



**EXAMINATION OF THE CITY OF YORK LOCAL PLAN
2017-2033**

PHASE 2 HEARINGS

**MATTER 6: INFRASTRUCTURE
REQUIREMENTS, DELIVERY AND
DEVELOPMENT VIABILITY**

CITY OF YORK COUNCIL STATEMENT

Matter 6 – Infrastructure Requirements, Delivery and Development Viability

6.1 What are the key infrastructure requirements for the successful delivery of the housing and economic development planned?

6.1.1. The key infrastructure requirements to enable the successful delivery of the Plan include:

- A. Measures to ensure transport impacts of new development are mitigated; including reducing demand on the road network through infrastructure projects to deliver a significant modal shift towards walking, cycling and bus travel.
- B. Ensuring sufficient schools places to accommodate growth in demand from new development, including factoring in fluctuations in capacity in existing school capacity and meeting this need over the life of the Plan.
- C. Providing health, open space and community facilities to accommodate increased demand associated with new housing and other development.
- D. Ensuring that utilities and flood infrastructure are sufficient and maintained to a level to deal with the impacts of development.

6.1.2. These requirements are reflected in Plan policies and underpinned by evidence in the IDP 2018 [SD128] and Key Infrastructure Requirements Updated Gantt Chart [EX/CYC/70].

6.2 Does the Plan take a justified and suitably evidence-based approach to infrastructure requirements and delivery? Does it set out the infrastructure requirements arising from the level of growth / new development proposed in the Plan in sufficient detail?

6.2.1. The Plan take a justified and evidence-based approach to defining infrastructure requirements. It reflects the IDP [SD128] submitted alongside the Plan in May 2018 (and is informed by earlier iterations of the IDP consulted on at earlier stages of Plan making). The IDP [SD128] identifies a range of infrastructure needed to support growth based on consultation with infrastructure providers and identifies for each infrastructure type:

- Existing infrastructure provision, where there is current capacity or deficiency and trends or new models of service delivery which impact this
- The locations in which infrastructure is likely to be required, including specific site allocations.
- A schedule of planned projects highlighting the delivery agencies, actual or indicative costs and sources of funding.

6.2.2. The Key Infrastructure Requirements Updated Gantt Chart [EX/CYC/70] updates the schedule of infrastructure projects alongside an update housing trajectory.

6.2.3. The Plan itself reflects this evidence and sets out the infrastructure requirements arising from the level of development proposed in the Plan and identifies:

- categories of infrastructure project required to support growth in Section 15.15;
- specific infrastructure requirements for strategic sites in Section 3;
- A policy framework for the delivery of health, education and green infrastructure is set out in Sections 6, 7 and 9; and
- Policies for sustainable access, public and other transport infrastructure (Policy T1, and T2 to T5).

6.2.4. The absence of a definitive and fixed list of projects is not a deficiency in the Plan, rather a recognition that infrastructure planning is not a static process. Changes in approach will be needed in response to currently unknown factors, in many cases unrelated to development impact. The need for school places, for example, is sensitive

to short-term fluctuations in the birth rate and the level of capacity will need to be considered on an ongoing basis. In addition, models of service delivery for infrastructure providers will evolve. The infrastructure planning approach needs to be agile enough to reflect these changes.

6.2.5. Accordingly, the Plan identifies that the implementation of the Local Plan will be supported by the IDP (paragraph 15.14). It does not reference the 2018 IDP or re-state it; this would 'ossify' a list of projects which may change over the life of the Plan. Instead, an ongoing process of infrastructure planning is implied both post Plan adoption (as well as in this process of development). An IDP can only ever reflect the latest available information. It is appropriate for it to be regularly updated in order for it to be used as an implementation tool to work with developers and infrastructure agencies to drive delivery.

Modification

6.2.6. The following modifications would support Plan effectiveness and accuracy:

- The intention and commitment for the IDP to be reviewed regularly and updated to support Plan implementation should be included in Section 15 of the Plan.
- The Policy T2, T4 and T5 and the explanatory text should be revised to include an reference to the IDP.

6.3 The Council has provided an update to the infrastructure requirements for the planned growth set out in the Plan [EX/CYC/70] which builds upon the Infrastructure Plan 2018 (the IDP) [SD128] that was submitted with the Plan and a subsequent update to Annex 4 of the IDP, published and submitted in November 2018 [EX/CYC/7b and EX/CYC/7c]. What reassurances are there that the elements set out in this evidence can, and will, be delivered when and where they are needed?

- 6.3.1. CYC is demonstrably able to deliver the infrastructure to support development, working with partners and based on (i) its recent past track record of delivery; and (ii) the existing delivery partnerships/ mechanisms
- 6.3.2. CYC has already made significant progress in delivering or securing funding for infrastructure since the submission of the Plan; progress in delivering transport infrastructure is illustrative in this regard (see Appendix 1).
- 6.3.3. CYC has corporate governance structures in place to deliver large scale development and infrastructure– as evidenced by progress on the York Central development, one of CYC’s largest regeneration schemes. Under direction from the Executive, large scale projects are managed by a dedicated board which monitors progress and necessary decisions to secure timely and effective delivery in the right place and at the right time. These delivery and governance mechanisms will ensure oversight infrastructure planning activity and extend engagement external delivery partners such as National Highways, Department for Transport and the NHS on an ongoing basis.
- 6.3.4. CYC through its infrastructure planning process will continue to attempt to model when infrastructure is needed. It is accepted there are uncertainties in infrastructure requirements associated the largest Site Allocations, with a longer build out period. CYC will continue to work with developers and infrastructure providers to ensure appropriate location and phasing of infrastructure in line with Policy DM1 and reflected in paragraph 5.14 of the Plan. This includes Site Allocation ST15 where CYC is continuing to explore, working with the developer, Homes England and other agencies to support development.

6.4 Has the cost of these infrastructure elements been estimated reasonably, robustly and with justification and are appropriate and realistic funding sources identified?

6.4.1. Yes, the estimated costs of infrastructure have been estimated reasonably and robustly. IDP [SD128] describes the approach and identifies that the costs are based on engagement with infrastructure providers within and beyond the Council as outlined in the IDP [SD128] paragraph Section 2. The IDP [SD128] and [Key Infrastructure Requirements Updated Gantt \[EX/CYC/70\]](#) identify:

- Where known and secured, actual costs along with funding sources;
- Where estimates, these draw reasonable benchmark costs or detailed business cases and identify potential funding sources that have a reasonable probability of being secured.

6.4.2. CYC is actively working with its partners to identify and refine costs and to identify further funding opportunities. This will extend to any potential opportunities to secure even greater funding for growth as part of Government's levelling up agenda alongside opportunities associated with the negotiations for a deal on the York and North Yorkshire Mayoral Development Corporation.

6.5 Does the evidence base support the site allocations overall and demonstrate that they are viable and deliverable, having regard to all of the policies contained within the Plan, including in relation to the provision of necessary infrastructure?

6.5.1. Yes, the evidence supports site allocations overall and demonstrates they are deliverable and viable. The key infrastructure projects to support delivery are identified in the IDP, [SD128] and the Key Infrastructure Requirements Updated Gantt Chart [EX/CYC/70]. The governance and delivery structures identified in response to 6.3 above, will enable delivery needed to implement the Plan.

The Viability Report, 2018 [CD018] demonstrates that the policy requirements in the Plan do not threaten the viability of the development (Section 6). It shows that there is sufficient value to contribute to infrastructure costs to enable sustainable delivery and fund in part or where appropriate in full. Where costs are uncertain and therefore not reflected in the IDP, there is headroom in residual values to accommodate such costs. CYC has further tested broad indicative cost estimates to ensure there is sufficient headroom to accommodate these (see Appendix 2).

6.6 In terms of the provision of necessary infrastructure, are the viability assessments contained within the evidence base sufficiently robust and are they based on reasonable assumptions?

6.6.1. Yes, the Viability Report, 2018 [CD018] is robust and based upon reasonable and proportionate information:

- It aligns with the current National Planning Practice Guidance in respect to assumptions and method to be used.
- The benchmark assumptions used are reasonable and consistent with market-knowledge.

6.6.2. Assumptions used were also informed by consultation with local developers. This was through consultation on an earlier draft of the viability appraisal alongside the Draft Pre-Publication Draft, 2017 [SD021]. This was supplemented by direct engagement with the development industry to test the assumptions used as detailed in paragraph 1.2 of the Viability Report, 2018 [CD018]. Where appropriate, such as in light of legislative changes or changes in costs and values, these assumptions have been updated and retested in Viability Evidence Base Addendum Note at Appendix 2.

In particular:

a) do the viability assessments adequately reflect the nature and circumstances of the proposed allocations?

6.6.3. Yes, the Viability Report, 2018 [CD018] identifies and tests broad sample of sites including

- Typologies of residential sites as identified Table 5.1 likely to come forward in York,
- Residential Strategic Sites Allocations in Table 5.2.

6.6.4. The Viability Report, 2018 [CD018] also assesses business and industrial typologies that reflect the character of development likely to come forward during the planning horizon of the Local Plan, as noted in Table 6.1. The viability of different forms of commercial development in York is also considered in the Employment Land review 2016, [SD064] section 3.3 and reflected in the assessment in Section 6.

b) has the cost of the full range of expected requirements on new housing been taken into account, including those arising through policy requirements identified by the Plan (e.g. affordable housing and infrastructure)?

6.6.5. Yes, the Viability Report, 2018 [CD018] assesses Plan policies with implications for development viability as set out on paragraphs 5.48 to 5.55, 5.71 which are based on the assessment in Table 3.1. In relation to residential schemes the assessment:

- Applies affordable housing requirements and the tenure mix proposed in SHMA, 2016 [SD051] and reflected in Plan policies, and extends this to test the impact of commuted sum payments on residential schemes with fewer than 15 units (Appendix 5).
- Includes a provision for Section 106 costs, including infrastructure costs, based on analysis of past schemes averaging at £3,300 per unit.

6.6.6. The results of the appraisal identify that, after cost and profit, there remains significant value in schemes that could be collected for other infrastructure costs through developer contributions where necessary to mitigate development impacts.

6.6.7. The Viability Evidence Base Addendum Note (Appendix 2) includes further sensitivity tests to reflect changes to recent market conditions, and the Government's recently introduced mandatory changes in net biodiversity gain, electrical vehicle charging points and carbon reduction measures through building regulations. It also tests:

- A higher S106 requirement to reflect inflation

- A supplementary education contribution in addition to the past estimate Section 106 costs to reflect increases in the costs of delivery per place or better capture the costs of onsite delivery where this may be required.
- An indicative/ high level additional transport cost on strategic sites.

6.6.8. It also confirms that the conclusions in the Viability Assessment, 2018 [CD018] that the Plan is deliverable and viable.

c) have the costs of upgrading the strategic transport infrastructure and public transport services been suitably identified in the Infrastructure Delivery Plan (IDP) and have necessary mechanisms for securing it been incorporated into the Plan? If not, why not and what are the implications for the delivery of the Plan?

6.6.9. Yes, the costs of upgrading the strategic transport infrastructure and public transport services been suitably identified in the IDP and are identified in Key Infrastructure Requirements Updated Gantt (EX/CYC/70)], pages 5 to 8.

6.6.10. The costs identified in the IDP are robust and include an appropriate risk element factored in, for example in relation to transport funding:

- The Scarborough Bridge project was delivered below budget, allowing the construction of additional sections of cycle path with the savings;
- The A1237 phase 1 dualling, Station frontage, York Central and Castle Gateway schemes have had detailed QS/ engineering cost estimates to support development of their business cases, including optimism bias/ contingency figures.

6.6.11. Where costs are uncertain, the impact of likely costs have been considered in viability appraisals. The Viability Report, 2018 [CD018] identifies sufficient headroom in residual values to enable delivery of this infrastructure (Section 6). Indicative high-level estimate of these costs have been further tested for strategic sites and shows the headroom overall is sufficient to accommodate these costs.

6.6.12. Transport costs to mitigate the impact of the specific developments will be secured through developer contributions as set out in Policy DM1 and paragraph 5.13. Where there are uncertainties on the costs of transport infrastructure, the Council is actively

working with partners to ensure effective and timely delivery. But the Plan on its own (and developer contributions associated with site allocations within it) are not the single source of funding for transport infrastructure. Other programmes and initiatives with separate funding streams are relevant and will support modal shift, for example York's response to the National Bus Strategy other local sustainable transport strategies and programmes.

d) have the costs of meeting education needs been identified in the IDP and has the necessary mechanism for funding been secured to provide for those needs? If not, why not and what are the implications for the delivery of the Plan?

- 6.6.13. Yes, the estimated costs of meeting the education needs are identified in the IDP, 2018 [SD128] and subsequent updates to this. The costs identified are informed by the likely child yield of developments and cost of school places of £18,976 per primary school places and £26,126 per secondary school places or costs of delivering a school. These costs are based on a local assessment, but broadly mirrors current DfE benchmark costs.
- 6.6.14. DfE provides basic needs funding, but it is expected that the costs of school places associated with new development will be met by developers through planning obligations in line with Policy DM1 and paragraph 5.13. The estimates in the IDP cannot factor in any surplus in school places at the time the contribution will be sought and there are challenges in projecting future needs for secondary school places in particular. Where there is sufficient capacity to accommodate demand, the contributions sought at the time of any application, may be lower.
- 6.6.15. The impact of education contributions on delivery is considered in the Viability Report, 2018 [CD018] and sensitivity testing in Appendix 2. This shows that the mitigation costs associated with estimated costs of education provision can be accommodated.

e) have the costs of ecological mitigation measures been identified in the IDP and has the necessary mechanism for funding been secured? If not, why not and what are the implications for the delivery of the Plan?

6.6.16. No, ecological mitigation measures have not been reflected in the IDP. While this is not consistently a component of IDPs which support many other recently submitted or adopted Plans, CYC agree that this should be included in future updates to the IDP for completeness.

6.6.17. The omission from the IDP will not impact on the delivery of the plan as these requirements are captured in the Plan. Section 3 highlights where these are expected in association with development in respect of Strategic sites and Policy GI2. The requirements have also been subject to viability testing to ensure they are deliverable (Viability Report, 2018 [CD018], Table 3.1, page 11). CYC also recognise there are costs associated with new mandatory requirements biodiversity net gain in the Environment Act which post-date publication of the Plan. The impact of these has been considered and will not, in combination with Plan policies, undermine the viability of developments in York (see Appendix 2).

f) does the evidence base demonstrate that the above costs would not threaten the delivery of the housing and economic growth planned?

6.6.18. Yes, the Viability Report, 2018 [CD018] shows this is demonstrably the case as set out in Section 6 and Table 6. There is significant 'headroom' in residential scheme appraisals to meet estimated development costs in strategic site housing schemes and common residential typologies anticipated to come forward in the Plan period. More recent sensitivity testing including in Appendix 2, demonstrates there remains residential residual values. There is less headroom in values in respect of the very largest strategic sites (with longer build out periods). However, even where significantly higher opening up costs in addition to S106 costs are tested; they remain marginally viable (Appendix 2).

6.6.19. Non-residential schemes have less headroom than residual values as shown in the Viability Report, 2018 [CD018] Section 6. However, there are fewer policy costs

associated with commercial development compared to residential development. It is market conditions and not the impact of Plan policies which is rendering these uses unavailable. However, the commercial market and residential market work differently. Even in instances where viability appraisal may determine that the open market value of the completed development would be below the cost of delivering it, an owner-occupied or pre-let development may still come forward. CYC has relied on different evidence comprising market indicators and qualitative criteria and developer engagement, as set out in the Employment Land review 2016 [SD064] and has focused on providing a diverse and flexible supply of potential employment sites as set out in Policy EC1 in response.

g) is there a reasonable prospect that the housing and economic development sites identified will come forward for development when anticipated during the Plan period?

6.6.20. Yes, the housing trajectory is supported by evidence of past delivery and reasonable assumptions on future delivery (as addressed in response to Matter 5). The viability evidence continues to show that schemes are viable even with the market and national policy changes since plan submission (see Appendix 2). The timing of commercial development cannot be plotted on a trajectory in the same way as housing under the NPPF, in part for the reasons outlined in response to 6.6f above. However, the Plan sets out a positive framework for supply of employment floorspace.

h) the Council is requested to provide a clear explanation as to what methodology has been used to assess viability and how infrastructure requirements have formed a part of that methodology.

6.6.21. The evidence in CD018 has been prepared in accordance with the NPPF and the 'Viability Testing Local Plans' advice for planning practitioners, June 2012. This aligns with the methods that are currently set out in National Planning Practice Guidance on Viability. The Viability Report, 2018 [CD018] explains the methodology adopted for the assessment in paragraphs 1.14 to 1.19 and Figure 1.1.

6.6.22. Infrastructure costs have been factored into the appraisals as explained in the Viability Assessment, 2018 [CD018] paragraphs 5.36, 5.37, Table 5.8 and paragraph 5.48). The appraisal results show, there is significant 'headroom' in residual values for residential uses (typically ranging from approximately £15,000 and increasing to £23,000 per unit for strategic sites). Appendix 2 sensitivity tests the impact of increased infrastructure costs (as set out in response to 6.6b); it demonstrates these costs can be accommodated and are deliverable.

6.7 Is the development proposed in the Plan, as set out in Policy SS1, financially viable?

6.7.1. Overall, the Viability Assessment, 2018 [CD018], demonstrates that the cumulative requirements of the Plan would not undermine delivery by threatening the ability of overall development planned to come forward. This is demonstrably the case as set out in Section 6 and Table 6.1. Sensitivity testing to reflect changes to sales values and costs, confirms this continues to be the case (Appendix 2). Consequently, the Plan is consistent with NPPF paragraphs 173 and 174.

6.8 In what way does the Plan and its policies provide a clear and effective framework for securing the necessary infrastructure or other obligations to support or mitigate the effects of development?

6.8.1. Policy DM1 of the Plan sets out a clear framework for seeking planning obligations and ensuring that development makes appropriate contributions towards necessary infrastructure. The specific infrastructure requirements associated with delivery of strategic sites, identified in Section 3, provide further clarity and support the effectiveness. Along with further guidance on developer contributions (as highlighted in Section 15 of the Plan), CYC intends to bring forward a Community Infrastructure Levy (CIL). The receipts would provide a mechanism to support development and respond response to shifts in infrastructure over the life of the Plan.

6.8.2. The Plan provides for site specific viability implications to be considered; for example, paragraph 5.2 of the Plan allows for viability to be considered in determining the appropriate level affordable housing provision (in most cases the largest component of developer contributions), in those exceptional circumstances where a scheme is deemed marginal in viability terms. This is also addressed in 15.21 of the Plan.

Modification

6.8.3. The following modifications would support Plan clarity and effectiveness:

- Paragraph 5.12 can be revised to explicitly set out an intention to adopt a CIL (or its successor).

- Paragraph 5.13 references to pooled contributions should be revised for consistency with 2019 amendments to the CIL Regulations.