

Chelmsford Draft Local Plan
Examination Hearing Statement
Matter 11:
Monitoring and Viability
November 2018



Introduction

1. This hearing statement sets out the Council’s response in relation to the Inspector’s Matters, Issues and Questions.
2. All the evidence base documents referred to in this statement are listed at **Appendix A**, with their evidence base or examination document reference numbers as applicable.

Matter 11 – Monitoring and Viability

Question 114	Will Strategic Policy S15 and the proposed monitoring framework set out in Chapter 10 of the Plan be effective to ensure delivery of the policy requirements during the Plan period? Are the timescales for a full or focused review of the Plan justified and consistent with national policy/guidance?
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Response to Q114

3. Strategic Policy S15 sets out that the policies and proposals within the Local Plan will be monitored through the key indicators and targets set out in the Local Plan’s Monitoring Framework (Section 10 of the Local Plan).
4. The key indicators and targets set out in the Local Plan’s Monitoring Framework (Section 10 of the Local Plan) has been updated to more precisely monitor the effectiveness of the Policies within the Local Plan, including a column for key contextual information to be considered where there is no definitive target and to supplement targets and key indicators where appropriate. The proposed amendments are set out within the Schedule of Additional Changes, Annex 3 (**SD002**).
5. Collectively the key indicators, contextual information, and targets as set out in Annex 3 of **SD002** will ensure appropriate monitoring of the Local Plan policies and requirements. The monitoring of the majority of these indicators will be reported on through the Authority Monitoring Report (AMR), which is published annually. The AMR will also recommend any appropriate and necessary actions required to deliver the Local Plan targets should the need arise.
6. This approach will ensure the Local Plan is monitored and reviewed on a regular basis and appropriate actions put in place, if necessary, to ensure the delivery of the policy requirements during the Local Plan period.

7. Strategic Policy S15 commits to commencing a full or focused formal review of the Local Plan within 3 years of its adoption. The Reasoned Justification for Strategic Policy S15 (paragraph 6.89), as amended by AC55 of **SD002**, sets out that the Local Plan will be reviewed every five years and based on the Council's previous experience of full and partial reviews of a Local Plan this process takes about two years to complete. On this basis Strategic Policy S15 commits to commencing the necessary review three years after adoption. Although the Local Plan is to be examined under the requirements of the NPPF (2012), going forward it will need to comply with the requirements for review as set out in the NPPF (2018). The Policy requirement set out in S15 will ensure a review can be completed within the five year period set out within paragraphs 31 to 33 of the NPPF (2018).
8. In addition, as set out in the Council's Housing Implementation Strategy (HIS) (**EX 025**) the Government's latest published Standard Method for the calculation of housing needs is only 7 dwellings per annum more than the Local Plan's OAHN of 805. For the reasons set out in response to Matter 3 Q14 the supply within the Local Plan is sufficient to accommodate these future changes so an earlier review is not considered necessary at present. However, should the standard method be amended further Strategic Policy S15 allows for an earlier review should it be required.
9. In the meantime, in relation to policies within the Local Plan, paragraphs 212 to 214 of the NPPF (2018) recognise that existing policies should not be considered out-of-date simply because they were adopted or made prior to the publication of the 2018 Framework. Until such time as a partial or full review is complete, due weight will be given according to the degree of consistency with the Framework, in accordance with paragraph 213 of the NPPF (2018).
10. In light of this it is considered that the timescales for a full or focused review of the Local Plan are justified and consistent with national policy and guidance.

Question 115	Will the viability of development be adversely affected by the requirements in the Plan including in respect of any required standards, affordable housing provision and transport and infrastructure needs? Has this been suitably tested, particularly for the large strategic growth sites?
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Response to Q115

11. The Local Plan Viability Study including CIL Viability Review January 2018 (the 2018 Viability Study) (**EB082A**) specifically considered the overall cumulative impact of the policies in the emerging Local Plan in accordance with paragraphs 173 and 174 of the NPPF (2012) (and in the context of the CIL Regulations), including affordable housing, the ability to bear developer contributions and the wider standards.
12. When the 2018 Viability Study (**EB082A**) was being prepared the site-specific strategic infrastructure and mitigation costs were not available for the strategic sites so an assumption had to be made. When the estimates of these costs became available (from the updating of the Infrastructure Delivery Plan - **EB018B**) the Council's consultant, HDH, produced Chelmsford City Council - Post IDP Viability Note, June 2018 (**EB082B**), to consider whether or not the strategic sites were likely to be able to bear the costs.
13. The 2018 Viability Study (**EB082A**) was carried out strictly in line with the requirements of the 2012 NPPF and 2014 PPG (and is in line with the requirements of the 2018 PPG). The work was in line with the Harman Guidance and, importantly, incorporated consultation with the development industry. In summary, the 2018 Viability Study (**EB082A**) was based on modelling typologies that were representative of the expected future development under the Local Plan. In addition, the key strategic sites were modelled separately. The analysis was based on the Residual Value approach. The Residual Values were calculated by adding up the income generated by a scheme and deducting the costs (including developers' return). Development values were assessed through market survey and analysis of Land Registry data. Development costs were assessed in line with the PPG (2014) and drew on published data such as BCIS. Land values were gathered by reviewing the price paid for recently approved development sites. The development was tested against its ability to bear the costs of compliance with development policies in the Local Plan (including affordable housing, CIL and various other policy costs).
14. For a typology or strategic site to be viable the Residual Value needed to exceed the Existing Use Value (EUV) by a sufficient margin to induce the land owner to sell (termed the Viability Threshold).

15. Paragraph 10.13 of the 2018 Viability Study (**EB082A**) concluded:

In all cases, other than the medium sized brownfield site in the South Woodham Ferrers and South West Area, the Residual Value exceeds the Viability Threshold, and in most cases by a substantial margin indicating that most development likely to come forward under the new Plan is likely to be viable, being able to bear the full affordable housing policies and CIL at the adopted rate (£150.21/m²). These findings are as to be expected and in line with the Council's experience on the ground. All types of residential development are coming forward, although from time to time it has been necessary for the Council to flex the affordable housing policies where there are site specific factors that impact on viability.

16. Paragraph 10.14 of the 2018 Viability Study (**EB082A**) notes that:

As modelled, the potential strategic sites are able to bear the affordable housing requirements and £10,000 per unit in developer contributions and CIL as adopted.

17. The Chelmsford Infrastructure Delivery Plan June 2018 Update (**EB018B**) looked specifically at the strategic infrastructure and mitigation costs of the strategic sites. These costs, as set out in Table 2, were significantly more than the £10,000/unit estimate used in the 2018 Viability Study (**EB082A**), so the assessed costs were tested and HDH produced Chelmsford City Council - Post IDP Viability Note, June 2018 (**EB082B**). This concluded:

*As would be expected, the Residual Values are somewhat lower [relative to the findings in the 2018 Viability Study (**EB082A**)] (as the costs are higher), but other than in relation to the North East Chelmsford site, all are still well above the Viability Threshold. The Council can therefore have confidence that these sites are deliverable.*

The Residual Value for the North East Chelmsford site has fallen from £900,000/gross ha to £540,000/gross ha. This is about £895,000/net ha or about £76,780,000 for the whole site. These are very substantial sums. There are a range of options for the Council to help facilitate the delivery of the site, including reconsidering the CIL 123 List, to ensure that some of the items that relate to the North East Chelmsford site are funded by CIL from all development rather than just s106 contributions from this one site.

*In this context, it is important to note that any large strategic site, is complicated and challenging to deliver. In line with the conclusions set out in the January 2018 Viability Study (**EB082A**) it is recommended that that the Council continues to engage with the owners in line with the advice set out in the Harman Guidance (page 23).*

18. In line with the recommendations, the Council has continued to engage with the promoters of the strategic sites.

19. Turner Morum, acting for the site promoters, have produced a more detailed viability and deliverability report (EX HS053B) for the North East Chelmsford allocation (Strategic Growth site 4) that has regard to the 2018 Viability Study (**EB082A**) and the Post IDP Viability Note, June 2018 (**EB082B**). This is appropriate and in line with paragraph 006 reference ID: 10-006-20140306 of the 2014 PPG.
20. This additional work has been used to inform the Statement of Common Ground with North East Chelmsford (SGS4) Site Promoters – Strategic Matters (**SOCG21**) that concludes (Paragraph 9.1):

9.1 All parties agree that the North East Chelmsford site allocation is deliverable within the plan period, is a suitable location for development and is financially viable. There are no over-riding issues and constraints to bringing forward this development site in accordance with the Chelmsford Local Plan.

Question 116	Are the proposed key indicators and targets appropriate and measurable? Are any others necessary for monitoring to ensure soundness of the Plan?
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Response to Q116

21. As set out in the Council’s response to question 114 above, the key indicators and targets set out in the Local Plan’s Monitoring Framework (Section 10 of the Local Plan) have been updated to more precisely monitor the effectiveness of the Policies within the Local Plan, including a column for key contextual information to be considered where there is no definitive target and to supplement targets and key indicators where appropriate. The proposed amendments are set out within the Schedule of Additional Changes, Annex 3 (**SD002**).

22. The contextual information enables the Council to fully monitor the implementation of the policies in the Local Plan and often supplements key indicators and targets. For example, Policy HO1i includes a target that within all developments of 10 or more dwellings there is provision of an appropriate mix of dwelling types and size that contribute to current and future housing needs and create mixed communities. Paragraph 8.3 of the Local Plan (page 188) provides the justification for this Policy and notes that the final mix of housing /types will be subject to negotiation. Through monitoring the net additional dwellings by size and type (Key Indicator) against the indicative size guide for market homes (Contextual Information) alongside the target to provide an appropriate mix of dwelling types and sizes, the Council will be able to determine if an appropriate mix of market dwellings is being provided. If the monitoring shows a high degree of variance from the indicative mix this will trigger a review of Policy HO1i to assess why market forces are delivering types and sizes of housing that do not meet the assessed needs.
23. The Council has considered Regulation 19 representations on this matter and has made specific amendments to the Key Indicators and Contextual Information regarding Strategic Policy S5 (set out within the Schedule of Additional Changes, Annex 3 **SD002**) to address a representation from Historic England (PS1800).
24. The information in Annex 3 of **SD002** has also been reviewed and amended to reflect, where appropriate, the potential monitoring indicators set out in Appendix K of the Pre-Submission Local Plan Sustainability Appraisal Report (**SD004**).
25. Collectively the key indicators, contextual information, and targets as set out in Annex 3 of **SD002** will ensure appropriate monitoring of the Local Plan policies and requirements.

Question 117	Does the monitoring framework clearly set out what actions will be taken if targets/policies are not being achieved?
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Response to Q117

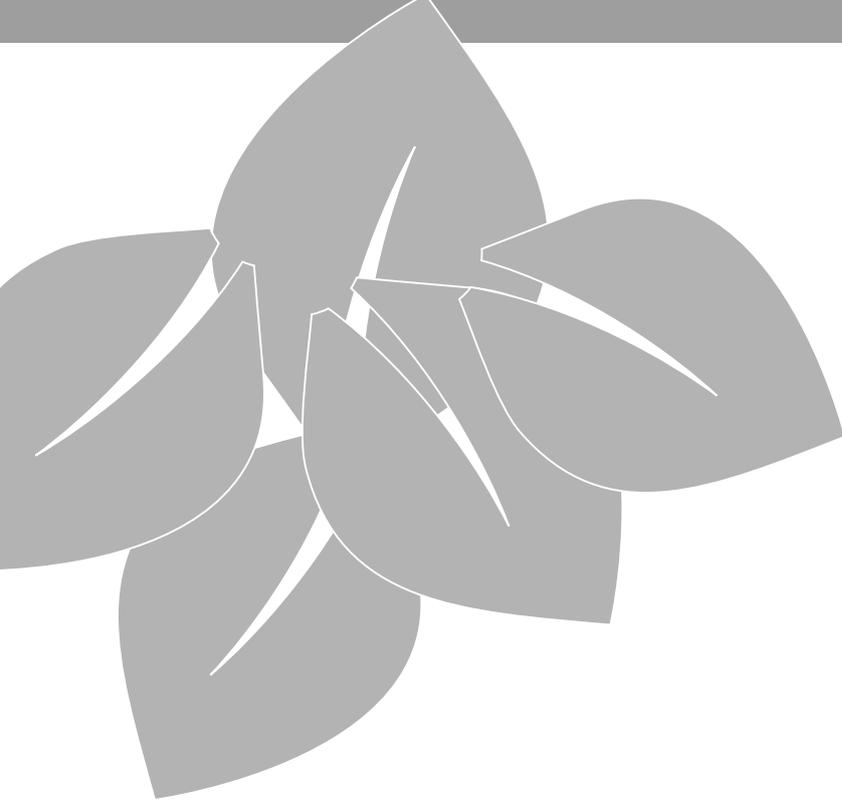
26. Strategic Policy S15 commits the Council to commencing a full or focused formal review of the Local Plan within 3 years of its adoption. Paragraph 6.88 of the Local Plan (page 84) states that the Council will produce an AMR to measure overall effectiveness of the Local Plan and a Housing Implementation Strategy (HIS) to set out how a five-year supply of housing land will be maintained.

27. Paragraph 10.2 of the Local Plan (page 246) notes that the AMR will be used to report on the performance of the Local Plan as well as recommending any actions required to ensure the delivery of the Local Plan. This will include summary information on planning obligations as required in the new 'Accountability' section of the Viability PPG (2018 – paragraphs 020 reference ID: 10-020-20180724 to 028 reference ID: 10-028-20180724), which will be used to ensure that the policy requirements for development contributions remain realistic and do not undermine deliverability of the Local Plan.
28. The requirement to provide a Housing Implementation Strategy is set out in paragraph 47 of the NPPF, which states that a Housing Implementation Strategy should describe the approach to managing the delivery of housing targets and trajectories:

“For market and affordable housing, illustrate the expected rate of housing delivery through a housing trajectory for the plan period and set out a housing implementation strategy for the full range of housing describing how they will maintain delivery of a five-year supply of housing land to meet their housing target”
29. The Council published a Housing Implementation Strategy in November 2018 (the November 2018 HIS) (**EX 025**). The November 2018 HIS brings together the housing supply information to support this Examination but given policies in the July 2018 National Planning Policy Framework (NPPF) are a material consideration from the date of publication, also reviews the delivery of housing and targets against the new standard method and the (anticipated) Housing Delivery Test.
30. The November 2018 HIS (**EX 025**) sets out that future publications of the Housing Implementation Strategy will provide commentary and analysis of all housing supply related monitoring. Paragraph 5.2 of the November 2018 HIS states that future publications of the Housing Implementation Strategy will clearly identify review triggers relating to housing supply monitoring, both periodic and performance related. Paragraph 5.8 of the November 2018 HIS lists the types of analysis that the Council may include when performance related reviews show under-delivery against housing supply monitoring. Paragraph 6.2 of the November 2018 HIS (**EX 025**) gives examples of potential interventions that could apply where the monitoring of housing related supply indicators triggers a review of the performance of policies in the Local Plan.
31. A combination of the AMR and Housing Implementation Strategy will clearly identify what actions will be taken if targets and policies are not being achieved.

APPENDIX A

EVIDENCE BASE LIST FOR MATTER 11	
EB018B	Chelmsford Infrastructure Delivery Plan June 2018 Update
EB082A	Local Plan Viability Study Including CIL Viability Review January 2018
EB082B	Chelmsford City Council - Post IDP Viability Note, June 2018
SD002	Pre-Submission Local Plan Schedule of Additional Changes
SD004	Pre-Submission Local Plan Sustainability Appraisal Report
EX025	Chelmsford Local Plan Housing Implementation Strategy November 2018
SOCG21	Statement of Common Ground with North East Chelmsford (SGS4) Site Promoters – Strategic Matters November 2018



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