The Exeter Plan Publication Plan: Regulation 19 December 2024 (dLP)
Stuart Partners Ltd
Matter 4 – Site Allocations Process and Methodology

- **Issue 1 – Site Allocation Methodology**

Introduction

CarneySweeney acts for Stuart Partners Ltd in connection with land south of A3052 and east of A376, Clyst St Mary, East Devon District. This land is situated within what is known as the "West End" of East Devon and is being promoted by our client for a sustainable residential-led mixed use development comprising up to 2,000 new market and affordable homes and a range of social, community and commercial uses. The West End is situated on Exeter City Council's (ECC) eastern edge and is recognised by East Devon District Council (EDDC) in its Second Regulation 19 draft Local Plan as being a highly sustainable area and a focus for new development.

Issue 1 – Site Allocation Methodology

Site Allocation Methodology

EVB-H-02a to EVB-H-02f set out the Exeter HELAA.

The outcome of the HELAA approach is the focus on brownfield land – including strategic brownfield land - scenarios. Although it was ultimately a flawed approach, it is acknowledged that the Natural Environment and History and Heritage evidence base demonstrate sensitivities associated with Exeter's landscape, biodiversity and heritage setting.

As per our Hearing Statement on Matter 3, many of the unallocated greenfield sites in the city that benefit from planning permission for housing required a planning appeal. Of these, some are still in the detailed planning stage while others have either been delivered or are under construction. As far as we are aware, they have all delivered 35% affordable housing.

The Urban Capacity Study (EVB-H-10a – 10d) identifies limited future greenfield development opportunities within the city and certainly not enough to make a meaningful contribution to meeting a need of *at least* 12,800 homes until 2042 and the need of 13,975 homes at dLP Policy H1. This evidence appears to have provided the justification for limiting greenfield site development allocations and it must have then seemed logical to ECC to focus on brownfield land opportunities, with the starting point being those sites that had been allocated since 2005 or 2012 in earlier development plans but had not yet delivered – which was most if not all of them.

If the acknowledged physical, environmental and heritage constraints are taken as a justification for not allocating greenfield land for development in these areas, a more appropriate approach would have been to acknowledge the very clear limitations of the strategic and other brownfield sites in meeting most of the need for housing and jobs in Exeter to 2042 – as evidenced in our Hearing Statement on Matter 3 and below - and to look to meet more of the need outside the city's administrative area through the DtC. This would not have had to have been at the expense of those brownfield sites that present genuine longer term development opportunities, which could still play a role in meeting housing and employment needs, albeit much further into the future and potentially bridging into the next plan period, recognising their complexities and challenges.

This is where the GESP could have played an important role in sub-regional planning. Indeed, it identified a number of sites in East Devon's West End, including the site being promoted by our client (ref: Oil Mill Lane SA-ED-2 on pages 128 - 129), for residential-led mixed use development. However, ECC chose not to explore opportunities outside the city.

It is notable that despite being referenced in a number of evidence base documents, ECC has not included the GESP in the Examination Library. We request that it is put before the Inspectors.

Viability Assessment

General Comments
The Local Plan Viability Assessment November 2024 (EVB-IF-01a and 01b) inevitably looks to justify ECC's focus on challenging strategic and other brownfield sites and in so doing, it lacks credibility.

It tests 15% affordable housing on brownfield sites and 35% on greenfield sites. This recognises that it is challenging to deliver brownfield land for housing in Exeter, especially with affordable housing.

It should be noted that there is a significant difference between functioning and operational brownfield sites that are fully used and occupied and vacant, underused or derelict brownfield sites that are not. Exeter has plenty of the former but very few of the latter.

For the former, there is no imperative or commercial advantage for the owner as a result of allocating such sites for development. It is unrealistic to expect such sites to come forward for development that is potentially less viable than the existing uses. This is even before the often complex land ownerships and other constraints are taken into account.

15%affodable housing delivery is considered ambitious for all brownfield land, taking into account the above and in view of the available delivery evidence eg Water Lane (0%) and Harlequins Shopping Centre (seeking 0% on site, financial contribution towards off-site provision). It follows that the claim at 2.3 to 2.6 of EVB-IF-01b that the strategic brownfield allocations will deliver 15% affordable housing despite the challenges associated with each one is unrealistic.

It is considered that the conclusion to 01b that SANG, BNG and Building Safety Levy provisions will have little impact on viability is surprising, even with the allowance for BNG referred to 01b. It is considered that ECC and its advisers are not appropriately positioned to advise on the costs associated with securing BNG through off-site habitat banks and there is no evidence that the views of developers have been adequately reflected in this part of the assessment.

It is also considered that a number of the extraordinary development costs have been under estimated or are not finalised. For example, 01b notes at paragraph 3.8 that the flood mitigation costs have not been finalised for Red Cow and Exe Bridges. ECC estimates these costs at £1m for Red Cow and £3m for Exe Bridges, noting that the works will not be completed until 2035-2039, which in itself makes costing a scheme that has yet to be designed for delivery so far into the future somewhat challenging. The Red Cow estimate looks unduly conservative given the works detailed in Red Cow Emergency Access and Egress Route Plan (EVB-CC-14b). The same is true of Exe Bridges Retail Park, as set out in EVB-CC-14c. See our Hearing Statement on Matter 3 for further details.

Contamination remediation is another area that cannot be properly costed until detailed assessments have been undertaken for each site. The allowances made for this are equally conservative.

Banking on improved market conditions to make schemes viable is considered to be highly risky (paragraph 4.5, 01b).

Site Assessments
In terms of individual site assessments, it is debateable whether assessing individual scheme elements/land ownerships rather than an entire allocation represents an appropriate approach. The outputs range from marginal viability (apartments with 15% affordable housing) to viable (PBSA). This is perhaps unsurprising, given the current demand for PBSA.

It is considered that PBSA should not count towards the housing requirement unless it can be evidenced that PBSA schemes will result in an equal number of Homes in Multiple Occupation (HMO's) being released to open market housing (Use Class C3). This can be evidenced by reference to the numbers of homes being exempt from Council tax. No evidence has been presented to demonstrate this point. It is considered that the supply of PBSA is failing to keep pace with demand and as such they are not supporting the release of HMO's back to open market housing.

In concluding on overall viability, 01b claims that simply because a development is viable, it can be expected to come forward through the dLP. Even if this is the case, this claim ignores important considerations such as land ownership and operational interests, which are particularly relevant at Red Cow - with its considerable area of Network Rail operational land and the absence of any evidence that Network Rail is a willing development partner – and also at Exe Bridges Retail Park.

Rather than testing benchmark land value for land in existing viable use for example Exe Bridges Retail Park, it would have been more appropriate to test existing use value. The same argument would apply to Marsh Barton Strategic Opportunity Area.

01b refers to the possibility of a diminishing land value for Exe Bridges. Noting that ECC is the freehold owner, there is very little incentive for the long leaseholders to support and engage in the regeneration process. This is because the site is fully let on prime covenants. There would be considerable harm to value arising from redeveloping the site for residential, not just the lost trading revenue during redevelopment but also because it is likely that the key attributes of this prime site retail site with its plentiful available at grade car parking and would be lost and this would make it much less attractive to investors. Land would also be lost to the sizeable pedestrian/cycle ramps and bridge that would need to be constructed to achieve safe emergency egress as part of the flood mitigation strategy. If the retail uses are to be relocated, then the considerable land acquisition and construction costs need to be factored in – they are not currently.

The assessment also assumes at paragraph 7.8 that because one retail site (Haven Banks Retail Park) is viable, then the same must apply to Exe Bridges Retail Park. These sites are very different in commercial terms because of locational, accessibility and visibility considerations and it is considered that this assumption is flawed.

Haven Banks has traditionally struggled to attract strong retail covenants. A redevelopment scheme comprising 423 units, including 239 build to rent units and 184 co-living units (with 20% of both units as affordable), received a resolution to grant planning permission on 05.12.23 (ref: 22/1145/FUL). However, this scheme has stalled and there is no indication when it might come forward. At the time of the application, the applicant acknowledged that the Retail Park was underoccupied and no longer viable and indicated that its scheme would be completed during 2025. As a result of these delays, Haven Banks has now brought in 10 pin bowling and padel tennis operators. Despite Haven Banks being seemingly unviable, this scheme has still not come forward, indicating it is less viable that the sum of the current uses.

On the other hand, Exe Bridges is commercially attractive and fully let, as evidenced by its strong tenant covenants (M&S, Boots, Next and TK Maxx). Its fortunes would have to decline dramatically - and in a way that is currently inconceivable - in order for it to become even remotely viable for regeneration.

01b recognises that since the site is unlikely to come forward for at least 5-10 years, it is not appropriate to undertake detailed modelling (paragraph 7.6). It follows that it cannot be established whether the site is likely to be viable. Surely this position also applies to other strategic brownfield allocations that are not anticipated to deliver until much later in the plan period such as Red Cow?

Overall, it is considered that the viability assessment does not support ECC's confidence and reliance on its brownfield regeneration strategy.

Conclusion

It is considered that the evidence broadly supports the view that remaining greenfield sites in the city could not make a meaningful contribution to housing delivery unless the planning protections on designations such as the Valley Parks and valued landscapes throughout the city were to be relaxed.

On the basis that ECC appears unwilling to do this, it defaulted to a focus on brownfield sites, including strategic brownfield sites. The regeneration of vacant and underused brownfield land is a laudable approach and one that is supported by the NPPF. However, many of the sites that are proposed for allocation have been allocated since either 2005 or 2012 or both, evidencing the significant delivery challenges they face. Furthermore, ECC recognised that they would only have the potential to deliver modest levels of affordable housing on these sites at best, hence the 15% affordable housing target. Few if any of these sites would deliver family housing to meet 40% of the need that is for homes with 3 or more bedrooms.

Rather than providing convincing evidence that these sites are viable, the viability exercise has demonstrated the vulnerability of the brownfield strategy in viability and deliverability terms.

That is not to say that the objective of regenerating vacant or under used brownfield land in sustainable locations should be abandoned entirely. It remains an appropriate strategy and it is right that these sites are identified for regeneration. But it is not right that the dLP relies so heavily on them for the delivery of homes and jobs. Furthermore, it is considered that ECC should abandon its strategy of relying on the redevelopment of fully occupied and viable brownfield sites with high existing use values, that create jobs and make a significant contribution to the city's economy.

In terms of an appropriate alternative strategy, it is considered that ECC should have engaged with its neighbours – principally EDDC – at the outset of plan preparation to explore the potential to meet an appropriate proportion of its housing need on land outside the city through the DtC. This is the only legitimate way that the city's local housing need can be met. The delivery of remaining greenfield sites, a modest windfall allowance and appropriate brownfield land regeneration would also contribute to a greater or lesser extent, representing a realistic mixed and balanced approach to meeting housing needs.

This strategy cannot be applied retrospectively and it is considered that the dLP cannot be found sound on the proviso that this work is undertaken.

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