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Dear ██████████

STROUD LOCAL PLAN REVIEW: LAND SOUTH OF GRANGE ROAD, WHADDON FOR NEWLAND HOMES

We are writing on behalf of Newland Homes in relation to the Local Plan Viability Assessment 2022 Refresh prepared by HDH Planning & Development Ltd on behalf of Stroud District Council dated 18th August 2022. This response should be read in conjunction with the previous responses to the Pre-Consultation Draft, and the Consultations Draft submitted by Newland Homes, Savills and Whiteleaf who are both representing the other landowners that form the Whaddon allocation and who submitted representations in July 2020 and July 2021.

It is also understood that the Inspectors have provided the opportunity to comment upon the Council’s updated technical documents relating to transport, infrastructure and viability and published some background evidence on the accessibility of sites to services and facilities.

As a ‘safeguarded’ allocation the site is dependent on the review of the Joint Strategic Plan (JSP) and Gloucester’s Plan. Our ability to comment on the funding delivery is limited by the status of the JSP. It is recognised within the documentation that the Gloucester, Cheltenham, Tewkesbury (GCT) JSP was adopted in December 2017 and is currently being updated to review the housing supply for Gloucester and Tewkesbury and the retail/town centre policies for the entire GCT area. An Issues and Options consultation ran between October 2018 and January 2019. A draft plan is currently being prepared for further consultation; however, the plan is still a long way from being adopted and the allocation of development is not certain to enable detailed assessment.

Transport and Highways

It is recognised that the Aecom Funding and Delivery Plan identifies that it may be appropriate to secure contributions from development at Whaddon towards the Junction 12 package of mitigation. It’s clear that no apportionment analysis has taken place for transport and highway schemes. The costs provided are total estimated costs as per the Aecom Mitigation Review.

Viability



We note that the Gloucester Fringe sites (G1 South of Hardwicke, PS30 Hunts Grove Extension, G2 Land at Whaddon) are taken to be a single-price area for the purpose of this update. It is accepted that the prices will vary between the sites and within the sites, however, in the absence of further detail and master planning (for example housing mixes) it would not be appropriate or robust to attribute different values to each site.

A value of £3,450/m² is assumed within the HDH (July 2022 documentation). This is higher than that assumption used in the Gloucester City Plan Viability Evidence Base (Porter Economics & Three Dragons, September 2019).

Newland Homes wish to highlight the previous submissions made by Savills for L&Q Estates and Whiteleaf Consulting for Taylor Wimpey in relation to Whaddon which encourages that the Gloucester Fringe should be treated as a single-price area, and **a value of £2,700/m² be used**. It was put to the Council that:

- *"The price for Gloucester fringe, and thus Land at Whaddon, should not be assessed at £3,100 per sqm. We would suggest an average price in the region of £2,700psqm (£250psf). This is derived from sales from sites to the south of Gloucester within the GL2 postcode. Using the developments at Hardwick and Kingsway, an "all average" value of just over £2,700/sqm (£250psf) is evident".*

We would also suggest that the increase of £3,450psqm requirement is reconsidered.

Several consultees (including Whiteleaf and Savills) raised a concern about the use of lower quartile costs on the Strategic Sites, as strategic sites are sometimes built out by multiple developers, so economies of scale are not always achieved. The HBF commented that the lower quartile costs should be used with agreement from the industry. We note that the BCIS median costs are used in the latest iteration of the report.

Updated Strategic Infrastructure and Mitigation Costs – July 2022

It is noted that new allocations under a new Plan would be subject to CIL. Based on the adopted rates of CIL and the modelling set out in Chapter 9, the strategic sites (inc. Whaddon) will be subject to CIL (where the CIL per unit is calculated across the market and affordable units). This includes £20,405.331 or £6,802 per unit (Market and Affordable).

The assessment covers a range of scenarios in relation to the inclusion or exclusion of Strategic Sites being liable and chargeable for CIL. It is concluded in the assessment that there is no scope to amend the existing and adopted Charging Schedule. It is noted that further consideration is required in relation to the delivery of infrastructure across the Strategic Sites to ensure a cohesive, commercial, fair, and deliverable approach is taken. Newland Homes would welcome further discussion with SDC in relation to this to ensure a deliverable approach is adopted by finding a balance between financial obligations and requirements.

Development Cost

Following the consultation, the interest assumption has been adjusted to 6.5% to include interest and associated fees. This is not representative of the size of the proposed development and the likely financial structure of the delivery to assume an interest rate of 6.5%.

For larger strategic sites, it remains a market standard assumption to adopt a rate of c.5.0% to reflect a finance structure that either includes a revolving facility of a master developer or the healthy cash position of a volume housebuilder. However, there has been an unprecedented movement within the financial markets

The high-level study takes a simplistic approach which isn't sound. Rather than applying a differential return (i.e., site-by-site or split) makes broad assumptions. An assumption of 17.5% is used across market and affordable housing.

Newland Homes agree that a consistent approach is required, however, they disagree with the adoption of 17.5% profit across both open market and affordable tenures. The delivery of affordable housing carries significantly less risk than affordable housing and therefore the required developer's return should reflect this. For larger multi-phase developments, we would expect a rate of between 15-20.0% on GDV for the open market homes, and a rate of 6.0% on the affordable tenures. The profit position of a scheme is of course specific to the development risk and therefore so is the required profit that is reasonably required by a developer.

First Homes

There appears to be an inconsistent approach to the inclusion of First Homes within the assessment. At 2.55 it is stated that the Council's stance is to exclude them from the assessment but then subsequently at 4.83 it mentions accounting for them within the mix. Clarity on the Council's position on this tenure would be beneficial to the consistency of the assessment and bring it into line with the requirements of the NPPF which sets out First Homes as the government's preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations. (Paragraph: 001 Reference ID: 70-001-20210524).

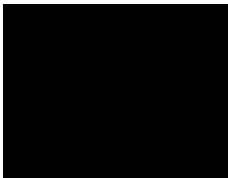
Conclusion

Overall, it's clear that the viability assessment provides a broad high-level assessment that determines a majority of the sites as unviable.

Whilst it is appreciated that the viability assessment is not able to not consider all site-specific factors, due to the scale of the site, the viability of the Whaddon allocation is still not accurately reflected within the high-level appraisal undertaken in the 2022 Refresh. Fundamentally, there is an apparent need to adopt a more realistic and fully evidenced BLV.

Newland Homes support the previous and latest submissions made on behalf of L&Q Estates and Taylor Wimpey and encourage that Whaddon is a viable site with broad policy compliance.

Yours sincerely,



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For Ridge and Partners LLP