

# AGENDA ITEM 3E

## EXTRAORDINARY MEETING OF FULL COUNCIL

20<sup>TH</sup> OCTOBER 2016

### REPORT OF THE HEAD OF REGULATORY SERVICES

#### WHOLE PLAN VIABILITY ASSESSMENT (OCTOBER 2016)

#### 1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is to inform members of the Draft Whole Plan Viability Report that has been prepared as part of the evidence base to support the emerging Melton Local Plan.

#### 2 RECOMMENDATION

##### 2.1 It is recommended that Council:

- (i) **accepts the Viability Assessment as additional evidence to support the Pre Submission Draft Melton Local Plan;**
- (ii) **Delegates authority to the Head of Regulatory Services to make any necessary changes required for clarification or typographical corrections to the text of the assessment which do not change the overall sense or purpose of the document, prior to publication.**

#### 3.0 KEY ISSUES

- 3.1 The National Planning Policy Framework (NPPF) (March 2012) requires local planning authorities to ensure that their Local Plans and the policies/proposals contained within them are deliverable. An essential element of this is viability. Paragraphs 173 & 174 provide the context for the deliverability of Local Plans:

*“173. Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.*

*174. Local planning authorities should set out their policy on local standards in the Local Plan, including requirements for affordable housing. They should assess the likely cumulative impacts on development in their area of all existing and proposed local standards, supplementary planning*

*documents and policies that support the development plan, when added to nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle. Evidence supporting the assessment should be proportionate, using only appropriate available evidence”.*

- 3.2 The on-line Planning Practice Guidance (March 2014 onwards) states that *“understanding Local Plan viability is critical to the overall assessment of deliverability”* and that *“Local Plans should present visions for an area in the context of an understanding of local economic conditions and market realities. This should not undermine ambition for high quality design and wider social and environmental benefit but such ambition should be tested against the realistic likelihood of delivery”*.
- 3.3 When the Melton Local Plan is submitted for examination, amongst the key tests of its soundness will be whether it is “positively prepared”, “justified” and “effective”. Deliverability is key factor.
- Positively Prepared - the Plan should be prepared on a strategy which seeks to meet objectively assessed development and infrastructure requirements and is consistent with achieving sustainable development.
  - Justified - the Plan should be the most appropriate strategy, when considered against the reasonable alternatives and be based on proportionate evidence, adequate, up-to-date and relevant evidence base. This includes evidence of infrastructure requirements and deliverability.
  - Effective – the Plan should be deliverable over the plan period and be based on effective joint working on cross-boundary strategic priorities. This would include robust infrastructure delivery planning, having no regulatory or national planning barriers to delivery and delivery partners who are signed up to development and infrastructure improvements (who will deliver what and when).
- 3.4 Viability also has a key role to in support the development of the Community Infrastructure Levy (CIL), another means of delivering infrastructure to support development in the area. It was introduced by the Planning Act 2008 and is a levy that local planning authorities can choose to charge on new developments in their area. Monies raised can be used to support development of the area by funding the infrastructure that the Council, local communities and neighbourhoods consider to be necessary.
- 3.5 In order to address these requirements and assess the viability of the emerging Melton Local Plan, the Council commissioned an assessment to:
- Carry out a Whole Plan Viability Assessment, including Affordable Housing Viability Assessment, alongside CIL Viability Assessment.

- In respect of the Affordable Housing Viability Assessment to test the viability of the target and threshold in the draft Affordable Housing Policy and also against other thresholds, and to identify whether it is appropriate to set different levels in different areas, reflecting their circumstances.
- Provide the evidence for and to recommend a range of CIL rates against different policy requirement scenarios, including varied levels of affordable housing at differential rates.
- To analyse responses to the Preliminary Draft Charging Schedule and Regulation 123 list consultation and prepare revisions required for preparation of the Draft Charging Schedule and Revised Regulation 123 list.

### **Summary of conclusion and recommendations**

3.6 The key findings of the assessment are:

- The Local Plan policies are broadly compliant with the viability requirements of the NPPF, although 30% affordable housing overall is considered the maximum, which the Council may wish to reduce further depending on the CIL tariffs it wishes to introduce.
- With respect to the Sustainable Neighbourhoods, the funding required towards the Northern and Southern Distributor roads, and new schools on the sites, will reduce the scope for affordable housing further.
- Varying affordable requirements by geographical area may enable a greater level of affordable housing to be delivered overall (40% is possible in some locations) and this should be considered as part of the process of policy development.
- In respect of CIL, the level of headroom on residential development depends to a large extent on the affordable housing required and there is a trade-off between the two which needs to be considered by the Council in respect of the relative and competing needs of affordable housing versus infrastructure.

### **Next Steps**

- 3.7 The Whole Plan Viability Assessment will be published as part of the evidence base for the pre-Submission Draft Melton Local Plan. Furthermore it will be used support the consultation CIL Preliminary Draft Charging Schedule and Regulation 123 List, when this takes place.
- 3.8 Following the statutory six week period on the Pre-Submission Draft Local Plan, the Whole Plan Viability Assessment be reviewed and updated where necessary, prior to be submitted alongside the Plan for Examination.

- 3.9 It will be updated again to support the Draft Charging Schedule and Revised Regulation 123 list consultation when this takes place.
- 3.10 The Policies in the Local plan recognise the role of viability and several make specific reference to it. It is considered likely that the wording of policies and targets expressed for affordable housing will require revision prior to the submission of the Plan for Examination.
- 3.11 In view of its 'draft' status, delegated authority is sought to enable the Assessment to be finalised prior to being published as a final document. It is considered that the Assessment is comprehensive and accurate and that amendment will be limited to matters of accuracy and clarification and will not affect the substantive content of conclusions of the assessment.

#### **4.0 POLICY AND CORPORATE IMPLICATIONS**

- 4.1 The whole plan Viability Assessment is a key piece of evidence that will accompany the Pre Submission Local Plan when it is published to allow representations to be made on its legal compliance and soundness.
- 4.2 The assessment will impact on the Council's ambition for the provision of infrastructure and/or affordable housing secured through new development (see para.3.6 above).

#### **5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS**

- 5.1 The whole plan Viability Assessment investigates what level of contributions to infrastructure will be available as development proceeds and provides a basis for the Council to consider priorities for funding in association with the relevant policies of the Local Plan (Policy IN2 in Chapter 9) and the Infrastructure Delivery Plan (see Item 3D of this agenda).

#### **6.0 LEGAL IMPLICATIONS/POWERS**

- 6.1 The process for setting and implementing the CIL is set out in the CIL Regulations 2010, together with subsequent Amendment Regulations in 2011, 2012, 2013, 2014 and 2015.
- 6.2 There are no legal implications/powers arising from the evidence in itself. The requirements are as set out above at paras.3.1 and 3.2 above.

#### **7.0 COMMUNITY SAFETY**

- 7.1 There are no direct community safety implications as a direct result of these documents.

#### **8.0 EQUALITIES**

- 8.1 The Local Plan is being subject to a detailed equalities impact assessment through each stage of preparation please refer to Item 3A of this agenda).

## 9.0 RISK

L I K E L I H O O D	A	Very High				
	B	High				
	C	Significant		2		
	D	Low				
	E	Very Low			1	
	F	Almost Impossible				
			Negligible 1	Marginal 2	Critical 3	Catastrophic 4
<b>IMPACT</b>						

Risk No	Risk Description
1	Infrastructure cannot be supported by development from a viability point of view.
2	Ambitions for the delivery of affordable housing are compromised as a result of the findings of the assessment.

## 10.0 CLIMATE CHANGE

10.1 There are no Climate Change issues arising from this report.

## 11.0 CONSULTATION

11.1 The preparation of the Viability Assessment was informed the Infrastructure Delivery Plan (Item 3D of this agenda). Consultation with key stakeholders and infrastructure providers will continue as part of the Submission Draft Local Plan consultation.

11.2 The viability Assessment will be part of the consultation under the Regulation 19 arrangements made for the Local Plan (Pre Submission stage) from November 2016 (please see Item 3A of this agenda for details).

## 12 WARDS AFFECTED

12.1 All wards are affected.

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Date:	17 <sup>th</sup> October 2016
Appendices :	Appendix A : Draft Whole Plan Viability Assessment
Background Papers:	None