

In paragraph 1.23 reference should also be made to the intention of the Local Plan to boost significantly the supply of housing.

MM005

The figures do not match those in the April 2013 draft document.

Footnote 4 – the number of dwellings referred to adds to 2343 but this figure cannot be found on Page 77 of the Core Strategy as suggested.

Footnote 6 – all housing figures should be updated to 31/03/2013 given the 2013 Housing Land Monitoring Report has been issued.

MM006

The figures do not match those in the April 2013 draft document.

MM009

The Main Modifications state *“that development will provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.”* The CHBG agree this would be the case if policy burdens are reduced. The plan as drafted is considered to be unsound as housing sites will not come forward based upon the level of competitive return suggested in the Viability Study as acceptable for landowners.

The Main Modifications state that the Viability Study demonstrate that *“standards and policies will not put implementation of the plan at serious risk.”* The CHBG does not agree. The Study assumes an unacceptably low competitive return for a land owner, putting housing delivery at risk.

The NPPF indicates that Community Infrastructure Levy charges should be worked up and tested alongside the Local Plan where practical (NPPF para 175). This is not SLDC's approach. Despite an understanding that the Viability Study was something entirely separate from CIL, CHBG members are concerned that the planning authority intend that this Viability Study "*will form the basis of the evidence as required by CIL Regulations*" (para 2.18). The Study is simply not robust enough to form such a basis.

The Study has been prepared on the basis that the policy burdens must be applied (see paragraph 1.3 and 1.5 of the Study) and it is the land owners' expectations that must be significantly modified going forward. This is not the approach recommended by the NPPF (see para 173 NPPF). The authority should be reviewing its policy burdens to ensure competitive returns are achievable for land owners and developers to enable development to be delivered. This viability theme is now emphasised by the Growth and Infrastructure Act and the Department of Communities and Local Government's recently issued guidance Section 106 Affordable Housing Requirements.

The consultation process was undertaken over a short period of time which the Study acknowledges at 2.47 was not ideal. The CHBG consider their views have not been properly represented in the final Viability Study report. The Study makes several references to issues being agreed at specific meetings and consultation events, which is not the case.

On a number of detailed matters the CHBG wish to highlight the following points. This does not mean there are not other points of concern, such as development costs.

1. Methodology

CHBG members are very familiar with residual land valuation and agree that it is appropriate to approach the Study from the basis of understanding what a developer could afford to pay and then set this against what a landowner might consider to be a competitive return. However, the appraisal methodology is not clear. To examine the assumptions one needs to refer to several different pages of information rather than a simple residual appraisal per site. It is not clear that the information from one page has been directly transferred to the other, indeed the basis of some figures such as Build Cost in the summaries cannot be clearly established. Clarification from SLDC is required.

The result is the CHBG are not clear that the residual land values for the modelled sites are representative and have been correctly formulated. Excel spreadsheets were requested several times during the consultation process to seek to understand the approach but these have not been provided. Members consider a higher residual land value may well be achievable on the modelled sites, even with all the policy burdens imposed, but CHBG members cannot confirm the position at this stage.

There was no "*universal agreement*" (2.38) that it was appropriate to follow the Harman Guidance. CHBG members agree it is a material document as is the RICS guidance Financial Viability in Planning and their own professional opinions.

2. Affordable housing

Core Strategy Policy CS6.3 indicates that the 35% affordable housing rate is subject to a viability test. With this in mind it is not correct to approach affordable housing as a fixed policy burden regardless of the impact on viability (see para 1.3).

The Viability Study refers to the Shinfield appeal. This appeal decision indicates that it was the policy

of 40% affordable housing, subject viability, that needed to be adjusted to 2% to ensure competitive returns for the developer and landowner were achievable.

The Study highlights that the authority considers affordable housing to be high priority (10.30) and considers the affordable housing target is not set at the limit of viability. This is not agreed by the CHBG as the limit of viability assumes a very low land value. The Study suggests the planning authority is achieving the delivery of affordable housing at 35% through the development management process, but the schedule provided in Appendix 9 suggests otherwise. Since 2010, when the Core Strategy was adopted, only 3 schemes with over 30% affordable housing have been completed or started. This would suggest the policy burden has not proved viable to date.

3. Developers' Profit

None of the CHBG members would progress development on a loss making basis as referred to in 2.28. The delivery of housing in South Lakeland, is dependent on private sector small and medium sized, profit focussed, house building companies.

The Study reluctantly accepts that 20% Gross Domestic Value is an adequate competitive return for a developer (7.48). The planning authority rejects overhead costs as a legitimate cost, so therefore the authority's reference to 20% profit is a net profit rather than a gross profit (10.17). 20% net profit is agreed by the CHBG to be an appropriate competitive return to apply in the Viability Study.

4. Land Values

The Study refers on several occasions to there being no consensus view from the development industry as to the land value a willing land owner would accept. This is not the case. Indeed there was consensus between CHBG and land agents on this point.

CHBG members attended all three consultation events and none can recall any suggestion from delegates that £400,000 per ha would be acceptable to landowners across the District or that Existing Use Values represented a competitive return or that a local land agent suggested £500,000 per ha would be acceptable (the reference here was to per net acre).

The very clear message given at the meeting on 11th March was that as a minimum a landowner would expect would be £500,000 per net developable acre (i.e. £1,235,500 per net developable ha). A reduced value of £1,000,000 per net ha could only apply in the western part of the District i.e. around Ulverston.

The Viability Study indicates that South Lakeland District Council considers *"that the case made by representatives of the industry was aspirational rather than realistic."* (10.24) and *"out of date"* (12.23). The authority firmly rejects the views of developers and landowners on the issue of what a competitive return is for landowners and indicates they *"have given little weight to this aspiration"* (10.24) whilst accepting some landowners will not make their land available at this level.

The suggestion that some landowners might accept a 5% uplift or £25,000 per ha or five times that figure (6.25) is not considered realistic by the CHBG and this comment simply highlights the significant difference of opinion on this issue. Further the CHBG do not agree that Wrexham *"is a relevant reference point"* (6.8) for South Lakeland land values.

Developers undertake residual land valuations to determine what they can afford to pay for a site taking into account revenues, costs and a developer's profit. This does not mean that the residual land value will be a value that will meet a landowner's aspirations who might have very different views on the value of their land. As the RICS guidance confirms, many landowners do not have to sell or wish to sell at lower land prices and will therefore tend to hold on to their land holdings. (E1.14).

The Viability Study refers to the Shinfield appeal and quotes large parts of the appeal decision, but without appearing to draw any specific conclusions from it. The Inspector concluded that in this instance allowing the landowner a competitive return of 50% of the uplift in value would be acceptable. However this was in the context of the Inspector agreeing that £250,000 per net acre was the existing use value of the site. This approach is not transferable to agricultural land, which forms a significant part of the intended source of development in South Lakeland.

CS1.2 refers to a target of 28% of the housing requirement to be accommodated on previously developed land. So 78% is to be accommodated on greenfield sites. CHBG members do not agree that a competitive return for land owners is related to agricultural land values plus a premium. Land owners expectations will be based upon what they know and understand has been paid for residential land on the open market. The RICS guidance note on this subject firmly rejects the current use value plus premium approach and that a competitive return relates to its potential for development (See Appendix E E1.8 to E1.11).

One can say that if a residual valuation is below existing use value then the value will certainly not be attractive to a land owner. If the residual valuation is above the existing use value it may be attractive to a land owner, but not necessarily. For farmers, the principle of considering existing use values at the outset is not relevant.

Whilst many landowners understand the implications of the housing market and some of the policy burdens, it is the CHBG members' view that land values, at the level suggested in the Viability Study as a competitive return i.e. existing use value plus 20% plus £250,000 or £400,000 per ha on greenfield sites **will result in many landowners not releasing their land for development and therefore new housing being restricted.**

CIL may well further suppress residual land values but it will then be for land owners to determine whether or not the suppressed value is attractive enough for them to sell their land for development. In the opinion of the CHBG, the land value viability thresholds suggested by SLDC will put the delivery of housing at risk if applied as a basis for CIL contributions and any individual site viability testing.

Table 10.3 indicates how viability can be improved by reducing affordable housing requirements.

In the CHBG's view the Land Allocations document will be viable if there is some significant flexibility in the consideration of policy burdens, as envisaged by the Core Strategy affordable housing policy CS6.3 and as is suggested is SLDC's current practice at 10.31 of the Viability Study (but with little evidence of that actually being the case).

The plan as drafted is considered to be unsound as housing sites will not come forward based upon the level of competitive return suggested in the Viability Study as acceptable for landowners. The plan can be made sound if the Land Allocations document confirms that the planning authority will apply their policy burdens flexibly to ensure competitive returns and the viability of sites.

MM010 – MM016

The implications of amendments to housing allocations need to be considered against the overall housing requirement.

Based upon the tracked changes to the Land Allocations document, the respective positions of South Lakeland District Council and the House Builders is set out in Appendix A Table 1.

Tables 2-7 analyse net requirements by settlement category.

There are disparities between the figures provided in 1A and 1B compared to the Housing Land Position Report 2013 and the Main Modifications that need clarification by the planning authority.

For some mixed use sites such as Berners and Ulverston Canal Head there remains a reference to residential development but the number of dwellings has been deleted. Clarification of anticipated housing completions is required. For ease of reference there should be a table showing the anticipated contributions from all housing allocations, mixed use sites and broad allocations in the period to 2025.

Concerns have previously been expressed by the CHBG about the lack of any flexibility and contingency in the housing allocations. The planning authority rely on each and every allocation to deliver the required number of units in the plan period and then contributions from windfalls, broad locations and previously unachieved rates of development in the small villages/hamlets and open countryside.

The planning authority are intent on making only the minimum provision which is contrary to NPPF's intention to boost housing supply with a presumption in favour of sustainable development.

The CHBG consider the allocations to be insufficient to meet housing requirements.

MM024

The requirement for the preparation for Development Briefs is unnecessary and will delay bringing forward housing sites and the delivery of housing completions.

Appendix 4 of the Housing Land Position Report 2013 lists those site that are considered to be capable of delivering significant housing completions in the five year period to 31/03/18, however for 9 sites a development brief is required before planning permission is granted, 4 with briefs expected to be in place before December 2014 and 5 with briefs expected to be in place before December 2016.

The number of completions that can be delivered in the five year period for sites with briefs before December 2014 will be significantly reduced and for those sites with briefs to be prepared before December 2016 there are unlikely to be any housing completions before 31/03/18.

The requirement for development briefs will delay planning permissions and as a result there will not be five years worth of housing. It would be preferable for the wording of individual site policies and the more general policy guidance is relied upon in the consideration of planning applications.

MMO27-MM033

The requirement for development briefs should be deleted for the reason set out in MM024.

MM039

The reference to 7 ha and 156 dwellings requires clarification.

The housing allocation R151M-mod described as South of Milnthorpe in LA1.3 is to accommodate 70 dwellings on 3.41 ha and Firs Road to the east of Milnthorpe is to accommodate 96 dwellings on 3.19 ha (MM011), but there is a discrepancy with the number of units referred to in the Land Allocations tracked changes. Clarification is required over the total number of units and site area.

MM040

The requirement for development briefs should be deleted for the reason set out in MM024.

MM041

The suggested gross requirement 216 dwellings 2003-2025 as referred in Table 1A as revised April 2013 should be inserted.

A net requirement of 170 dwellings should be referred to after taking into account completions in the period 01/04/03 to 31/03/13.

The reference to 123 dwellings should be removed.

MM047

The requirement for development briefs should be deleted for the reason set out in MM024.

MM053

The requirement for development briefs should be deleted for the reason set out in MM024.

MM054

The requirement for development briefs should be deleted for the reason set out in MM024.

MM072

All yellow star Development Brief designations should be deleted from housing allocations.

APPENDIX A

DISTRICT WIDE

Table 1 based on Land Allocations Tracked Changes April 2013 (these differ from Main Modifications and Housing Land Position Report 2013).

Table 1: District wide Housing Requirements/Supply		
	SLDC	House Builders
a. Gross Requirement 2003-2025	8800	8800
b. Net completions 01/04/03 to 31/03/13	2044	2044
c. Residual requirement	6756	6756
d. Housing Supply		
• PP at March 2013	854	854
• Allocations/ Mixed use sites/ Broad Locations	5284	4703
• SHLAA small sites	276	0
• Windfalls	839	358
Housing Supply Total	7253	5915
e. Overall Housing Land Supply Position (c-d)	497	-841
Slippage at 10% (sum of slippage for K,U, KSC, LSC & AONB)		6743
Over/ Under provision (sum of K,U,KSC,LSC & AONB slippage and 140 for small villages and hamlets)		-1453

Garner Planning Associates own assessment of contributions from Allocations/mixed use sites/broad locations in the plan period are included in the House Builders column. These are set out separately in Appendix B.

Table 1A from the Tracked Changes refers to a windfall contribution of 838 dwellings (should be 839). The Housebuilders assessment is based upon windfall contributions in the small villages/hamlets only (see Table 6).

KENDAL

Table 2 includes completions at Kendal Canal Head, Appleby Road Broad Location and Burton Road Broad Location in the plan period which are intended to be the subject of a future Local Plan.

	SLDC	House Builders
a. Gross Requirement 2003-2025	3080	3080
b. Net completions 01/04/03 to 31/03/13	707	707
c. Residual requirement	2373	2373
d. Housing Supply		
• PP at March 2013	412	412
• Allocations/ Mixed use sites/ Broad Locations	2176	1646
• SHLAA small sites	36	0
• Windfalls	152	0
Housing Supply Total	2776	2058
e. Overall Housing Land Supply Position (c-d)	403	-315
Slippage at 10% (residual requirement x 110%)		2610
Over/ Under provision		-552

ULVERSTON

	SLDC	House Builders
a. Gross Requirement 2003-2025	1760	1760
b. Net completions 01/04/03 to 31/03/13	399	399
c. Residual requirement	1361	1361
d. Housing Supply		
• PP at March 2013	119	119
• Allocations/ Mixed use sites/	1161	1109
• SHLAA small sites	87	0
• Windfalls	87	0
Housing Supply Total	1454	1228
e. Overall Housing Land Supply Position (c-d)	93	-133
Slippage at 10% (residual requirement x 110%)		1497
Over/ Under provision		-269

KEY SERVICE CENTRES

Table 4: Key Service Centre Housing Requirements/Supply

	SLDC	House Builders
a. Gross Requirement 2003-2025	1144	1144
b. Net completions 01/04/03 to 31/03/13	222	222
c. Residual requirement	922	922
d. Housing Supply		
• PP at March 2013	119	119
• Allocations/ Mixed use sites/ Broad Locations	779	779
• SHLAA small sites	51	0
• Windfalls	56	0
Housing Supply Total	1005	898
e. Overall Housing Land Supply Position (c-d)	83	-24
Slippage at 10% (residual requirement x 110%)		1014
Over/ Under provision		-116

LOCAL SERVICE CENTRES

SLDC have reduced the requirement for Local Service Centres from approximately 21% to 19% to take into account the removal of two local service centres, Arnside and Sandside/Storth from the Land Allocations area.

Table 5: Local Service Centre Housing Requirements/Supply (minus AONB requirement)

	SLDC	House Builders
a. Gross Requirement 2003-2025	1676	1676
b. Net completions 01/04/03 to 31/03/13	372	372
c. Residual requirement	1304	1304
d. Housing Supply		
• PP at March 2013	66	66
• Allocations/ Mixed use sites/ Broad Locations	1161	1162
• SHLAA small sites	75	0
• Windfall	26	0
Housing Supply Total	1328	1228
e. Overall Housing Land Supply Position (c-d)	24	-76
Slippage at 10% (residual requirement x 110%)		1434
Over/ Under provision		-206

SMALL VILLAGES AND HAMLETS

SLDC have reduced the requirement for small villages and hamlets marginally to 10.5%.

SLDC assume completions in the wider rural area should count towards the net requirement. This is not agreed but for the purposes of this assessment CHBG calculate the windfall contribution in the small village and hamlets category as based on a past rate of completions including those outside the small villages and hamlets i.e. 298 completions over 10 years i.e. 29.8 x 12 years remaining in the plan period. This rate is above the average rate of completions achieved in the last five years.

Table 6: Small Villages and Hamlets Housing Requirements/Supply

	SLDC	HOUSE BUILDERS
a. Gross Requirement 2003-2025	924	924
b. Net completions 01/04/03 to 31/03/13	298	298
c. Residual requirement	626	626
d. Housing Supply		
• PP at March 2013	121	121
• Allocations	7	7
• SHLAA small sites	7	0
• Windfall	491	358
Housing Supply Total	626	486
e. Overall Housing Land Supply Position (c-d)	0	-140

ARNSIDE AND SILVERDALE AONB

SLDC assume the Arnside and Silverdale area will accommodate 2.5% of the gross requirement i.e. 216 dwellings.

Table 7: Arnside and Silverdale AONB Local Plan

	SLDC	House Builders
a. Gross Requirement 2003-2025	216	216
b. Net completions 01/04/03 to 31/03/13	46	46
c. Residual requirement	170	170
d. Housing Supply		
• PP at March 2013	17	17
• Allocations/ Mixed use sites/ Broad Locations	0	0
• SHLAA small sites	20	0
• Windfall	27	0
Housing Supply Total	64	17
e. Overall Housing Land Supply Position (c-d)	-106	-153
Slippage at 10%		187
Over/ Under provision		-170

APPENDIX B

Based on Land Allocations Development Plan April 2013 Tracked Changes not Main Modifications or Housing Land Position Report 2013

POST MAIN MODIFICATIONS PLUS DELETION OF AONB SITES

KENDAL	Settlement	Area	Phase 1 2012-2017	Phase 2 2017-2022	Phase 3 2022-2025	Post plan period	Total
	West of High Sparrowmire	8.55		120	30		150
	West of High Garth	0.74	23				23
	North of High Sparrowmire	0.77		24			24
	North of Laurel Gardens	7.85		120	77		197
	Eskdale House	0.31	12				12
	East of Castle Green Road	4.11		60			60
	West of Valley Drive	1.9		60			60
	Kendal Parks	10.1	60	140			200
	West of Oxenholme Road	5.97	60	40			100
	South of Natland Beck Farm	3.97	60	13			73
	South of Lumley Road	4.64	60	62			122
	Stainbank Green	10.8	60	129			189
	Vicarage Drive	0.43	13				13
	South of Underbarrow Road	6.78	30	123			153
	Canal Head				90	110	200
	Appleby Road Broad Location				90	210	300
	Burton Road Broad Location				90	110	200
	Sub-Total	66.92	378	891	377	430	2076
	Within plan period				1646		

ULVERSTON

North of Urswick Road	2.15			48		48
Stone Cross Mansion	7.64	50				50
Croftlands East	14.13			90	129	219
Gascow Farm	12.54	60	93	66		219
Croftlands West- Nook Farm	17.7	60	150	90	9	309
West End Farm	4.31	30	67			97
West End Nursery	4.11	30	62			92
North of Watery Land	0.68	18				18
South Lund Farm	4		90			90
Morecambe Road Scrapyard	0.39	12				12
South of Stockbridge Lane	0.72	7				7
Canal Head (mixed)				86		86
Sub-total	68.37	267	462	380	138	1247
Within plan period				1109		

KEY SERVICE CENTRES

Tram Lane	Kirkby Lonsdale	0.41	0				0
Binfold Court	Kirkby Lonsdale	0.31	9				9
Cedar House School	Kirkby Lonsdale	0.87	20				20
North of Kendal Road (mixed)	Kirkby Lonsdale		20	40	20		80
Kirkby Lonsdale Sub-total		1.59	49	40	20	0	109
South of Milnthorpe	Milnthorpe	3.41	20	30	20		70
St Anthony's Close	Milnthorpe	0.48	9				9
Milnthorpe Firs Road	Milnthorpe	3.19	0	0	85		85
Milnthorpe Sub-total		7.08	29	30	105	0	164
Opp. Little Fell Gate Farm	Grange over Sands	2.04		46			46
West of Cardrona Road	Grange over Sands	1.02		28			28
North of Carter Road	Grange over Sands	1.68	20	25			45
South of Thornfield Road	Grange over Sands	2.16	30	36			66
Berners Pool (mixed)	Grange over Sands			50	53		103
Kents Bank (mixed)	Grange over Sands			112	90	0	202
Guides Lot (mixed)	Grange over Sands			16			16
Grange over Sands Sub-total		6.9	50	313	143	0	506
KSC Sub-total		15.57	128	383	268	0	779
Within plan period					779		

LOCAL SERVICE CENTRES

South of Green Lane	Allithwaite	0.8	22			22
Rear of Bankfield	Allithwaite	0.35	9			9
Rear of Barn Hey	Allithwaite	1.1	30			30
North of Jack Hill	Allithwaite	1.26	34			34
Rear of Almond Bank	Allithwaite	0.4	12			12
	Broughton in					
Foxfield Road	Furness	0.84	16			16
Land adj Hall Park	Burneside	3.68			70	70
Village Rec and tennis courts	Burneside	0.85			23	23
East of Boon Town	Burton in Kendal	0.94	23			23
East of Hutton Close	Burton in Kendal	1.09	16	15		31
Green Dragon Farm (mixed)	Burton in Kendal			86		86
Haggs Lane	Cartmel	2.2	19	20		39
Stables at racecourse	Cartmel	0.48	15			15
North of Sycamore Close	Endmoor	4.65		100		100
South of Bowling Green	Endmoor	1.03			25	25
North of Allithwaite Rd	Flookburgh	0.89	24			24
East of Manorside	Flookburgh	1.11		30		30
East of Winder Lane	Flookburgh	0.56	17			17
	Greenodd/					
Old Vicarage	Penny Br	0.77	21			21
West of Burton Road	Holme	2.63		30	29	59
East of Milnthorpe Rd	Holme	3.6	23	30	20	73
Four Lane Ends	Kirkby in Furness	0.38	11			11
Adj Burlington C of E School	Kirkby in Furness	1.52	41			41
East of Greengage Crescent	Levens	2.24	20	20	10	50
	Great/Little					
Mid Town Farm	Urswick	1.46	10	17		27
West of Sedgwick Road	Natland	1.05	28			28

East of Burton Road	Oxenholme	0.88		24			24
South of Fell Close	Oxenholme	2.71	61				61
Kingsley Avenue	Swarthmoor	1.31	35				35
Cross a Moor	Swarthmoor	8.02		36	90		126
Sub-total		48.8	487	408	267	0	1162
Within plan period					1162		
Small Villages and Hamlets							
Land opp. Wheatsheaf	Brigsteer		7				7
TOTALS			1267	2144	1292	568	5271
Within plan period					4703		

Garner Planning Associates 03/05/13

