



Lancaster Climate Emergency Review of the Local Plan Examination in Public: Hearing Statement

Matter 7: Green and Blue Infrastructure

On behalf of Taylor Wimpey UK Limited
September 2022

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Prepared By: Paul Nellist

Aster Planning LLP, Mynshulls House, 14 Cateaton Street, Manchester, M3 1SQ

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1 INTRODUCTION

- 1.1 Asteer Planning LLP ('Asteer') has been instructed by Taylor Wimpey UK Limited ('Taylor Wimpey') to prepare this Hearing Statement in relation to the Lancaster Climate Emergency Review of the Local Plan ('CCLPR') Examination in Public (EiP) and the Matters, Issues and Questions ('MIQs') posed by the Inspector.
- 1.2 Taylor Wimpey has submitted representations to each stage of consultation on the Climate Emergency Review of the Local Plan. This statement, like the representations submitted to date, is made in the context of Taylor Wimpey's interest in the North Lancaster Strategic Site, which is allocated for residential-led development in the Lancaster Local Plan (Strategic Policies and Land Allocations DPD - adopted July 2020) under Policy SG9.
- 1.3 This Statement responds directly to the Inspector's MIQs in relation to Matter 7 'Green and Blue Infrastructure'.
- 1.4 Taylor Wimpey is also part of a consortium of housebuilders/developers who have engaged Cushman and Wakefield ('C&W') to prepare a separate hearing statement relating to Matter 8. This statement refers, where necessary to C&W's Matter 8 hearing statement and also to the letter of representation prepared by Roger Hannah on behalf of Taylor Wimpey and submitted to Lancaster City Council's ('City Council') to provide a response to the Climate Change Local Plan Review Viability Assessment ('CCLPRVA') in September 2021 (**Appendix 1**).
- 1.5 Separate statements have been prepared in respect of the following matters and should be read in conjunction with this Statement:
- **Matter 3** 'Sustainable Design, Energy Efficiency and Renewable Energy';
 - **Matter 4** 'Transport';
 - **Matter 6** 'Water Management'; and
 - **Matter 8** 'Viability and Finance'.

2 GREEN AND BLUE INFRASTRUCTURE

Q7.1 - Is Policy SC4 justified and effective? Would Policy SC4 prevent renewable energy projects from occurring within green and blue infrastructure areas?

AND

Q7.2 - Is the coverage of green and blue infrastructure on the Policies Map and within Figure 23.2 of the Part 1 Plan appropriate?

AND

Q7.3 - Is it clear what the existing green and blue infrastructure network is?

- 2.1 Taylor Wimpey has provided a response to Questions 7.1, 7.2 and 7.3 below.
- 2.2 Figure 23.2 and to a lesser extent the Proposals Map, are at a scale at which it is extremely difficult to determine exactly what the extents of each identified corridor and chain is.
- 2.3 To provide clarity in terms of visual representation/identification, the policy and/or its supporting text should make specific reference to the interactive map within the Green and Blue Infrastructure Strategy.
- 2.4 In relation to identifying the green and blue infrastructure network in written terms, the policy wording itself identifies a small number of ‘*green and blue corridors and chains*’ that will be ‘*protected from development which would cause inappropriate harm and damage to their value and integrity*’. However, the supporting text (23.17) states that (Asterisk emphasis in bold):
- ‘there are a number of corridors and chains across the district which contribute towards the wider Lancaster district green and blue infrastructure network, **as set out in the Lancaster District Green and Blue Infrastructure Strategy**. These corridors and chains are made up of green and blue spaces such as registered parks and gardens, school playing fields, dedicated cycle and pedestrian routes, watercourses, the canal, canal towpaths, allotments, community growing spaces, orchards and private open spaces.’*
- 2.5 The GBI Strategy Interactive Map identifies Lancaster Canal as a ‘Green and Blue Corridor’, which bisects part of the SG9 North Lancaster Strategic Site from north to south. The path adjacent to the canal is also identified as an Active Travel GBI Corridor. The ‘green corridor’ along the canal through the Strategic Site is identified as “KKP [Knight, Kavanagh & Page] Open Space”.

- 2.6 The primary purpose of ‘green corridors’ is stated in the GBI Strategy to be “Routes which provide for walking, cycling or horse riding, whether for leisure purposes of travel. May also offer opportunities for wildlife mitigation”
- 2.7 Regarding Strategic Sites, the GBI Strategy states that,
“The primary, preferred route for the delivery of GBI is onsite as part of a development, hence as recommended to be promoted through policy. Alternative mechanisms include Section 106 agreements, CIL, wider funding and legislation.”
- 2.8 In relation to the strategic sites identified within the adopted Local Plan, the GBI Strategy states that:
“Given the scale and location of these allocations, they present a valuable opportunity to incorporate green and blue infrastructure (GBI) corridors and chains at the landscape-scale and deliver multiple benefits, environmentally, socially and economically. GBI should be the core starting point of their design, to protect, restore, enhance, extent and create valuable GBI assets. Potential opportunities can be explored utilising the interactive GBI mapping.”
And,
“Therefore, when determining where opportunities should be sought to improve (enhance and/or extend) the GBI network to make it more resilient in the face of climate change, these areas should be a key consideration as GBI can provide a valuable lifeline for many living within these built up areas.”
- 2.9 Taylor Wimpey has prepared a Comprehensive Masterplan for the North Lancaster Strategic Site, which is being considered as part of the hybrid planning application for the Phase 1 of the Strategic Site. A detailed strategy in relation to ecology and Green and Blue infrastructure is provided within the Comprehensive Masterplan, including Green Infrastructure and Indicative Blue Infrastructure plans. These demonstrate a scheme which is complementary to the Lancaster Green and Blue Infrastructure Strategy, notably the mapped Green Blue Corridor and the associated KKP Open Space. The proposed development interface with the Lancaster Canal incorporates a landscape buffer which has been agreed with GMEU, and built form is proposed to actively front and create an attractive setting to the canal route.
- 2.10 Given that it is not clear what the existing green and blue infrastructure network is, and that the City Council refers to the interactive maps in the GBI Strategy as ‘Living Maps’, there is a risk that any subsequent updates to the interactive mapping might introduce and/or identify new GBI features on sites retrospectively (i.e. after a Comprehensive

Masterplan or planning application has been prepared and/or submitted). The Policy wording and/or supporting text should make clear that in such circumstances, the information already prepared will not be undermined by new information.

- 2.11 Taylor Wimpey has no significant objection to the GBI Strategy itself but notes that it has informed several proposed policy amendments/additions in the Climate change Review of the Local Plan. As stated in relation to relevant policies throughout Taylor Wimpey’s hearing statements, any additional policy requirements introduced by the CCLPR that could threaten the viability and/or delivery of housing, must be accompanied by a specific robust and flexible mechanism whereby these additional requirements and/or other requirements (such as affordable housing or other developer contributions) can be relaxed if viability is threatened.

Q7.5 - Is Policy SP8 justified and consistent with national policy?

AND

Q7.7 - Has sufficient consideration been given in Policy SP8 to site constraints, such as utilities infrastructure?

- 2.12 Although Taylor Wimpey agrees in principle with the incorporation of Green and Blue infrastructure on housing sites, such infrastructure would need to be proportionate to the development proposed and take into account site-specific considerations and constraints (such as utilities infrastructure and topography).
- 2.13 Taylor Wimpey would not support any Green and Blue infrastructure requirement that would threaten the viability and/or deliverability of the North Lancaster Strategic Site or housing sites in general. For example, the proposed policy wording states:

“Development must protect, maintain, enhance and extend the district’s green and blue spaces, corridors and chains that make up the wider green and blue infrastructure network, and their multifunctional value, integrity and connectivity to ensure the network is as resilient as possible to the impacts of climate change.”

- 2.14 It will not always be possible to protect, maintain enhance and extend the district’s green and blue spaces, corridors and chains on a given development site either physically (due to site constraints) or viably (in the context of all other plan requirements and s106 contributions). Such an approach is also not entirely consistent with national policy. For example, Paragraph 20 of the NPPF requires that strategic policies ‘conserve and enhance’ green infrastructure, and Paragraph 175 of the NPPF sets out that plans should

‘take a strategic approach to maintaining and enhancing networks of habitats and green infrastructure’.

- 2.15 In order to **be consistent** with national policy, the wording of Policy SP8 should therefore be amended to (suggested text in red):

*“Development must **conserve; and/or, protect; and/or, maintain; and/or, enhance; and/or extend** the district’s green and blue spaces, corridors and chains that make up the wider green and blue infrastructure network, and their multifunctional value, integrity and connectivity to ensure the network is as resilient as possible to the impacts of climate change.”*

- 2.16 Policy SP8 should also include wording that specifically recognises that sites may/will have specific constraints that mean it is not physically and/or viably possible to deliver the requirements of Policy SP8 in all circumstances.

- 2.17 To ensure that the Plan is **effective**, there must also be a specific robust and flexible mechanism in the policy and/or its supporting text whereby these additional requirements and/or other requirements (such as affordable housing or other developer contributions) can be relaxed if viability is threatened.

Q7.11 - Is Policy DM43 effective and consistent with national policy?

- 2.18 Taylor Wimpey acknowledges that the amendments proposed to Policy DM43 are largely based on the GBI Strategy, on which detailed comments are provided at Section 5 of these representations.

- 2.19 Taylor Wimpey has prepared a Comprehensive Masterplan for the North Lancaster Strategic Site, which is being considered as part of the hybrid planning application for the Phase 1 of the Strategic Site. A detailed strategy in relation to ecology and Green and Blue infrastructure is provided within the Comprehensive Masterplan, including Green Infrastructure and Indicative Blue Infrastructure plans. Therefore, it is critical that any additional policy requirements proposed through the Climate Emergency Review of the Local Plan do not undermine the delivery of the Comprehensive Masterplan for the North Lancaster Strategic Site, which has been prepared collaboratively with several stakeholders and submitted to the Council ahead of the adoption of any revised Local Plan.

Q7.14 - Does Policy DM43 exclude any possible value that green and blue infrastructure networks can have?

- 2.20 The proposed wording of Policy DM43 includes:

“The design of development proposals must consider the value green and blue infrastructure can provide in terms of recreation, active travel, water management, landscape, biodiversity, and the historic environment, and ultimately contribute towards climate change mitigation and adaptation.”

- 2.21 The intention of this wording appears to be to capture ‘any value’ that green and blue infrastructure can provide. Therefore, in order to avoid excluding any possible value that green and blue infrastructure can provide, the wording should be amended as follows (suggested additions in red):

*“The design of development proposals must consider the value green and blue infrastructure can provide in terms of recreation, active travel, water management, landscape, biodiversity, ~~and~~ the historic environment, **and any other demonstrable value**, and ultimately contribute towards climate change mitigation and adaptation.”*

APPENDIX 1 - Climate Change Local Plan Review Viability Assessment



Lancaster City Council
c/o Avison Young
Norfolk House
7 Norfolk Street
Manchester
M2 1DW

17 September 2021

Dear Sir/Madam

Climate Change Local Plan Review Viability Assessment – Lancaster City Council

We have been instructed by Taylor Wimpey (TW) to provide a response to the Climate Change Local Plan Review Viability Assessment (CCVA), which has been produced by Three Dragons on behalf of Lancaster City Council (LCC). We are providing our response with specific reference to the strategic site allocation, North Lancaster, which is referred to as Res8 in the CCVA. The site has been allocated for 700 homes.

The CCVA concludes that site Res8 is viable with 30% affordable housing and £4,592,701 of Section 106 contributions, with the scheme becoming marginal when the costs of Part L Building Regulations (2021) are included, and unviable when the costs of Future Homes Standards (2025) are included. It also suggests a CIL rate of £0 per sq m for strategic sites.

We will address our key areas of concern in respect of the site specific testing, also outlining requests for clarification or amendments where relevant. It should be noted that our lack of comment on other aspects of the CCVA does not imply our agreement with them and we reserve the right to make further representations or comments at a later stage where relevant.

In line with RICS reporting requirements, we can confirm that we have acted with objectivity, impartiality and without interference. We are not aware of any conflicts of interest that affect our independent opinion being provided. We can also confirm that we are not acting on the basis of any performance related or contingent fees in respect of this instruction.

Strategic Site Testing

The CCVA reports to test site Res8 on an individual basis. This is a requirement of the PPG:

“It is important to consider the specific circumstances of strategic sites. Plan makers can undertake site specific viability assessments for sites that are critical to delivering the strategic priorities of the plan. This could include, for example, large sites, sites that provide a significant proportion of the planning supply, sites that enable or unlock other development sites or sites within priority regeneration areas.” (Paragraph 005).

Whilst the CCVA states that appraisals have been undertaken on site Res8, it is unclear how many of the appraisal inputs are based on a site-specific assessment and how many are based on wider typology assumptions being applied to site Res8. As per PPG guidance, we would expect all appraisal inputs to be assessed on a site specific basis.

It is important to stress that there is also a need for decision making viability assessments, despite recent evidence bases, with the PPG stating the following circumstances when viability should be assessed at this stage:

“Such circumstances could include, for example where development is proposed on unallocated sites of a wholly different type of those used in viability assessment that informed the plan; where further information on infrastructure or sites costs is required; where particular types of development are proposed which may significantly vary from standard models of development for sale (for example build to rent or housing for older people); or where a recession or similar significant economic changes have occurred since the plan was brought into force.” (Paragraph 007).

We would emphasise the need for site specific testing at the subject site because it is a significant strategic site, and the likely infrastructure and site costs are largely unknown at this stage. TW are currently in the process of preparing technical due diligence for the site, and it may be that the costs associated with development are higher than those envisaged in the CCVA.

This is further corroborated by the RICS Guidance Note (2021), which states:

“The level of uncertainty regarding both valuations and market cyclicity, the use of generic typologies and less fine-grained data in plan making, and the number of other factors that drive development values make it particularly important to treat the FVA as indicative rather than definitive in terms of the viability of development when assessing the level of contributions across a plan area” (Section 2.3.15).

One factor relating to the site that appears to be ignored in the CCVA is the phasing of the site. The nature of large strategic sites means that they are inevitably phased, and it is therefore likely that initial capital outlay at the beginning of the development process will impact on viability, and this will need to be considered as the site is progressed through the planning system at the decision making stage.

Housing Mix

We note the following mix has been adopted:

House Type	Market Mix	Affordable Mix
1 bed flat	-	35%
2 bed flat	-	-
2 bed bungalow	10%	10%
2 bed terrace	15%	30%
3 bed semi	40%	30%
4 bed detached	35%	5%

We assume that there is some flexibility with the mixes and that any scheme that maximises housing need/demand at the time of application will be accepted. We do not consider the proposed mixes to be entirely market facing/ appropriate to cater for RP demand. Additional comments in this regard are made in the consortium response that TW is a part of, which is also due to be submitted as part of the wider consultation response.

Gross Development Value

It is not entirely clear what GDV assumptions have been adopted for the site. The CCVA provides an overview of value assumptions by house type for each value area, but does not provide any GDV assessment for the strategic sites in the main body of the report.

The appendices report the results for the strategic sites separately but it is unclear if the generic typology assumptions for the value area the site falls in have been adopted, or if a site specific assessment of GDV has been undertaken. We would welcome more clarity in this regard and would be happy to engage further on this matter.

Benchmark Land Value

The CCVA adopts the following BLV for large greenfield sites:

EUV/ha = £18,100

Premium = 10 - 20 times EUV

Total BLV per ha = £181,000 - £362,000

Total BLV per acre = £73,250 - £146,500

We find the multiplier approach to assessing the minimum premium problematic for a number of reasons:

- It is not an accepted method of valuation based on RICS best practice and the RICS guidance note (2021) on viability in planning sets out a need to follow best valuation practice where applicable
- It is not possible to evidence the multiplier adopted, with the use of fixed arbitrary multipliers becoming commonplace in Local Plan viability assessments, despite the contradiction with best valuation practice
- It does not reflect the workings of the market on the basis that landowners do not have regard to this methodology when deciding whether or not to release land for development. It therefore ignores the need to consider the minimum level of return a reasonable landowner would expect, as set out by the PPG

The result of this approach is that BLVs are reduced to an unreasonable level, whereby landowners are not incentivised to release land for development.

The CCVA BLV assumptions are inconsistent with market evidence. This is supported by the current adopted viability evidence base for LCC, dated 2018, which states that BLVs should range between £250,000 - £425,000 per net acre depending on the value area a site is located in. This evidence base looks at market evidence as one of the factors to inform these BLVs, and the current approach adopted in the CCVA contradicts this. The current LCC evidence base also assesses BLV based on a typology approach based on value area (or the individual strategic sites), which is compliant with the PPG requirement for a typology approach, and the CCVA does not follow this. We would expect the BLV assumptions to be reconsidered on these grounds.

Construction Costs

We outline below the cost assumptions that are relevant to site Res8 as set out in the CCVA, in addition to our comments:

Item	Cost	Comments
Standard build	£953 per sq m/ £88.54 per sq ft	The use of BCIS lower quartile costs is unevidenced and this cost is considered low
Plot externals	10%	This is a particularly low
Contingency	No allowance	All prudent development cost plans include a contingency, and excluding a contingency does not conform with best practice across Local Plan and CIL examinations. We would expect an allowance of at least 5% for plan-making viability testing when the true extent of costs is unknown and an appropriate margin for error is required.
Garages	£7,700 per garage across 20% of units	Cost allowance seems reasonable but these costs are likely to be across over 20% of the units on site Res8.
Site development costs (land prep, site infrastructure)	£26,000 per plot	We accept a higher costs for site development/'opening up' costs for larger sites but note that the true extent of such costs for site Res8 are unknown at this stage.

We understand that more detailed commentary on the assumed construction costs is provided as part of a consortium response to LCC that TW is a party to.

Cost of Climate Change Related Policy and Other Planning Policies

We understand that Taylor Wimpey are part of a consortium of housebuilders that have provided a general response to the CCVA, and that relevant comments are incorporated within this response that is also due to be submitted to LCC.

Section 106 Contributions

The following Section 106 breakdown is provided for site Res8 in the technical appendices of the CCVA:

Item	Cost
Road/cycle/walk Halton/Aldrens	£200,000
Skerton – cycling/walking	£60,000
Slyne Rd crossing	£60,000
Canal crossing	£40,000
Road upgrades	£100,000
Playing pitch improvements	£60,000
Primary	£2,510,794
secondary	£1,368,976
Health	£192,931
Total	£4,592,701

The total of £4,592,701 equates to £6,568 per unit across a 700 unit scheme. TW have not been informed of these proposed contributions and would welcome additional information and engagement in this regard.

Developer's Return

The CCVA assumptions are too low and unevidenced. On a blended basis the assumed return of 17% on GDV across private housing and 6% on GDV across affordable housing, results in a blended average in the order of 14% on GDV, assuming 30% affordable housing. This is below the 15 – 20% on GDV set out in the PPG. It is also below the blended target of 20% on GDV that is documented in publicly available plc housebuilder company account information. The RICS Guidance Note as discusses the need for a margin to reflect market cyclical risk, as well as development risk, and the CCVA profit margins do not do this as they are not market facing or realistic.

We understand that Taylor Wimpey are part of a consortium of housebuilders that have a more detailed response to the CCVA profit assumptions, which are relevant to sites of scale such as site Res8.

Appraisal Results

The results of the CCVA appraisals are reported on the basis 'BLV headroom per dwelling' using graphs, whilst the appraisal inputs and results are presented in a table format in the technical appendices as a residual land value. This makes it difficult to interpret the results and we would request consistency in the reporting of BLV and the appraisal results within the report and appendices.

We note that the CCVA concludes that the site is marginal with Part L (2021) costs and unviable with Future Homes Costs (2025), but that it can support 30% affordable housing and £4,592,701 of Section 106 contributions. It also suggests

a CIL rate of £0 per sq m for strategic sites. This suggests that site Res8 may need to balance other planning policy requirements in order to be delivered with the Part L building regulations and Future Homes standards.

In light of the above comments, we believe there is merit in appraising the site further based on site-specific assessments of value and cost where available. It is important to note that TW are currently in the process of preparing technical due diligence for the site, and it may be that the costs associated with development are higher than envisaged in the CCVA. This will give rise to the need to test the viability of this strategic site at the decision making stage when more information is known.

Conclusions

We have provided comments in respect of the testing of site Res8. We would welcome further information on the site specific assessment of GDV, in addition to a review of the housing mix assumptions used to test viability. In addition, the approach to BLV is not considered to be wholly compliant with RICS valuation best practice through the use of an arbitrary multiplier approach.

In terms of costs, a more detailed review of these is provided in a wider consortium response, but the costs in respect of the subject site are unknown at this stage. TW are currently in the process of preparing technical due diligence for the site, and it may be that the costs associated with development are higher than envisaged in the CCVA. This will give rise to the need to test the viability of this strategic site at the decision making stage when more information is known.

The CCVA concludes that the site is marginal with Part L (2021) costs and unviable with Future Homes Costs (2025), but that it can support 30% affordable housing and £4,592,701 of Section 106 contributions. It also suggests a CIL rate of £0 per sq m for strategic sites. This suggests that site Res8 may need to balance other planning policy requirements in order to be delivered with the Part L building regulations and Future Homes standards.

I trust the above provides a summary of the CCVA assumptions relevant to site Res8. We would welcome the opportunity for further engagement in respect of this strategic site. Should you require anything further please do not hesitate to contact me using the details below.

Yours sincerely

A handwritten signature in black ink that reads 'Laura Mackay'.

Laura Mackay BA(Hons) MA MRICS
Director
Land and Development

For and on behalf of
ROGER HANNAH LTD

Direct line: 0161 302 1705

Mobile: 07807 999 453

Email: lauramackay@rogerhannah.co.uk

Contact details

Enquiries

Richard Barton
richard.barton@avisonyoung.com

Visit us online

avisonyoung.com

Avison Young

Norfolk House, 7 Norfolk Street, Manchester M2 1DW

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