

# **Bradford Local Plan AAPs – Response to Inspector’s Queries on Viability**

CITY OF BRADFORD METROPOLITAN DISTRICT COUNCIL

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## Contents

1.0	Introduction	2
2.0	Market sensitivities	2
3.0	Changes to affordable housing requirements	3
4.0	Council's mitigation strategy	3
5.0	Recent Market Activity	6
6.0	Conclusions	6
	Appendix 1: Planning activity	7

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## 1.0 Introduction

- 1.1 This document has been produced to respond to the following query raised by the Planning Inspectorate relating to the viability of development proposals contained within Bradford Council's Area Action Plan documents:

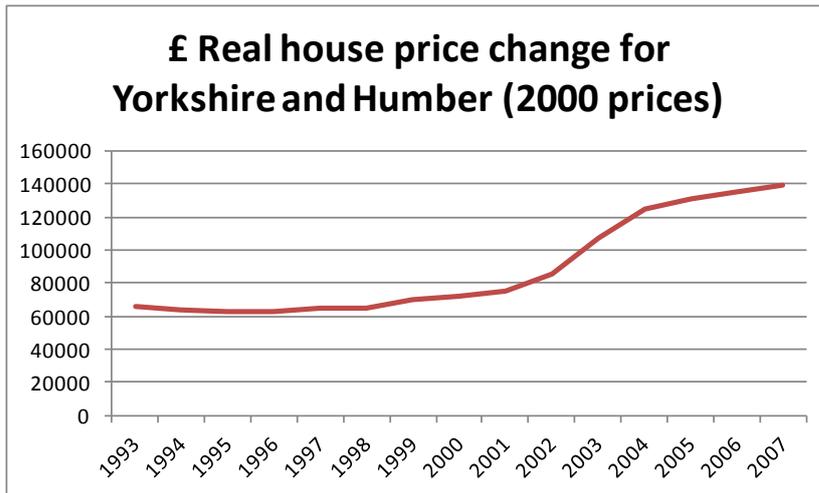
*"It is clear from the viability assessments of commercial and housing sites within both AAPs that the majority of the sites are not commercially viable, even without any additional costs. This lack of viability appears to be compounded by the high density at which some of the housing is envisaged to be built. I am aware that a number of potential interventions have been suggested. However, I would appreciate further understanding of how these serious viability issues are proposed to be overcome so that the AAPs are able to realistically deliver the levels of housing identified within the emerging Core Strategy over the plan period."*

- 1.2 We set out below some clarifications regarding the viability analysis and specific sensitivities which should be noted. We then outline the mitigation measures that Bradford Council is putting into place.

## 2.0 Market sensitivities

- 2.1 The viability work produced as part of the Area Action Plans indicated that there are risks relating to viability in both AAP areas, particularly in Bradford City Centre where the housing market has been challenged and where development proposals focus on high density apartments.
- 2.2 We would highlight that the viability evidence produced is sensitive to variation to a large number of factors which could change through the planning process. National Planning Practice Guidance recognises that Local Plans should consider the possible impacts of changes in market conditions provided that they do not rely on a changing market in the first five years of the Plan. It should be noted that many of the sites are not phased to come forward until after the first five years of the plan and therefore the fact that some may not be viable now does not make their allocation unsound.
- 2.3 The appraisals that were produced as part of the AAP Viability and Delivery Strategy are predicated on current market conditions, and whilst some sensitivities have been tested (uplifts of 13% and 26% on base values), these do not reflect the full extent of potential market uplift which could occur over the Local Plan period.
- 2.4 Analysis of the last housing market cycle demonstrated a dramatic shift in values from the base to the peak of the cycle – over 100% in less than 10 years. The diagram below, taken from the Local Plan Economic Viability Assessment (dated December 2014) which formed part of the Local Plan evidence base and was examined at the EiP in March 2015, illustrates the change in house prices over the 15 year period to 2007. This shows that house prices in real terms (i.e. stripping out general inflation) more than doubled through the period. This level of change – over 100% - is substantially above the value sensitivities of 13% and 26% tested as part of the AAP viability and delivery strategy and therefore indicates the potential for much greater improvements in market conditions which could enhance deliverability.

**Figure 1: Real house price change 1993-2007**



Source: DCLG

- 2.5 The potential for market improvement should be seen in the context of the public sector led interventions that are proposed for both areas, which we outline in the following section below.

### 3.0 Changes to affordable housing requirements

- 3.1 The requirements to be placed on local authorities to introduce starter homes as part of the affordable housing requirements will have a beneficial impact on the viability of development. The existing mix of affordable rent and intermediate tenure calculates to an average transfer price of 65% of open market value. With starter homes to be priced at 80% of market value, the introduction of such units as part of the affordable mix is likely to enhance the overall transfer value and therefore the viability of development schemes.

### 4.0 Council's mitigation strategy

- 4.1 The Council is committed to assisting the market in the delivery of development in both Area Action Plan areas. Both have been designated priorities for public sector intervention not only by Bradford Council but also by the Leeds City Region Local Enterprise Partnership (in the recently revised Strategic Economic Plan) and the Homes and Communities Agency. As result of this a number of important interventions have been established to facilitate delivery and overcome the viability challenges as detailed below.

#### Housing Growth Zones

- 4.2 The Council is proposing Housing Growth Zones for both Area Action Plan areas. The growth zone boundaries will be consistent with those of the Area Action Plans and will provide the following incentives to accelerate development of housing:

Simplified and flexible planning within framework of AAPs

- Local Development Orders to improve certainty and incentivise development
- Flexible approach to planning obligations including commuted sums for affordable housing, deferred delivery of AH on large scale sites, focus on mixed tenure

Funding and investment

- Prioritisation of investments available under Local Growth Fund, HCA's Station Led Delivery Fund and Starter Home Enabling Fund
- Creation of Tax Increment Finance approach through ring fencing projected revenues from a proportion of council tax, new homes bonus, commuted AH sums and proceeds from public sector land asset sales
- Investment strategy based on range of measures infrastructure, site works, development equity and grant

#### Occupier incentives

- Council tax concession for new residents moving into the area to enable a discount from council tax bill for a limited period of time.

4.3 The Housing Growth Zone concept has been endorsed by the Council's internal officer based steering group DMT (Departmental Management Team) and is in the process of implementation. The following provisional investments have been identified, which are subject to refinement, which specifically address the needs of each area in respect of unlocking development:

Category	Bradford City Centre	ShIPLEY Corridor	Canal	Road
Strategic highways infrastructure	n/a	£2.5m		
Utility upgrades	£2m	£2m		
Site access enhancements	n/a	£2.5m		
Green infrastructure	£2.5m	£2.5m		
Site remediation costs	£5m	£5m		
Direct investment	£5m	£2m		
<b>Total</b>	<b>£14.5m</b>	<b>£16.5m</b>		

4.4 These investments are the subject of a business case currently being prepared for Council borrowing, Local Growth Fund, and HCA funds.

4.5 An initial grant of £1.8million has been made by the HCA to fund enabling works on the Crag Road site (AAP ref SE1). This grant will include the provision of a new site access off Crag Road, internal estate roads and remediation works, enabling the delivery of 150 houses, 50 of which will be 'starter homes'.

4.6 **The Housing Growth Zones will provide a stimulus to delivery in both Area Action Plan through both investment in infrastructure and direct intervention in delivering property schemes.**

#### Canal Road Urban Village Limited (CRUVL)

4.7 The Council has entered into a joint venture vehicle to deliver the area known as New Bolton Woods in the Shipley Canal Road Corridor AAP (AAP ref NBW1), which is proposed for 1100 houses. The joint venture company has been formed between the Council and Urbo Ltd (itself a partnership between land owner Arnold Laver, developer Bolsterstone and advisors). The Council, as majority land owner,

has agreed to commit its land to the scheme at agricultural use value, substantially below the costs normally expected for acquiring residential development land. Agricultural land costs are typically in the order of £25,000 per ha, compared to the land costs assumed in the development appraisals in the Shipley Canal Road Corridor AAP Viability and Delivery Strategy of £444,780 per ha (£180,000 per acre).

- 4.8 **Therefore, through committing Council land for a nominal sum, the Council has reduced development costs and enhanced viability. The first phase of the development has recently been completed comprising 50 dwellings, demonstrating the benefits of this approach in enabling delivery.**

### City Centre Growth Zone

- 4.9 The Council created the Growth Zone following grant of a Regional Growth Fund allocation in 2013/14. The zone offers the following benefits:

- Super-fast broadband and city centre Wi-Fi. Through the super-connected cities programme residents and businesses will be able to access superfast broadband (speeds up to 100mbs) along with a city centre Wi-Fi offer
- Access to employment and skills support. The Get Bradford Working Programme has been developed to ensure local people can access jobs and employers can get staff with the skills they need.
- Flexible planning. The growth zone provides a range of development and commercial opportunities, suitable for a range of city centre uses
- Business rates discount. Every new full time equivalent job created by an eligible business within the growth zone will be worth a rebate of up to £16,000 on their annual rates payable bill over three years. In addition, businesses bringing commercial floor space back into use will benefit from a one off rebate to cover the risk of empty rates.

- 4.10 **The business rate discount provides a significant incentive for new office occupiers in Bradford City Centre which will undoubtedly create a boost to occupier demand.**

### One City Park and Exchange Court

- 4.11 The Council is developing a strategy for intervening to support the regeneration of the office market in Bradford City Centre. Two priority AAP sites have been identified which are One City Park (ref B1.2) and Exchange Court (B1.4). Local Growth Fund monies have been committed to direct investment in new office accommodation on these sites - £5.2million has been awarded which will be put towards site preparation and direct delivery costs. Combined with prudential borrowing and other forms of risk sharing, the Council is seeking to facilitate the delivery of these development sites. The project is currently the subject of detailed due diligence and implementation is expected to commence imminently.

- 4.12 **Therefore, through direct Council investment, the public sector is effectively addressing viability head on in the delivery of these office development sites.**

### Flexibility in application of S106 requirements

- 4.1 There is flexibility for planning standards and policy requirements to be reduced where they are demonstrated to be hindering development. The Core Strategy Policy relating to viability (ID3) sets out a framework within which S106 and other standards can be negotiated. The Council has a specialist development surveyor within the Estates Service dedicated to assessing such applications and the Council has an established track record of being reasonable and pragmatic in such circumstances to facilitate delivery.

- 4.2 **There is in build headroom into development costs which can be flexed to safeguard viability through the application of a flexible approach to planning standards and S106 negotiations.**

### Direct Housing Delivery

- 4.3 The Council is currently investigating different methods of direct delivery and how this may assist in addressing any potential viability issues on sites with the AAP areas

### Place Marking

- 4.4 In addition to the above stated interventions, the Council has a commitment to the wider place shaping agenda which is considered important in helping boost demand and therefore development viability. The award winning City Park public space in Bradford City Centre is one such example. The opening of the long awaited Broadway shopping centre in the City Centre – delivered by Westfield with significant public sector support from the Council is expected to have a positive impact on vibrancy and viability of the Centre. The Council is also committed to the delivery new municipal leisure centre and swimming pool in the City Centre. The recent and proposed investments form part of the overall grand plan for the City Centre and surrounding area in which residential and commercial development are expected to directly benefit.

## 5.0 Recent Market Activity

- 5.1 In addition to the above mitigation strategy, we would also underline that there has recently been an increased level of developer activity in both Bradford City Centre and Shipley Canal Road Corridor AAP areas, indicating an improvement in market conditions. Details of recent planning applications and permissions for both locations is provided at Appendix 1.

## 6.0 Conclusions

- 6.1 In conclusion, whilst there remain risks associated with viability of development sites in the AAP areas, the potential for market improvement through the life of the Local Plan combined with the existing and emerging initiatives the Council is putting in place to pump prime infrastructure and development delivery will enhance prospects for viability.

## Appendix 1: Planning activity

### Bradford City Centre

15/01951/MAF - Demolition of building, construction of 88 studio/1- bedroom units, new retail units/cafe, landscaped courtyard and new sub-station

15/05725/MAF - Demolition of building and redevelopment of site to provide Class D2 (Assembly and Leisure) and Class A3 (Restaurants and Cafes) floorspace with associated car parking, pedestrian routes and landscaping

15/07081/MAF - Change of use of redundant and vacant accommodation at ground and basement level to form 13 no. 1 & 2 bed apartments

15/07369/MAF - Demolition of lean-to metal shed and removal of existing roof. Conversion/new build to create 74 apartments with new infill frame to courtyard and 2 new floors on top of building. Creation of car parking and bin store to rear

15/01032/MAO - Demolition of Junction Mill and provision of a replacement five storey building including up to 26 flats, retail development (not more than 420sqm) and dental suite. Approval sought for access, all other matters reserved

15/02362/MAO - Outline planning application for the demolition of kiosk and erection of replacement structure, and extension to the Broadway development (under construction) to form multi-screen cinema complex with (ground floor restaurants, bars, cafes and retail uses (classes A1, A2, A3, A4) with access, appearance, landscaping, layout and scale reserved.

16/00380/PMJ - Conversion of existing building to form 23 one-bedroom apartments and external alterations including new entrance doors and dormer windows on the Dale Street elevation

16/00918/FUL - Change of use into seven apartments

16/01562/FUL - Convert empty basement into five flats

16/01742/FUL - Change of use of first and second floor from A2 office unit to form 3 residential units

### Shipley Town Centre

14/02424/POR Change of use from office (B1a) to residential use (C3) 25 one bedroom flats  
Thomas Duggan House Manor Lane Shipley West Yorkshire BD18 3QH PANR

13/05099/FUL Change of use to residential, construction of 2nd storey extension and conversion to a 24 room house in multiple occupation (HMO) for student accommodation  
14 Stead Street Shipley -Application granted

13/04396/PNC Change of use of first and second from B1 office space to five self-contained apartments  
45-47 Otley Road Shipley- PANR

13/03747/FUL Change of use from office to residential - five bed house in multiple occupation  
14 Commercial Street Shipley West Yorkshire BD18 3SP- Application granted

13/01701/FUL Change of use from retail (A1) at ground floor and 3 flats (C3) at upper floors to licensed bar/cafe (A3/A4) at ground floor and 5 studio flats (C3) to upper floors 41 Briggate Shipley West Yorkshire BD17 7BP- Application granted

12/05012/OUT "Flat/apartment complex to include access road improvements to highway Power Line Station Road Shipley West Yorkshire BD18 2JL- Withdrawn

12/01371/FUL Renewal of planning permission 09/01946/FUL: Demolition of existing building and development of 8 no apartments over 4 floor  
4-6 Atkinson Street Shipley West Yorkshire BD18 3QS- application granted

Dockfield Road

16/02019/FUL Demolition of two single-storey semi-detached houses and construction of four three-storey terraced houses  
43 Dockfield Road Shipley West Yorkshire BD17 7AD

11/05724/FUL Renewal of permission 04/05474/COU dated 16/01/2007: Conversion of existing buildings and redevelopment for residential use (93 flats), car parking and landscaping "Regent House Dockfield Road Shipley West Yorkshire BD17 7SF" Granted

13/04594/MAO "Renewal of permission 08/07200/OUT granted 04.09.09 demolition of existing commercial building and construction of mixed use development including business (B1) and residential (C3) uses, and associated access roads  
Former Site Of Bankside Dock Lane Shipley West Yorkshire Application Granted Subject to a 106 Agreement

### **The Centre Section**

15/06249/MAO Outline application for residential development of up to 700 dwellings (C3 use) with means of access; including demolition of site buildings and fixed surface infrastructure associated with existing use "Bolton Woods Quarry South Bolton Hall Road Bradford West Yorkshire" pending

14/03648/MAR Approval of the reserved matters (landscaping details) for the construction of 21 dwellings  
Land At Thornhill Avenue Shipley West Yorkshire- Application granted

14/04818/MAF A hybrid application for full planning permission for the demolition of buildings and principal means of access from Canal Road; and outline planning permission (with all matters reserved except for means of access) for a residential led mixed-use development comprising residential (use class C3), a new local centre (use classes A1, A2, A3, A4 and A5), retirement (C2), primary school (D1), creche/nursery (D1), health centre (D1), leisure uses (D2), petrol station and car showroom (suis generis), 3G sports pitch and associated open space and infrastructure

Land Off Canal Road Bradford West Yorkshire- application granted

12/03708/MAF Residential development of 26 open market dwellings, 20 affordable units, associated access, car parking and landscaping and outline for up to 93 dwellings with ecology and landscape enhancements to the woodland

Land At Poplars Park Road Bradford West Yorkshire- under construction post 2013

12/01153/OUT Residential development of 42 dwellings comprising of 24 houses and 18 flats "Showers Mill

Frizinghall Road Bradford West Yorkshire BD9 4JB

**City Centre Fringe**

14/02362/OUT Construction of three storey block of nine apartments Former Site Of The Wild Boar 863 Bolton Road Bradford West Yorkshire BD3 0NH- granted

13/04596/PNC Change of use of an office block to residential accommodation 1 Singleton Street Bradford West Yorkshire BD1 4RF

12/04161/SUB01 Submission of details of permission 12/04161/FUL "Residential development to create 46 dwellings with associated private gardens, access and parking" Land North Of 863

Bolton Road Bradford West Yorkshire- site under construction post 2013