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Savills Letter_180119



East Staffordshire Borough Council

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Dear Sir/Madam,

Former Bamford Works, Pinfold Street, Uttoxeter – Planning Application ref: P/2017/01307

We are retained to advise JCB in relation to the marketing of the above site.

Planning Practice Guidance (PPG) states that viability is an important consideration when local authorities negotiate planning obligations and affordable housing. It advocates for greater understanding of viability through evidence based judgement (informed by relevant available facts), collaboration (with transparency of evidence wherever possible) and consistency. The Applicant has demonstrated a willingness to collaborate, to provide evidence and transparency through establishing the viability of the scheme using the Local Authority's chosen financial modelling software.

The quantum of affordable housing development is sought to be defined at Outline planning stage and we see absolutely no reason to delay agreeing the quantum of affordable housing to reserved matters stage. The site has already proved challenging to deliver.

The applicant has previously invested heavily in a design led higher density scheme which has failed to secure a development partner despite a both a national and targeted marketing campaign commenced in May 2016. No interest was received from the national housebuilders for the higher density scheme and interest from development partners was ultimately withdrawn due to concerns with scheme viability. In the light of this, we have advised the applicant that the site should be marketed on the basis of a lower density 'policy compliant' scheme which we consider will be more market facing.

However, without a defined percentage of affordable at Outline stage, it will make it very difficult for developers to appraise their 'competitive returns' likely leading to:

- Severely tempered market interest;
- A further 12 – 18 month delay in delivery whilst protracted tripartite negotiations are concluded between the landowner, developer and the Local Planning Authority;
- An increase in developer hurdle profit rate to reflect the risk of an unquantified amount of affordable housing and the timing implications of a protracted negotiation; and
- Build cost inflation outstripping house price inflation over the intervening period.

In addition, from our experience, a fuller understanding of abnormal costs at detailed design stage rarely ever reduces the cost burden and sometimes leads to the discovery of previously unidentified abnormal costs, the result of which is further delays and possible onward negotiations regarding the reduction/removal of the other planning obligations which I understand are currently in an acceptable form to the applicant.



It is our opinion that the housebuilder market needs absolute clarity at this stage in the housing market cycle and I would strongly recommend that a percentage of affordable housing is agreed at Outline stage. Review mechanisms are typically reserved for large scale multi-phase projects which are delivered over a sustained period of time. In our experience any scheme less than 1,000 units has a fixed affordable percentage irrespective of complexity. Abnormal costs can and should be determined at Outline stage.

This is a brownfield site that can sustainably deliver the housing need of the Local Authority. Providing clarity on the affordable percentage at Outline stage, amongst the other planning gain matters will give us the greatest chance of delivering housing on the site within the next 5 years and thus contributing to the soundness of the Local Plan and the Local Authority's requirement to deliver a 5 year housing land supply.

Yours sincerely

Andrew Galloway BSc (Hons) MRICS
Director