

LATE PAPERS

DC/20/04615 Land Off Lady Lane Hadleigh, Suffolk

Further to the Officer's committee report, we have now received additional comments with regards to the viability of the site from Council's viability consultant, Stuart Cook of Urba, as well as updated comments from the Policy Team.

Members will recall that during the Committee Meeting on 16th June 2021, the Agent stated that in accordance with Policy EM24 the site had been considered unviable, not only by both himself and the applicant but also by Aspinall Verdi (the Council's viability experts).

Policy EM24 is as follows:

<p>EM24 Planning applications to redevelop or use existing or vacant employment land, sites and premises for non-employment purposes, will only be permitted if the applicant can demonstrate that their retention for an appropriate employment use has been fully explored. This may be undertaken in one of the two following ways:</p> <ol style="list-style-type: none">1. by an agreed and sustained marketing campaign, undertaken at a realistic asking price; or2. where agreed in advance, the applicant can demonstrate that the land, site or premises are inherently unsuitable or not viable for all forms of employment related use.

Stuart Cook was the author of the Council's viability evidence base which is currently being used to support the draft Local Plan and produced under AspinallVerdi. Stuart Cook has assessed the information provided by the Agent in relation to the viability of the site and the requirements set out under Policy EM24 (as above).



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Our ref: 210728_Employment viability

Via email:
robert.hobbs@baberghmidsuffolk.gov.uk

29 July 2021

Dear Rob,

Viability of employment uses – planning application reference: DC/20/04615

Further to our recent correspondence, I am pleased to set out my review of the applicant's assessment of the viability of employment uses for the proposed development at Land off Lady Lane/Aldham Road, Hadleigh.

Background

You have asked me to review the applicant's assessment as I was the author of the viability evidence base which is being used to support the draft Local Plan i.e. Plan Viability & CIL Review Study Regulation 19 Stage, October 2020 study and the June 2019 study. As you are aware, these studies were written under the name of AspinallVerdi, my former employer, but I write this in the capacity of my new company Urbà. The reason why you have asked me to review the applicant's assessment is that they make direct reference to the Plan Viability & CIL Review Study Regulation 19 Stage, October 2020 study in their assessment.

The applicant has provided a letter from Artisan Planning & Property Services, dated 26 January 2021, which seeks to address the requirements of EM24 in the Babergh Local Plan Alteration No.2, 2006. Policy EM24 is set out below for reference:

EM24 Planning applications to redevelop or use existing or vacant employment land, sites and premises for non-employment purposes, will only be permitted if the applicant can demonstrate that their retention for an appropriate employment use has been fully explored. This may be undertaken in one of the two following ways:

1. by an agreed and sustained marketing campaign, undertaken at a realistic asking price; or
2. where agreed in advance, the applicant can demonstrate that the land, site or premises are inherently unsuitable or not viable for all forms of employment related use.

Policy EM24 falls under Chapter 4 Economy and Employment of the Babergh Local Plan Alteration No.2, 2006. Paragraph 4.20, defines employment uses under this chapter as classes B1, B2 and B8 of the Town and Country Planning (Use Classes) Order 1987 (as amended). Changes were made to the Use Classes from 01 September 2020. Under the changes, Class A1/2/3 and B1 are to be treated as Class E – see extract below. B1 Business has effectively been replaced with the new Class E(g).

In 11 parts, Class E more broadly covers uses previously defined in the revoked Classes A1/2/3, B1, D1(a-b) and 'Indoor sport' from D2(e):

- **E(a)** Display or retail sale of goods, other than hot food
- **E(b)** Sale of food and drink for consumption (mostly) on the premises
- **E(c)** Provision of:
 - **E(c)(i)** Financial services,
 - **E(c)(ii)** Professional services (other than health or medical services), or
 - **E(c)(iii)** Other appropriate services in a commercial, business or service locality
- **E(d)** Indoor sport, recreation or fitness (not involving motorised vehicles or firearms)
- **E(e)** Provision of medical or health services (except the use of premises attached to the residence of the consultant or practitioner)
- **E(f)** Creche, day nursery or day centre (not including a residential use)
- **E(g)** Uses which can be carried out in a residential area without detriment to its amenity:
 - **E(g)(i)** Offices to carry out any operational or administrative functions,
 - **E(g)(ii)** Research and development of products or processes
 - **E(g)(iii)** Industrial processes

Based on the latest changes to the Use Classes Order and the requirements of Policy EM24, I solely deal with uses B2, B8 and E(g) in my assessment.

Point 1 – Policy EM24

I have not had sight of any marketing campaign undertaken by the applicant, so I am unable to comment on this element of the policy. But the council should satisfy themselves that the applicant has undertaken this exercise in accordance with the policy.

Point 2 – Policy EM24

Based on the evidence provided, I do not believe that the applicant has met the requirements of this element of the policy:

Suitable for B2 & B8 uses

B2 & B8 uses have been dismissed by the applicant, on the basis that the council's own Planning Officer and Economic Development Officer have stated that the site is unsuitable for these uses. I understand that the council does not accept the applicant's statement that the site is not suitable for B2 and B8 uses.

In addition, the applicant cites a planning application refusal (reference: B/04/00637) decision date 30 June 2004. There are no details of the planning application on the council's own planning portal, so it is not possible to comment on this particular refusal, only to say that the decision was made 7-years ago.

Viability of B2 & B8 uses

The applicant does not acknowledge that B2 & B8 uses were found to be viable as part of the Local Plan viability testing. Although the Local Plan testing was based on a greenfield site, I demonstrate below, through making appropriate adjustments, that there is still sufficient viability "headroom", on a brownfield site of the equivalent size to the subject site.

The Local Plan study assumed a single industrial scenario of 1,000 sqm on a 0.25 net hectare site, at a gross to net site area of 90%. The assessment showed that this type of development was viable, producing a residual land value of £66,839. This equates to a residual value of £267,356 per net ha / £240,620 per gross ha. The planning application states that the subject site is 1.4 hectares (I have not sought to challenge this site area). If I apply the residual land value from the industrial assessment in the Local Plan testing to the 1.4 hectares of the subject site, this produces a total land value of £336,869 for an equivalent greenfield site. From the figure of £336,869 I need to remove the cost of dealing with site preparation and contamination. The reason why I need to remove this cost is that Planning Practice Guidance on viability explains that this cost should be reflected in the land value.¹

The Local Plan viability testing contains a cost of £271,810 per net hectare (£110,000 per net acre) for site abnormalities at Table 4-6 of the report. The report explains that this cost assumes demolition and remediation. I understand that the site is cleared, so no demolition is required. The cost of remediation is unknown for the subject site, but the levels of work will be less for continued employment use than compared to residential. In my opinion, it would not be appropriate to apply the full site abnormal cost from the Local Plan test but to assume 2/3rds of this cost i.e. £179,395 per net hectare (£72,600 per net acre).

The adjusted site remediation costs of £179,395 per net hectare (£72,600 per net acre), equates to a cost of £226,037 - if applied to the subject site and also assuming a 90% gross to net, as per the Local Plan testing. Once I remove this cost, from the land value of £336,869 above, this leaves a residual surplus of £110,831. Therefore, demonstrating that the site can be remediated, and viable development can be delivered.

My assessment of the greenfield / brownfield adjustment from the Local Plan testing, applied to the subject site is summarised below:

Element	Inputs
Residual land value from industrial Local Plan appraisal	£66,839
Net site area ha	0.25
Gross to net	90%
Gross site area ha	0.28
Residual land value per net ha from industrial Local Plan appraisal	£267,356
Residual land value per gross ha from industrial Local Plan appraisal	£240,620
Site area subject site gross ha	1.4
Assumed gross to net as per Local Plan testing	90%
Net site area ha	1.26

¹ Paragraph: 012 Reference ID: 10-012-20180724, Revision date: 24 07 2018

Equivalent greenfield land value subject site	£336,869
Site remediation @ £271,810 per net ha	£179,395
Site remediation applied to subject site net site area	£226,037
Land value subject site after remediation costs	£110,831

My assessment does not reflect the contingency allowance which was £44,000 in the industrial appraisal for the Local Plan testing. This would equate to around £245,000, if applied to an equivalent development on the subject site. This contingency figure would cover the estimated cost for the site remediation.

Viability of E(g) use

The applicant has taken a "narrow view" in their assessment of the former B1 use, as they have just focused on offices. But as shown above, class E(g) is much wider than just office use as it also captures an element of industrial use.

The applicant correctly identifies that the Local Plan viability testing concluded that office development was found to be unviable on a speculative basis. But because they have not demonstrated (through element one of Policy EM24) the site has been marketed at a realistic price, it is not possible to assess whether there is an owner occupier, or someone who is prepared to take a pre-let, which could result in office development to become viable.

If I consider the other uses identified in use class E(g) these are more industrial in nature and based on the Local Plan viability testing could be viable – as demonstrated above.

Conclusion

Based on my view of the applicant's assessment, I am of the opinion that they have not adequately addressed Policy EM24. My assessment, with reference back to the Plan Viability & CIL Review Study, has shown that industrial development could be viable on the subject.

Yours sincerely,



Stuart Cook, BSc (Hons) MRICS
RICS Registered Valuer
Director

Members attention is drawn to the conclusion which clearly states that it is not considered that the applicant has adequately addressed Policy EM24 and that indeed, industrial development (in light of Class E) could be viable on the site.

The Policy Team have provided the follow comments on 2nd August 2021:

“Dear Katherine,

Please see attached the following:

- Strategic Planning Consultation Response to DC/20/04615 dated 9/6/21
- Strategic Planning Consultation Response to DC/20/05173 dated 9/6/21
- Letter dated 29/7/21 from Ubra (Stuart Cook) regarding viability assessment.

Further to the deferral of the above application at Committee as a result of the applicant stating that the Councils Viability Assessment demonstrated that the site is not viable, the Strategic Planning Policy team commissioned Stuart Cook (the original author of the Councils Viability Assessment) to review the information presented by the applicant. The purpose of doing so was to ensure that the Committee have the necessary relevant and accurate information to consider in the determination of the above application. The review of the information has been undertaken and the site is considered viable for employment use. The viability specialist has concluded: *that I (Stuart Cook) am of the opinion that they (the applicant) have not adequately addressed Policy EM24. My assessment, with reference back to the Plan Viability & CIL Review Study, has shown that industrial development could be viable on the subject.* The detailed assessment is set out in the attached letter (dated 29/7/21).

Accordingly the consultation response from Strategic Planning to the above applications remains as previous (9/6/21) and consequently the application is not considered consistent with policy (current and draft) and therefore is not supported.

Regards

Jennifer”

Members attention is therefore drawn to their previous comments which formed tabled papers for the 16th June committee and are set out below.

The following comments from the Policy Team were received on 9th June.

“

Planning Application – Strategic Planning Consultation Response

Planning Application Reference:	DC/20/04615
Site:	Outline Planning Application (some matters reserved, access and landscaping to be considered) - Erection of up to 45No dwellings (including up to 15 affordable dwellings) (following demolition of three existing buildings).
Proposal:	Land Off Lady Lane Hadleigh Suffolk
Prepared by:	Strategic Planning - Policy
Date:	9/6/21

Background and Policy Context

The Policy context for the determination of this application comprises:

- NPPF
- Babergh Local Plan, 2006 (saved policies)
- Babergh Core Strategy, 2014 (saved policies)
- The Pre-Submission Babergh and Mid Suffolk Joint Local Plan, 2020 (now submitted)

Policy Background

The site is allocated in the Babergh Local Plan (2008), policy EM02 for a General Employment Area. The emerging planning strategy for both Districts is contained the Pre Submission Babergh and Mid Suffolk Joint Local Plan, 2020 (now submitted). Once adopted, the Babergh and Mid Suffolk Joint Local Plan (JLP), and the policies contained therein, will replace all of the Local Plans and alterations (saved policies), the Core Strategies, and Area Action Plan(s) in both Babergh and Mid Suffolk.

Application DC/20/04615 is for outline permission with access to be considered. Accordingly, the policy response shall be based on considering the principles of the proposal against the relevant policy framework.

Policy Considerations

The application proposes the erection of up to 45 dwellings (including up to 15 affordable dwellings) (following demolition of three existing buildings).

Planning law requires that each application for planning permission be determined on its individual merits in accordance with the development plan unless material considerations indicate otherwise.

The site is allocated for employment use in the Babergh Local Plan (Policy EM02). Policy EM24 (Babergh Local Plan, 2006) seeks to support the retention of employment land, unless it could be demonstrated that the site is not viable or suitable for employment use. Through the planning application process the site has not been marketed for alternative use in accordance with the requirements of Policy EM24. The agents have set out that the site has not had any use or interest to demonstrate demand, however this does not accord with EM24. Whilst it is recognised that the site is constrained being bordered by housing on one side and the other being part of the more intensive occupancy of uses within the Hadleigh Lady Lane Strategic Employment Area if the site were to be developed for housing this would not address this issue. Rather, additional housing would adjoin the intensively occupied employment uses which operate within the Hadleigh, Lady Lane site. The application site has not demonstrated that it is not suitable or viable for employment use.

It is noted that the application refers to application (DC/20/05137) as an 'offset' to the loss which would arise should application (DC/20/04615) to be developed for residential. However, the proposed alternative site (DC/20/05137) is on a largely unallocated greenfield site. It is an arable site which, whilst connected to an established employment use (identified locally as Beestons) it is disjointed from the town of Hadleigh without comparable accessibility as Lady Lane. It should also be noted that proposed alternative application has limited information on phasing and delivery. The alternative proposal it is also considered contrary to policy (please see relevant consultation response).

In accordance with the NPPF paragraph 48, the Local Planning Authority may give weight to the JLP and the supporting evidence in the determination of this application. This includes, where relevant, Part 1 strategic policies, Part 2 delivery policies and Part 3 place and allocation policies (specifically LA035) and have regard to the JLP evidence base as appropriate (<https://www.babergh.gov.uk/assets/Strategic-Planning/JLPExamination/CoreDocLibrary/JLP-Core-Document-Library-live.pdf>) in the determination of the above application.

The application site (DC/20/04615), as proposed for residential use, is identified in Part 1, Strategic Policy SP05 (Employment Land). The Hadleigh Lady Lane site (which includes the application site) is identified as one of the Districts strategic employment locations which should be protected to meet need through the Plan (Babergh and Mid Suffolk Joint Local Plan [JLP]) up to 2037. The proposed change of use of the allocated employment site for residential use is contrary to the strategic policy position on employment land.

The separate site (DC/20/05173) is not proposed for allocation in the emerging strategy.

Conclusion

For the reasons set out above, the application is not considered consistent with policy (current and draft) and therefore is not supported by planning policy."

On this basis Members are advised that as the tests within EM24 have not been satisfied and therefore it is important to uphold policy EM24. The application site is allocated for employment use. It forms part of a large strategic allocation of employment land.

Hadleigh sits at the apex of the Council's Settlement Hierarchy because it is a sustainable location with a broad range of infrastructure and facilities to support its population.

A key component of the Council's economic strategy is to encourage and maintain jobs close to centres of population. This reduces the incidences of out commuting and therefore contributes to reduction in carbon footprint. Having a strong economic section where businesses can cluster creates synergy and helps to support a large local support network of jobs, suppliers and services.

In the event that Members decide to allow this development even though the tests within EM24 have not been satisfactorily passed this might send out a message that runs counter to the Council's Employment 'Open for Business' Strategy.

What the Council would not wish to encourage is the piecemeal loss of sites around the edges of the strategic employment allocation as this could easily put pressure on existing businesses as a result of complaints from encroaching residential uses and

/or the higher land values that residential use attracts. For multi-national or national businesses land values can be an important consideration when expansion, consolidation or rationalisation decisions need to be made.