Response to Inspector's MF2 Table
From Hallam Land Management Limited

The Inspector has asked for comments on Table MF2 issued at the Examination.

We would like to make two related comments in response to the table concerning the rates of housing completions shown in MF2 and the viability of the SDLs.

<u>Rates of Development</u>

We remain concerned that the rates of development shown for both the Western and Northern SDLs are too high and there is little evidence for the assumptions that are being used by the Borough Council. Indeed, the recent evidence [1] of similar large-scale developments nationally, post the 2008 financial crisis, shows that rates from large schemes averages about 150 dwellings per annum, when at full capacity. This is because sites often physically have limits on the number of points of sale that can be created from the same infrastructure, and also because house builders and especially the larger national builders, will wish to maintain high demand and will control the rates of delivery to ensure values are maximized – this is especially an issue if the provision of infrastructure is based on achieving optimum values, which it will be here, so it is not in their interests to suppress value by very high rates of delivery. It is also of course, the case that where a house builder has more than one site in the same housing market, they will control the release of housing to ensure the value of their portfolio is maximized; that is the commercial reality of the situation. This is borne out by our own experience of delivering major developments nationally.

Stafford has not experienced such a high rate from any single site before, and the market is untested and relatively weak compared with locations that have achieved rates of around 200 per annum. There will also be two sites within Stafford attempting to deliver high rates within the last 10-year delivery period.

This issue is particularly stark on the Northern SDL, where some 220 dwellings per annum are projected. This is considerably above the national average rates and there is no evidence to support this extraordinary rate. The scheme has heavy infrastructure requirements, including two primary schools and a secondary school, as well as open spaces, local centres and strategic site roads. These are considerable costs to be borne for the scale of the SDL, and we understand that the first phase has already reduced the affordable housing provision, which is a sign that the scheme will not achieve the objectives set by the Part 1 Plan. There is no mechanism for 'forcing' the house builders/developers to achieve these rates and therefore there must be a considerable risk associated with such a high assumption. We appreciate that the Inspector to PSB 1 accepted the figure, but the evidence suggests it is unrealistically optimistic.

It was questioned at the Examination whether the SDLs offer an opportunity to increase rates should there be a shortfall from other land elsewhere. Our view is that this isn't readily possible for the reasons we state above, and indeed it is in the interests of house builders to control the delivery very carefully to maximize value – to increase supply from a single site, or by a single house builder in a similar catchment, potentially threatens that objective and might affect their ability to deliver the associated infrastructure so would be resisted and unlikely. The answer to the

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[1] Including for instance: Hourigan Connolly, *A Report into the Delivery of Urban Extensions*, February 2014, p. 55 . *Sutton Coldfiled Green Belt Sites, Phase 2* Report of Study Peter Brett Associates June 2014 for Birmingham City Council. *Urban Extensions Assessment of Delivery Rates*, Savills for Barratt Homes, October 2014

issue is to identify further smaller, readily developable sites which have little or no need for major new physical infrastructure to bring them forward, such as our site at Milford Road.

Viability

The issue above also relates to the Western SDL, where rates are less but still high. It was also revealing to hear confirmed at the Examination from the Council that the funding for the relief road is not in place, despite Government assistance, and this may also place a burden on developers to fund/deliver and further lead to them controlling development rates very carefully to ensure values within their schemes are maximized. We would argue that the position is perhaps more serious than being implied by the Council's responses, that, as it stands, there isn't enough funding to deliver the SWAR. While it may be possible to assume that the costs of acquiring land through CPOs can be reduced or discounted and therefore contribute to the capital construction costs, there is no evidence to confirm that CPOs wont be necessary – and it is not in the interests of developers who control key parcels of land to settle for anything less than the full market and ransom value of the land. While they may have an interest in development too, this wont be their only site and they will be obliged to maximize their value. There is no evidence we have seen that CPOs will be avoided, and therefore it must be assumed they will be necessary. We feel any assumptions on delivery beyond the capacity limit of 400 before the SWAR is in place are premature and should be struck out.

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For
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