



# **Dacorum Borough Council**

## **Local Planning Framework**

### **DACORUM SITE ALLOCATIONS DPD EXAMINATION IN PUBLIC**

**Statement by Dacorum Borough Council**

**Matter 6: General Site Specific Issues**

**September 2016**

## **Purpose of this statement**

The purpose of this statement is to summarise the Council's position regarding the following matters, issues and questions raised by the Inspector in advance of their discussion at the public hearing sessions.

To avoid repetition this statement includes cross references to appropriate technical work and includes relevant extracts as appendices.

## Matters raised by Inspector and the Council's response

### 1. Are the allocated sites appropriate and deliverable, having regard to the provision of the necessary infrastructure, affordable housing and other facilities, and taking account of environmental constraints?

- 1.1 The Council is satisfied that it has taken all reasonable steps to ensure that all allocations within the submitted Site Allocations DPD (Examination Document SUB1) are appropriate and deliverable, as required under paragraph 173 of the NPPF (Examination Document REG10) taking into account a range of factors. It is confident that all of the housing commitments and allocations will be developed during the Plan period. It has sought to continue to refine its understanding of the suitability of sites at all stages of preparing and taking forward the plan; in appraising and identifying allocations; and in assessing alternatives (see discussion under Matter 2, Questions 5 and 11). The evidence base is proportionate and detailed enough to support its approach (see Matter 2 Question 16). Indeed, in the case of the housing allocations, there has already been significant activity on a number of sites since the Pre-Submission stage of the Plan was published (see responses to related issues under Matter 4 – Housing and Table 1 in Appendix 1 to this response). This demonstrates that these key allocations have been based on sound planning decisions.
- 1.2 More recently, the Council has prepared and consulted on a number of updates through the Focused Changes process to the planning requirements of individual sites (now incorporated in the submitted Plan) to take account of:
- on-going technical work;
  - changes in the status of allocations;
  - close working with landowners (e.g. the local allocations);
  - feedback from key bodies (e.g. Thames Water, Historic England, Sports England) during consultation on the Pre-submission and Focused Changes.
- These changes have helped to bring up-to-date and consolidate the range of constraints and requirements that sites will have to take account of. There are no known physical or financial requirements that render any sites undeliverable.
- 1.3 The Council has taken detailed account of the impact of infrastructure requirements in terms of school capacities, highway issues and planned improvements, water and sewerage capacities and GP services, etc. in identifying individual allocations in the Site Allocations DPD. This issue is covered in detail under Matter 2 Questions 19 and 20 and, in the case of housing, through Matter 4 Question 15.
- 1.4 It does not consider that there are any infrastructure 'show stoppers' that could delay development as set out within the Site Allocations DPD. This view is based on consultation responses received from infrastructure providers, both in terms of their feedback on the Site Allocations document itself, and to the associated Infrastructure Delivery Plan (InDP) (Examination Document ID1).

- 1.5 The Council continues to assess the need for new infrastructure with providers through its annual reviews of the InDP to ensure that appropriate actions are taken to address infrastructure needs and issues of delivery. As part of this process the Council shares its development trajectories with infrastructure providers, including the location and anticipated phasing of the Local Allocations and other relevant information.
- 1.6 The only outstanding infrastructure objection to the Site Allocations DPD is from the Environment Agency (EA) and relates to waste water and sewerage capacity in the Hemel Hempstead area. The Council does not consider this to be fundamental for the delivery of the Site Allocations DPD for reasons set out in Matters 2 Question 9. It is clear that Thames Water, who are responsible for the provision of this infrastructure, are satisfied that the necessary upgrades can be carried out to deliver the level of growth set out in the submitted Site Allocations DPD.
- 1.7 The Council has also established an Infrastructure Advisory Group (IAG), as part of its CIL Governance structure, to monitor and manage the delivery of appropriate infrastructure and to allocate CIL funding where it may unblock or expedite delivery and growth. The Council is committed to reviewing its CIL Charging Schedule to ensure that its charges continue to strike the appropriate balance between the viability of development and the need to provide necessary infrastructure. Such reviews will also consider the effectiveness of a range of supporting CIL policies covering alternative payment mechanisms, instalments and relief from CIL.
- 1.8 The allocations can be (and are being) brought forward. However, there are matters outside of planning control which can impact on delivery e.g. the prevailing strength of the economy. The Council will endeavour to use its planning powers, as far as it can, to minimise delays and blockages e.g. through the flexible application of policy and in working closely with landowners and developers.
- 1.9 The Council would stress that it is not the sole role of the Site Allocations DPD to identify all sites in order to achieve the development levels signalled by the Core Strategy. Other identified (e.g. with planning permission) and unidentified (e.g. housing windfalls) sites play an important role in ensuring targets can be met. In the case of housing sites, there is sufficient supply of housing land to provide a reasonable buffer against the non-delivery of some allocations should this unexpectedly arise (see Matter 4 - Housing for a fuller discussion of this position).

**2. Are the detailed requirements for each of the allocations clear and justified? Have site constraints, development mix and viability considerations been adequately addressed? Are the boundaries and extent of the sites correctly defined?**

- 2.1 The Council is satisfied that the detailed requirements for individual allocations are clear and justified. The requirements have had practical regard to the

character and constraints of each site. These site-specific characteristics have been reflected in the Council's approach to its CIL rates and Regulation 123 List, with key sites (e.g. LA3 and Spencers Park) being zero-rated when it is considered more appropriate and expeditious for developer contributions to be secured through s106 agreements. The Council continues to take into account national policies, and close working with a range of key bodies on infrastructure requirements and other matters. Where possible, the Council has attempted to involve landowners and developers in assisting with drawing up the requirements, particularly in the case of the Local Allocations<sup>1</sup>. Furthermore, it has received responses on the detailed requirements from a variety of organisations at the Pre-Submission stage. Where appropriate, the Council has suggested a number of amendments through both the Focused Changes process (which have been incorporated into the submitted Site Allocations document) and the current Main Modifications/Minor Changes process (see Appendix 1 to Matter 2) to further refine requirements to ensure they remain up to date and relevant.

- 2.2 There is further discussion on planning requirements affecting the Local Allocations under Matters 7 to 12. The responses set out the Council's view that its approach to detailed requirements is reasonable in all cases.
- 2.3 The Council recognises the importance of viability/housing mix/affordable housing in terms of assessing the impact of a range of requirements and contributions in bringing forward schemes. It is satisfied that it has given full consideration of these matters and that allocations are viable.
- 2.4 The issue of viability was raised by the Inspector as part of early pre-hearing questions (Procedural Correspondence PC3). The Council has responded to this matter under Procedural Correspondence PC3a and for convenience this response is attached in full as Appendix 1. Key points stemming from the response include:
- The plan is underpinned by appropriate and proportionate viability work and a full understanding of scheme viability;
  - Given the inter-relationship with the Core Strategy, viability testing has been part of an existing and ongoing process;
  - Detailed viability testing has been carried out on key components that are integral to delivering the approach set out in the Core Strategy as part of the CIL process (e.g. CIL Viability Report (Examination Document ID5)) and other technical studies (e.g. Three Dragons affordable housing viability study (Examination Document HG17));
  - The cost of on-site infrastructure has been reflected in the viability assessments of larger site allocations (notably highway and utilities infrastructure) and for the purposes of CIL viability testing;

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<sup>1</sup> This work has been recognised by the Planning Advisory Service (PAS), with Dacorum being used as a 'good practice' example for its close working with developers to facilitate delivery of key sites.

- Employment proposals were assessed for their current and future market potential as part of the South West Employment Land Update (2010) (Examination Document ED7);
- The Council's Affordable Housing SPD (September 2013) (Examination Document HG2) has helped provided a degree of flexibility over viability;
- Housing sites have been subject to high level viability testing through the Council's 2008 (Examination Document HG13) and/or 2016 Strategic Housing Land Availability Assessments;
- Most of the housing allocations have the support of landowners (or have developer options) and progress is being made through the planning application stage (see Table 1 in Appendix 1); and
- Sites have been, or will be, subject to further testing at the planning application stage.

2.5 It should be noted that at the request of the Inspector (Procedural Correspondence PC3c) the Council has also undertaken further work on the three larger Local Allocations (LA1, LA3 and LA5) to test the impact of the proposed traveller sites on their viability. This study was undertaken by BNP Paribas Real Estate: Update to Development Viability Test for Local Allocations (Examination Document HG19) and demonstrates that all sites are viable taking into account delivering the traveller sites and other site requirements. The conclusions of the study are explained in more detail in the Council's response to the Inspector's specific questions on the Local Allocations under Matters 7, 9 and 11.

2.6 In addition, in terms of affordable housing, some smaller allocated sites will fall within the national thresholds set out in the NPPG (Examination Document REG18) for affordable housing contributions and they (and other allocations) may also benefit from the vacant building credit. Such approaches will only serve to make some sites more viable.

2.7 The boundaries and extent of all allocations are set out in the Site Allocations Map Book (Examination Document SUB2). They are based on a detailed understanding of sites following landownership/developer representations (e.g. through the 2014 'Call for Sites' process), and technical work to support the preparation of the Site Allocations DPD including, the Schedule of Site Appraisals work (Examination Documents SUB15, SA13 and SA19) and the supporting Background Issues Papers (Examination Documents SA3-5 inclusive).

2.8 Others boundaries are simply carrying forward former saved Dacorum Borough Local Plan allocations (Examination Document OT6) which have proved robust over time and continue to remain appropriate. Furthermore, it has received representations on detailed boundary matters from a variety of organisations and landowners at the Pre-Submission stage. Where appropriate, the Council has made changes through the Focused Changes process to further refine the boundaries to ensure their accuracy (now incorporated in the Plan).

2.9 The detailed response to boundary issues affecting the Major Developed Sites in the Green Belt is explained in the response to Policy SA2: Major Developed Sites in the Green Belt below.

**3. If there is a need to identify additional land for housing, are the alternative proposals that have been put forward in representations appropriate and deliverable? Have they been subject to sustainability appraisal compatible with that for the Site Allocations DPD and to public consultation?**

3.1 The Council does not consider that there is a need to identify any additional housing land as alternative (or additional) proposals to the allocations in the submitted Plan (Examination Document SUB1). It is satisfied that it has identified sufficient housing land. The detailed arguments for this are set out in its response to related issues under Matter 4 – Housing. In summary, the main points are:

- The housing target set by the Core Strategy can be satisfied and exceeded;
- A five year supply of housing (based on this target) can be achieved and moderately exceeded;
- The five year supply does not rely on any small windfalls and the housing programme excludes any large windfall assumptions;
- No account can be directly taken of small windfalls on garden land within the housing programme, but their contribution will be significant to future completions (i.e. at around 40 units a year);
- The capacity of some housing allocations can be increased further and some change are proposed as part of the Main Modifications / Minor Changes process (See Matter 2, Appendix 1);
- Preliminary analysis of completions and commitments in the 2015/16 period point to further improvements to the housing programme, with delivery exceeding the Core Strategy annual target by over 200 units (see Matter 4, Question 5);
- Office conversion to housing under the prior approval process is making a growing contribution to housing supply which had previously not been accounted for;
- The role of the new Local Plan incorporating the early partial review of the Core Strategy), where the issues of objectively assessed need (OAN) will be revisited in associate with a comprehensive Green Belt review.

3.2 The Council is confident, especially in a currently buoyant housing market (see Tables 1 and 2 to Appendix 1 of this document), that the allocations and other sites set out in the housing programme will be delivered over the lifetime of the plan. In conjunction with other identified, defined location and windfall sites, it will achieve the housing target to 2031 without the need for identifying new allocations.

3.3 It is satisfied that it has taken forward all reasonable development opportunities through the Site Allocations DPD (subject to caveats regarding site thresholds for housing sites explained in the response to Matter 4, Question 12). Furthermore, the Council would stress that there is not a pool of alternative sites realistically available to bring forward that are policy compliant (see response

under Matter 2, Question 5). Alternatives Green Belt sites to the Local Allocations and additional Green Belt sites cannot not be supported on policy grounds (see response to Matter 2, Question 11). This would run counter to the approach of the Core Strategy (Examination Document CS4) that makes clear that, outside of the Local Allocations, the role of the Site Allocations DPD is to correct minor anomalies to boundaries rather than to undertake further changes to the Green Belt (paragraph 8.29) to accommodate new development. Any wider review of the Green Belt is a matter for the early partial review (as part of preparing the new single Local Plan for the Borough). This approach is repeated in paragraph 2.5 of the submitted Site Allocations DPD (Examination Document SUB1) and was supported by the Core Strategy Planning Inspector (Examination Document CS6).

- 3.4 The Council has taken all appropriate steps to properly consider and test reasonable alternatives. This is explained in detail in the response to Matter 1, Question 4 which discusses how alternatives were considered through the Sustainability Appraisal process and in Matter 2, Question 5 which sets out how the Council has considered other sites.
- 3.5 Any site alternatives (deemed 'reasonable' or otherwise) were reported at each stage to the Council's Cabinet and highlighted to the public as part of responding to the consultation process through the Report of Representations (Examination Documents SUB4 and SUB12).

### **Additional issues relating to specific allocations:**

#### **Policy SA2: Major Developed Sites in the Green Belt**

##### **1. Are the boundaries on the policies map appropriate?**

- 1.1 The boundaries on the submitted Site Allocations Policies Map (Examination Document SUB2) for the Major Developed Sites in the Green Belt are appropriate and have been drawn taking into account relevant factors in each case. These factors include the extent of land ownership and the extent of current built development, natural boundary markers, known development plans and other site specific considerations. The boundaries shown on the Policies Map illustrate the full extent of the MDS designation, whilst the infill areas (which show where any additional development should be focused) are defined in Appendix 3 of the plan. Both are components of the MDS designation.
- 1.2 The MDS Schedule within the submitted Site Allocations DPD (Examination Document SUB2) includes the new Major Developed Site (MDS) at Abbot's Hill School (introduced as Focused Change SC2) and confirmation of the infill boundary for Kings Langley School, Love Lane (introduced as Focused Change SC3) (as documented within Examination Document SUB1 and SUB2).

- 1.3 Boundaries for MDSs already included within the Dacorum Borough Local Plan 1991-2011 (Examination Document OT6) have been reassessed and new sites considered for inclusion in line with the selection criteria in paragraph 8.31 of the Core Strategy (Examination Document CS4). Where appropriate, a distinction is made between the Major Developed Site in the Green Belt boundary and the Major Developed Site in the Green Belt infill area, where both designations apply e.g. Bourne End Mills and Bovingdon Brickworks.
- 1.4 Where the outer and infill boundaries of MDSs are contiguous these are not always easy to illustrate in map form. Their presentation in Appendix 3 of the final Site Allocations DPD can be improved through the use of two adjacent lines, in preference to the overlapping lines that are currently used. If the Inspector considers this would be helpful, these changes can be made through Minor Changes to the plan, as they relate to presentation issues only. The Schedule of Major Developed Sites within the Site Allocations DPD also provides textual clarification where necessary over boundaries, for example, the Schedule says the following for Bovingdon Brickworks: *“External boundary treated as the infill area subject to the intensity of any future development being appropriate for the Green Belt location”*.
- 1.5 See also response to Question 2 below.

**2. Have all potential sites in the Green Belt being considered for inclusion based on clear criteria?**

- 2.1 The Major Development Site (MDS) in the Green Belt designation was considered during the Core Strategy Examination. The Core Strategy Inspector supported the Council’s approach, subject to a small text change Policy CS5: Green Belt (Main Modification 4 (Examination Document CS6)). The MDSs in place at the time the Core Strategy was adopted are listed in Table 2 of that document (Examination Document CS4), reproduced below:

<b>Table 2: Major Developed Sites in the Green Belt</b>
Ashlyns School, Berkhamsted
Berkhamsted Hill (Berkhamsted Castle Village)
Bourne End Mills
Bovingdon Brickworks
Bovingdon Prison (HMP The Mount)
Kings Langley Secondary School
British Film Institute, Berkhamsted

- 2.2 This MDS designation recognises the contribution that large and well-established developments in the Green Belt can make to meeting local education, housing and employment needs. All of the defined sites are self-contained and benefit from relatively compact layouts. However, due to their sensitive location, the Council considers that any future development should be limited; opportunities taken to improve the relationship of non-conforming uses with the adjoining countryside and also to limit the sites’ impact on the openness of the Green Belt. The MDSs are supported on the basis that redevelopment or limited infilling of

selected sites may help to secure economic prosperity, achieve social objectives or environmental improvements.

- 2.3 Within the Green Belt there are a number of MDSs which largely predate the current planning system and the Green Belt designation. The Council has ‘carried forward’ the principle and identified MDSs from the Dacorum Borough Local Plan (DBLP) (Examination Document OT6), which have proved to be robust over time. In most cases the MDSs identified have been reviewed during the preparation and examination of the DBLP and Core Strategy and have been reassessed again for the Site Allocations DPD, with the addition of a further site as a result of representations made by Abbots Hill School. No other sites have been submitted for consideration during the Site Allocations DPD process. Previous consultation (Consultation Report Volume 1 2006, Examination Document SUB22) has been taken into account in assessing new sites and boundaries for MDSs in the Green Belt. Several questions were asked during this consultation in 2006, which have helped inform the inclusion of Table 2 in the Core Strategy (shown above). A full assessment of each MDS is included within the Sustainable Development Strategy Background Issues Paper (Examination Document SA3).
- 2.4 It is acknowledged that the NPPF (Examination Document REG10) removed the guidance contained in Annex C of the now superseded PPG2: Green Belts, which included criteria for assessing sites as MDSs. In the absence of this guidance the Council has articulated a clear set of principles against which to consider the allocation of such sites in Dacorum.
- 2.5 The Core Strategy (paragraph 8.31) states that the selection of MDS should support the objectives of securing economic prosperity or achieving social objectives or environmental improvements. It further uses the following criteria to assess sites as MDSs in the Green Belt. Sites should be:
- substantial in size;
  - contain a significant amount and scale of built development; and
  - can accommodate further development without prejudicing Green Belt objectives.
- 2.6 Although these principles originated from PPG2 and in particular the guidance contained in Annex C, the concepts continue to be in line with the requirements of the NPPF. The NPPF (para 81) states that the use of land in Green Belts should play a proactive role in promoting the following objectives:
- to provide opportunities for access;
  - to provide opportunities for outdoor sport and recreation;
  - to retain and enhance landscapes, visual amenity and biodiversity; and
  - to improve damaged and derelict land.
- 2.7 The current MDS external boundaries have been assessed against the criteria contained within the Core Strategy. The criteria utilised to assess sites include its history and use, planning history, constraints, criteria (size, amount and scale of built development and ability for development to come forward without prejudicing Green Belt objectives), future plans and recommendation (considering the Proposals Map that accompanied the DBLP, aerial maps and, where appropriate, discussions with landowners). The Council considers that it has struck an

appropriate balance between balancing the constraints of the Green Belt location, with the acknowledgment that some new development is likely to be required: albeit within clearly specified parameters.

2.8 See also response to Question 1 above.

**DACORUM BOROUGH COUNCIL  
DACORUM SITE ALLOCATIONS DEVELOPMENT PLAN  
DOCUMENT EXAMINATION**

**Document PC3a**

4 April 2016

**Introduction**

The following statement sets out Dacorum Borough Council's (DBC) response to the questions raised by the Inspector in her letter of 15 March 2016. These relate to the process of viability testing and the process of sustainability appraisal – particularly with regard to the assessment of alternative sites. These two issues are dealt with in turn below.

**Viability Testing**

Government Guidance:

As the Inspector is aware, the NPPF (Examination Document REG10) recognises that *"Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, the sites and 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."* (Para 173). It goes on to say that local planning authorities *"should assess the likely cumulative impacts on development in their area of all existing and proposed standards, supplementary planning documents and policies that support the development plan, when added to nationally required standards..... Evidence supporting the assessment should be proportionate, using only appropriate available evidence."* (Para 174).

The national Planning Practice Guidance (Examination Document REG18) reinforces the need for this supporting evidence to be proportionate, to ensure that plans are underpinned by a broad understanding of viability.

The Council considers that the approach taken to the Site Allocations DPD reflects this advice, and that the plan is underpinned by appropriate and proportionate viability work and a full understanding of scheme viability.

Core Strategy:

As the Inspector is aware, the Site Allocations DPD is not a stand-alone Local Plan, but a 'daughter document' to the adopted Core Strategy (Examination Document CS4). Its role is to take forward policies and proposals in the Core Strategy rather

than to introduce any fundamental change in approach that would justify more detailed scrutiny. Viability testing is therefore part of an existing and ongoing process.

Consideration of the overall viability of the Core Strategy formed part of the examination in 2012. At this examination the Inspector, Mr David Hogger, explicitly asked a number of questions relating to development viability and deliverability. An extract from the Council's response to this issue (Issue 17) is as follows:

- 17.4.3 In line with paragraph 173 of the National Planning Policy Framework (NPPF) (Examination Document REG15), the Core Strategy recognises that in order to be deliverable development should not be subject to a scale of obligations and policy burdens that threatens its economic viability. Paragraph 28.10 of the Pre-Submission Core Strategy sets out how flexibility will be applied where the combined demands of the policies in the plan render a development unviable. This will be applied on a case by case basis. It is not considered appropriate to set out in the Core Strategy which policy requirement will be relaxed in which circumstances, as it will depend on the specifics of the development and the priorities of the Council.
- 17.4.4 The Council considers that it would be somewhat disingenuous to build flexibility into Policy CS35 because once a CIL rate is set it is non-negotiable. The Council may adopt a policy allowing for relief from CIL in exceptional circumstances, but there are strict rules set by the Government covering the circumstances under which this will be permissible.
- 17.4.5 Flexibility is also built into other parts of the Core Strategy where policy requirements lead to an additional cost for developers to address issues of viability. Paragraph 14.34 and Policy CS19: Affordable Housing outlines how development viability will be considered when applying affordable housing requirements and Policy CS29: Sustainable Design and Construction incorporates flexibility where a scheme would be made unviable (see minor change MC64).
- 17.4.6 The combined effect of all developer requirements and contributions is being assessed as part of viability testing work to inform the setting of Council's CIL charge. The stage 1 Viability Report is due to be published in early October. It does not suggest that the costs placed upon new development are so high as to render it unviable.

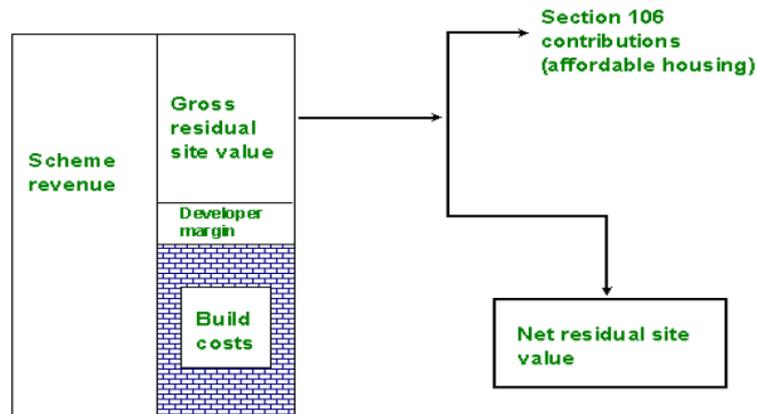
There has been no specific 'whole plan' viability assessment of the Site Allocations DPD itself, as this was not considered necessary or proportionate in terms of the scale of evidence required to support this DPD. However, detailed viability testing has been carried out on key components that are integral to delivering the approach set out in the Core Strategy as part of the CIL process and other technical studies (see below).

#### Evidence Base:

To ensure the overall viability of the Core Strategy DPD, particularly with regard to setting deliverable affordable housing targets, a development economics study was carried out by Three Dragons (Affordable Housing and Section 106 Viability Study, 2009). This was unintentionally missed from the Site Allocations examination library, but has been added as Examination Document HG17. This study followed the standard approach illustrated in Figure 1 below to assess the level of developer contributions that could be supported by new residential development within the

Borough. The study was particularly helpful in guiding appropriate and deliverable affordable housing thresholds and requirements within Policy CS19: Affordable Housing.

Figure 1: Process for Assessing Developer Contributions (Three Dragons)



The report took account of the following when assessing the viability of a number of development scenarios:

- Requirements set out within Hertfordshire County Council’s planning obligations toolkit;
- Different dwelling mixes;
- Code for Sustainable Homes requirements;
- Different affordable housing ratios and thresholds;
- Development costs based on RICS BCIS data; and
- Stakeholder feedback gained through a workshop event.

The consultants were aware that this study was carried out during a time of recession, but noted that this meant that the assessment had been carried out at a time when the housing market was experiencing prices below the long term trend, making the conclusions reached on viability more conservative than would be the case for more ‘normal’ market conditions (Para 6.31).

All the sites that were identified as being acceptable in the Council’s Strategic Housing Land Availability Assessment (2008) (Examination Document HG13) have been subject to high level viability testing. This was carried out as part of assessing the overall achievability of a site and would have been in accordance with advice and guidance available at that time. The process is set out in paragraphs 3.3.40-3.3.41 and Section 5.5 in the document. In summary, the appraisal tested the economic viability of the site under the headings of market assessment and cost assessment.

Each assessment was given a high, medium or low value (or range) based on a number of factors (e.g. location, site-specific factors, site uses, ownership, etc.).

In terms of employment proposals, the South West Herts Employment Land Update (2010) (Examination Document ED7) included input from local agents in order to ensure existing employment sites were robustly assessed in terms of their current and future market potential. The recommendations of this report, in terms of whether to retain or reallocate sites to alternative uses, are reflected in the Site Allocations DPD.

### CIL:

As recommended by the NPPF, the Council has worked up and tested its Community Infrastructure Levy alongside its Local Plan. Work on CIL commenced alongside the Core Strategy, with the charging schedule subject to examination in September 2014 and coming into force in July 2015.

The initial CIL Viability Report, prepared by BNP Paribas Real Estate (July 2013) (Examination Document ID5) tested a total of ten development typologies in seven market areas within the Borough to obtain a robust view of overall development viability. This assumed that development would be delivered in accordance with the policies of the Core Strategy and the standards therein, including affordable housing (Policy CS19) and requirements relating to sustainable design and construction (Policy CS29). These development typologies were all subject to sensitivity testing for variations in sales values, building costs and changes to affordable housing to ensure that conclusions on viability were robust over a long term forecast.

In addition, the viability of specific key sites has been subject to additional assessment through Strategic Sites Testing (October 2013) (Examination Document ID4). This evidence took a long term view over the viability of delivering the six Local Allocations and two Strategic Sites identified in the Core Strategy and carried forward through the Site Allocations DPD. It also considered the general viability of schemes within Hemel Hempstead town centre and at Spencer's Park (which falls within the Area Action Plan area). As for previous technical work, all sites were all subject to sensitivity testing for variations in sales values, building costs and changes to affordable housing to ensure that conclusions on viability were robust over a long term forecast.

The CIL examiner noted that: "*The background economic viability evidence for both residential and commercial development that has been used is reasonable, robust, proportionate and appropriate.*" (Para. 26, Dacorum Borough Council Draft CIL Charging Schedule – Examiners Report – October 2014). This was omitted from the original examination library list but has now been added as Examination Document ID11. The CIL examiner concluded that "*the general picture was one of strong viability able to support CIL charges with good (and in many cases considerable) headroom.*" (Para. 29).

### Site Allocations

Delivery of the Core Strategy housing target is dependent upon a number of sources of supply. These are set out in Table 3 of the Site Allocations DPD. As this shows, sites within the housing schedule are only one component of overall supply.

Most of the sites within the housing schedule have the support of landowners or are subject to development options. A number have already been subject to pre-application consultation with the Council, or are subject to live planning applications. Due to the timeframe of the Core Strategy a significant number of units have already been delivered, have planning approval, or are awaiting a signed legal agreement. Others have been subject to site-specific viability assessments or development briefs. Therefore, sites can (and are) being delivered and are proving attractive to the market.

Table 1 below supplements the information already provided in Appendix 2 of DBC's response to Inspector's Correspondence PC2 and provides the most up-to-date position regarding mixed use proposals and housing proposals as at 1<sup>st</sup> April 2016.

*Table 1: Progress on sites within Mixed Use and Housing Schedule (as at 1<sup>st</sup> April 2016)*

<b>Site Allocations Reference</b>	<b>Location</b>	<b>Comment</b>
<b>Mixed Use</b>		
MU/1	West Herts College site and Civic Zone	Planning permission granted separately on parts of the site for a new college, civic centre (The Forum) and apartments (207 units). The college and civic centre components are currently under construction.
MU/2	Hemel Hempstead Hospital Site	Consultants appointed to carry out a feasibility study covering access and movement and location of hospital facility and delivery of primary school and residential uses. Study commissioned by West Herts Hospital Trust, Herts County Council, HCA and DBC.
MU/3	Paradise / Wood Lane	Part of site already subject to planning approval for 86 homes and is close to completion. Current early interest in developing a further part of the site for housing.
MU/4	Hemel Hempstead Station Gateway	Subject to a Feasibility Study carried out by BDP, Knight Frank and MVA consultancy on behalf of DBC (March 2011). Study also includes indicative layouts. Site also falls within the wider Two Waters area for which wider master planning work is underway to

		assess the potential for development intensification and the introduction of more residential uses. Current early interest in developing part of the site for a high density, mixed use scheme, including housing.
MU/5	Bunkers Park, Bunkers Lane	DBC owned site. A working group has been established to co-ordinate delivery of new leisure space and cemetery.
MU/6	Land at Durrants Lane / Shootersway	Development Brief drawn up by developers, landowner and DBC: <a href="http://www.dacorum.gov.uk/home/planning-development/planning-strategic-planning/evidence-base/durrants-lane-shootersway-berkhamsted-masterplan-2011">http://www.dacorum.gov.uk/home/planning-development/planning-strategic-planning/evidence-base/durrants-lane-shootersway-berkhamsted-masterplan-2011</a>  Part of site subject to planning approval (92 homes) and under construction.
MU/7	Gossoms End / Billet lane	Planning permission approved for a foodstore and 30 flats.
MU/8	Former police station and library site	Planning permission approved for 23 retirement apartments and a replacement library.
MU/9	Berkhamsted Civic Centre and land to r/o High Street	DBC owned site.
<b>Housing</b>		
H/1	Land r/o 186-202 Belswains Lane	Ongoing interest in larger site, for which a number of permissions have been given. This is the final part of the larger parcel.
H/2	National Grid and 339-353 London Road	Gas holders removed. Current landowner interest in bringing forward the site. Site also falls within the wider Two Waters area for which wider master planning work is underway to assess the potential for development intensification and the introduction of more residential uses.
H/3	Land at Westwick Farm, Pancake Lane	Site subject to development brief drawn up by agents for landowners and DBC: <a href="http://www.dacorum.gov.uk/docs/default-source/planning-development/h42-westwick-farm-development-brief-adopted-2007(web).pdf">http://www.dacorum.gov.uk/docs/default-source/planning-development/h42-westwick-farm-development-brief-adopted-2007(web).pdf</a>  Planning permission approved on southern part of the site for 26 homes, which are currently under construction.
H/4	Ebbens Road	Site forms part of wider development brief

		<p>drawn up by DBC.  <a href="http://www.dacorum.gov.uk/docs/default-source/strategic-planning/ebberns-road-development-brief-adopted-2003.pdf">http://www.dacorum.gov.uk/docs/default-source/strategic-planning/ebberns-road-development-brief-adopted-2003.pdf</a></p> <p>Continuing active developer interest on (limited) remaining land. Part of site subject to current planning application for 21 flats.</p>
H/5	Former Hewden Hire site, Two Waters Road	Pre-application discussions held with landowner. Application submitted for 36 apartments.
H/6	Leverstock Green Tennis Club, Grasmere Close	Pre-application discussions held with developers.
H/7	Land at Turners Hill	Site owned by HCA and development likely to be linked to progress on MU/2.
H/8	233 London Road	Site promoted by landowner through SHLAA process.
H/9	Apsley Paper Trail land, London Road	Site owned by DBC. Planning permission granted for 50 units. Planning application submitted for an alternative scheme of 31 affordable homes.
H/10	The Point, Two Waters Road	Site owned by DBC. To be developed for affordable homes under DBC's New Build Housing Programme.
H/11	Land r/o St Margarets Way / Datchworth Turn	<p>Town and Village Green application on site refused in April 2015. Site owned by DBC. Site covered by Development Brief:  <a href="http://web.dacorum.gov.uk/docs/default-source/planning-development/h38-green-lane-development-brief-adopted-2007(web).pdf">http://web.dacorum.gov.uk/docs/default-source/planning-development/h38-green-lane-development-brief-adopted-2007(web).pdf</a></p> <p>Larger area of site now developed.</p>
H/12	Former Martindale School, Boxted Road	DBC owned site. Planning permission approved for 43 homes by previous owners (HCC). DBC to take forward an alternative scheme for around 66 houses and flats.
H/13	Frogmore Road	Recent and ongoing interest in developing northern section of the site. Support for residential development stated in representations on Site Allocations by agents (CBRE) acting on behalf of landowners.
H/14	Corner of High Street / Swing Gate Lane	DBC owned site. Planning permission approved for 11 affordable homes.
H/15	Miswell Lane	No recent activity.
H/16	Western Road	Concept statement prepared:

		<a href="http://www.dacorum.gov.uk/home/planning-development/planning-strategic-planning/supplementary-planning-guidance">http://www.dacorum.gov.uk/home/planning-development/planning-strategic-planning/supplementary-planning-guidance</a>  Parts of site developed. Planning permission granted for remainder of site and/or subject to ongoing developer interest.
H/17	Depot land, Langdon Street	Planning application submitted for 10 homes.
H/18	Land adj to Coniston Road	DBC owned site.
H/19	Corner of Hicks Road / High Street	Part of a site covered by a development brief (Examination Document SS2): <a href="http://www.dacorum.gov.uk/docs/default-source/planning-development/hicks-road-masterplan-june-2012.pdf?Status=Master&amp;sfvrsn=0">http://www.dacorum.gov.uk/docs/default-source/planning-development/hicks-road-masterplan-june-2012.pdf?Status=Master&amp;sfvrsn=0</a>  Adjoining land is being brought forward for 75 homes, employment and community facilities.
H/20	Watling Street (r/o Hicks Road / High Street)	Land comprises small element of wider site covered by a development brief (Examination Document SS2): <a href="http://www.dacorum.gov.uk/docs/default-source/planning-development/hicks-road-masterplan-june-2012.pdf?Status=Master&amp;sfvrsn=0">http://www.dacorum.gov.uk/docs/default-source/planning-development/hicks-road-masterplan-june-2012.pdf?Status=Master&amp;sfvrsn=0</a>  Adjoining land is being brought forward for 75 homes, employment and community facilities.
H/21	Garden Scene Nursery, Chapel Croft, Chipperfield	Early discussions (via pre-application process) have taken place regarding bringing forward the site.
LA1	Marchmont Farm	Subject to draft master plan (Examination Document LA8). Viability tested via CIL Strategic Sites work (Examination Document ID4). Site owned / optioned by Gleasons Homes, HCA and DBC.
LA2	Old Town	Subject to draft master plan (Examination Document LA19). Viability tested via CIL Strategic Sites work (Examination Document ID4). DBC owned site.
LA3	West Hemel Hempstead	Subject to draft master plan (Examination Document LA25). Viability tested via CIL Strategic Sites work (Examination Document

		ID4). Early pre-application discussions commenced. Site owned / optioned by Taylor Wimpey and Barratt Homes.
LA4	Hanburys	Subject to draft master plan (Examination Document LA39). Viability tested via CIL Strategic Sites work (Examination Document ID4).
LA5	West of Tring	Subject to draft master plan (Examination Document LA47). Viability tested via CIL Strategic Sites work (Examination Document ID4). Site owned / optioned by Cala Homes.
LA6	Chesham Road	Subject to draft master plan (Examination Document LA55). Viability tested via CIL Strategic Sites work (Examination Document ID4). Site owned by Ministry of Justice, but likely to be offered to market by HCA.

It is relevant to note that no objections have been received to the Site Allocations DPD that relate explicitly to viability concerns regarding site delivery.

Planning activity:

In addition to the technical work above, there is also the opportunity to re-assess viability at the planning application stage, with viability a material planning consideration when assessing applications and determining appropriate contributions.

*As the development economics study (Examination Document HG17) states, "If there is any doubt about viability on a particular site, it will be the responsibility of the developer to make the case that applying the Council's affordable housing requirement for their scheme makes the scheme not viable. Where the Council is satisfied this is the case, the council has a number of options open to it....before needing to consider whether a lower level of affordable housing is appropriate. In individual scheme negotiations, the council will also need to consider the balance between seeking affordable housing and its other planning obligation requirements."* (Para. 6.22).

The Council's Affordable Housing SPD (September 2013) (Examination Document HG2) was introduced in part to provide a robust and consistent mechanism to help address any potential viability issues that may arise with regard to affordable housing provision as set out in Policy CS19, particularly whilst the market was recovering from the effects of recession.

Progress on key development sites is monitored by the Council's Corporate Regeneration Group, which meets monthly. This group is attended by officers and managers from planning, strategic housing, estates, legal and finance departments, together with the Leader of the Council, Planning and Regeneration Portfolio Holder and Finance Portfolio Holder. If any issues regarding the delivery of key sites arise,

these are discussed by the group and an appropriate course of action to help resolve the issue(s) agreed.

There are however strong indications that the viability of schemes within the area remains strong with an increase in both sales values and delivery rates since the adoption of the Core Strategy and the CIL examination, as reported through the latest Annual Monitoring Report (Examination Document BP1). This economic upturn is reflected in a steady increase in the number of planning applications received by the Council (and in particular major applications), as illustrated in Table 2 below. Requests for pre-application advice are also at an all-time high.

*Table 2 – Total Planning Applications Received*

<b>Period</b>	<b>Total number of planning applications received (PS2 applications)</b>
<b>1/4/15 - 17/3/16*</b>	<b>1563</b>
<b>1/4/14 - 31/3/15</b>	<b>1581</b>
<b>1/4/13 - 31/3/14</b>	<b>1432</b>
<b>1/4/12 - 31/3/13</b>	<b>1375</b>

*\*Note: Financial year not yet complete. Final total expected to be c1630.*

#### Additional Work

The Council’s assertion that the proposals contained within the Site Allocations DPD are viable and deliverable is further supported by work underway to inform the new single Local Plan.

The current SHLAA (Examination Document HG13) and associated internal updates (Examination Documents HG7 and HG11) are being fully updated as part of the Council’s work on its new single Local Plan. The assessment includes all of the sites in the current Site Allocations DPD and incorporates a very thorough and up-to-date high level testing of scheme viability based on a number of site typologies. It includes consideration of:

- The residential property market;
- Land prices;
- Current CIL rates;
- An assessment of development costs; and
- An assessment of the implications of Core Strategy policy requirements, relating to:
  - CS1: Distribution of Development
  - CS10: Quality of Settlement Design
  - CS11: Quality of Neighbourhood Design
  - CS12: Quality of Site Design

- CS18: Mix of Housing
- CS19: Affordable Housing
- CS23: Social Infrastructure
- CS26: Green Infrastructure
- CS28: Carbon Emission Reductions
- CS29: Sustainable Design and Construction
- CS35: Infrastructure and Developer Contributions

Whilst the vast majority of the sites within the Site Allocations DPD continue to show as viable and deliverable following this assessment, the viability testing did identify potential issues with a small number of urban brownfield allocations (i.e. H/5, H/8-H/10 inc., H/13, H/14, H/19, MU/2 and MU/8). This is not unexpected bearing in mind the recognised higher general costs of bringing forward such sites for development. However, potential viability issues are not being borne out in reality given the current market activity, and progress and interest in these allocations (see Table 2).

The draft document, which was subject to targeted stakeholder consultation during February 2016, is available on our website:

<http://www.dacorum.gov.uk/home/planning-development/planning-strategic-planning/new-single-local-plan/technical-work-for-the-early-partial-review>. The document is due to be finalised and published later in April and will be added to the examination library then.

#### Conclusion:

In the context of the above technical work and associated evidence, the Council considers that it has appropriately and proportionately assessed the viability of proposals within the Site Allocations DPD, and hope the Inspector is now satisfied that no soundness issues arise.

It is noted that Three Rivers District Council and Hertsmere Borough Councils are two Hertfordshire authorities which have followed a similar approach to viability testing to Dacorum for their Site Allocations and Development Management DPDs. Three Rivers' Site Allocations DPD was found sound and adopted in November 2014. Hertsmere's Site Allocations and Development Management Policies DPD was submitted in November 2015, with the hearing sessions programmed for later this month. Hertsmere's Inspector has not raised any issues regarding viability evidence in advance of these hearings.

The viability evidence submitted alongside both plans were district-level Development Economic Studies (2009 and 2010 respectively), carried out by Three Dragons and commissioned in parallel with Dacorum's own study, and site appraisals within their Housing and Economic Land Availability Assessments.

Dacorum Borough Council has however taken the opportunity to consider examples from elsewhere of 'full plan' viability reports (e.g. that carried out for Stroud District Council ([https://www.stroud.gov.uk/info/plan\\_strat/Stroud\\_Viability\\_draft.pdf](https://www.stroud.gov.uk/info/plan_strat/Stroud_Viability_draft.pdf)) and consider that whilst helpful at the strategic planning (i.e. Core Strategy) level, they do not provide as detailed an assessment of site viability as the work outlined above.

More detailed viability testing work will of course be carried out as part of the process of preparing Dacorum's new single Local Plan (incorporating the early partial review of the Core Strategy). As previously advised, work on this new plan is already underway.