



MATTER 5 – DELIVERY MECHANISMS

Wednesday 15 January 2020	Afternoon session	2.30pm – 5.30pm
<p>Matter 5</p> <p>Delivery mechanisms and State aid</p> <p><i>Delivery mechanisms</i></p> <p><u>Issues</u></p> <p><i>Does the Section 1 Plan provide an appropriate level of detail on the delivery mechanisms needed to ensure that its policy aspirations for the proposed garden communities are achieved?</i></p> <p><u>Questions for the North Essex Authorities and NEGC Ltd</u></p> <ol style="list-style-type: none"> 1. A number of participants argue that delivery of the proposed garden communities could be more effective if it were led by private-sector developers than by a public-sector body. Please respond to these arguments. 2. Is there justification for the proposed requirement in policy SP7 criterion (ii) for new models of delivery to be deployed where appropriate? 3. What is the evidence which supports the statements about the value of land acquired under compulsory purchase powers in: <ol style="list-style-type: none"> (a) paragraphs 12-15 of the NEAs' Position Statement on Delivery Mechanisms [EB/084]? (b) paragraphs 17, 18 & 43 of the Viability Evidence by Avison Young submitted with the comments of NEGC Ltd on the June 2019 Hyas Viability Assessment Update [EB/086]? 4. Would the NEAs and NEGC Ltd please respond to each of the points on the use of compulsory purchase powers made in CAUSE's <i>Land Acquisition Strategy</i> paper, submitted with CAUSE's comments on EB/084? <p><u>Questions for all participants, including the NEAs and NEGC Ltd</u></p> <ol style="list-style-type: none"> 5. (a) If the Section 1 Plan is neutral as regards who will be responsible for leading delivery of the proposed garden communities, how will the NEAs be able to ensure through their development management powers that any garden community proposal that comes forward meets all their policy aspirations for the garden communities? 		

(b) In this regard, do any further amendments need to be made to policy SP7 paragraph 3 (beginning "The Councils will need to be confident ...") and/or to policy SP7 criterion (ii)?

(c) Should the Section 1 Plan instead specify that delivery of the proposed garden communities should be led by a public-sector local delivery vehicle, a Locally Led New Town Development Corporation, or a private-sector developer?

6. (a) Would the existence of a viable alternative master developer with control over land allocated for a garden community restrict the ability of the Secretary of State to confirm a CPO on that land (see paragraphs 8.10-8.11 of the consultation response to EB/084 from Carter Jonas on behalf of L&Q, Cirrus Land Ltd and Gateway 120)?

(b) If so, what are the implications for delivery of the garden communities in accordance with the NEAs' policy aspirations?

State aid

Issues

Does the NEAs' Position Statement on State Aid [EB/085] provide reassurance that there would be no breach of state aid rules with regard to:

- a) *Infrastructure investment and associated borrowing?*
- b) *Government investment?*
- c) *Land acquisition?*

Taking state aid rules into account, is it realistic to expect that a rate of 6% would apply to borrowing for investment in the proposed garden communities?

Questions for the North Essex Authorities and NEGC Ltd

7. Would the NEAs and NEGC Ltd please respond to the critique of EB/085 in Mr O'Connell's paper *North Essex Garden Communities State Aid Considerations* (also submitted by CAUSE)?
8. What is the NEAs' and NEGC Ltd's response to Mr O'Connell's view that a real interest rate of 8%-12% would necessarily apply to debt incurred by the garden community development vehicles in the first 10 to 20 years of the garden community projects (pp8-10 of his paper)?



MATTER 5 – APPENDIX 1

Ref: 2125/RB/JA/jb/NEGC

18th October 2019

Mr Richard Bayley
NEGC Ltd

t: 020 8418 1000
f: 020 8418 3600
w: galliardhomes.com

By email: Richard.Bayley@colchester.gov.uk

Dear Richard

NEGC Ltd reference West of Braintree

Following your late cancellation of our meeting at Avison Young set for the 22nd September last, and the last moment submission of your viability proposals by AY to the inspector (precluding any dialogue between Gerald Eve and them to make gain of any common view), I understand that AY are suggesting to GE that they now meet to hold discussions to hopefully lead to a SoCG prior to the next EIP. In cancelling you say that you will contact us if there is a need. However, as the AY document departs in principle from our submitted approach, we should meet soon.

We have attempted to meet in the past to discuss potential methods of agreeing a joint delivery strategy for West of Braintree. Now that Countryside have an option agreement for the Andrewsfield Consortium on land to the north and east of our option land, it seems ever more important that the recent information and indications of model direction in the AY report as submitted, are fully understood. Galliard needs a clearer understanding of the proposed approach in order to enable us to continue to work with the Councils in achieving the delivery of development West of Braintree as expressed in the dual local plans under current review and examination.

The AY document raises many issues on which we seek comment or clarification, and I attach a list of items for your consideration and response. I am quite willing for our consultants to meet with yours to discuss and resolve the detail, but it may be that you will need to instruct yours to be able to do so. In addition to an LLNTDC, you also floated (your mail 19 September last) the idea of you promoting a further option for delivery through a publicly lead partnership using an approach adopted on ex-MOD land, where as you state, the public sector own the land and create a partnership with a Developer under a potential joint venture or developer Agreement. We feel this needs further explanation, certainly in the area of initial land ownership.

We are in basic agreement with the direction of the submitted plans, and agree that it is vital to reach Stage 1. We have initially discussed who will represent us at the EIP, and hopefully make supporting comment, which our meeting should focus on.

As you are more than aware, Galliard have been promoting development in this location for in excess of 10 years, and remain committed to working with the Councils to see it through to actually building much needed housing.

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As time is running short against the Examination dates, we need to get this resolved, and I look forward to meeting you soon to take matters forward.

Kind regards

Yours sincerely



JA John August
Project Director

Cc: Emma Goodings - (by email only)
Stephen Miles - (by email only)
Gordon Glenday - (by email only)
Don O'Sullivan - (by email only)
Martin Herbert - (by email only)
Clive White - (by email only)
Stephen Webb - (by email only)
James Brierley - (by email only)
Toby Cripps - (by email only)

LIST OF QUESTIONS

- 1) Please could AY provide a copy of their residual valuation for the serviced parcels of land;
- 2) Please could AY provide a copy of the separate Grant Thornton 'master developer' model or run through this on screen at a meeting;
- 3) Please could NEGC or AY share the breakdown and assumptions behind the LLDC costs;
- 4) Please could AY provide the valuation or calculation assumptions for the CPO values;
- 5) Could AY please confirm the area of land acquisition in acres that these CPO values relate to?
- 6) Can AY confirm where they have accommodated the CPO procedural costs?
- 7) Can AY confirm that their VA has been based on delivering houses from the year(s) used in the Pt I NEA draft Local Plan;
- 8) We would please request that an Avison Young CPO advisor is present at the meeting to discuss the statement of common ground in order to provide any clarifications on the CPO approach;
- 9) Why have AY assumed that 20% of the units will be flats? Does this assumption impact on the area of land assumed to be acquired?
- 10) What are the explicit land acquisition timing and payment assumptions within the master developer model (i.e. the percentages of land acquired in each tranche and the corresponding timings)?
- 11) Please clarify how the proposed acquisition of land in tranches sits with the advice set out in the 2019 MHCLG Guidance on the use of compulsory purchase powers and the Crichel Downs rules that land should be purchased as early as possible in the development process?
- 12) As the justification for the CPO must be the comprehensive development of the Garden Community, how can the CPO of the land in separate tranches be justified in the public interest?
- 13) How does the proposed CPO of separate tranches of land sit with the statutory requirement to implement a CPO within 3 years of confirmation of the order (Section 4 of the Compulsory Purchase Act 1965)?
- 14) How can the CPO be justified if it can be shown that the landowners/developers are capable of bringing forward the development of the Garden Community together with the required infrastructure in the traditional manner?



MATTER 5 APPENDIX 2

Mr Simon Payne
Uttlesford District Council
Council Offices
London Road
Saffron Walden
Essex
CB11 4ER

21st June 2019

Dear Simon

Uttlesford Local Plan Examination – Proposed Statement of Common Ground between Uttlesford District Council and Galliard Homes

Further to our recent conversations, as you know we have been considering the draft Statement of Common Ground that you sent through to me on 10 May 2019. We recognise the value of the proposed Statement of Common Ground and are keen to agree one with you. However, before we do so, as requested we have set out below a number of comments that need further discussion.

1. Galliard fully supports the allocation of their land to bring forward the West of Braintree Garden Community (WOBGC). However, the mechanism for delivering the Garden Community has not yet been discussed in sufficient detail to enable either party to sign up to a public document as drafted at this stage. Please would you provide further detail on how you see the delivery of WOBGC taking place?
2. Galliard Homes have agreed to seek to secure an allocation in the local plan, work with the Councils to facilitate the adoption of the proposed Development Plan Document ("DPD") and (alongside this process) pursue planning applications for that part of WOBGC within UDC.
3. Following the grant of planning permission, Galliard Homes are prepared to take overall responsibility for overseeing the delivery of the development across their site and potentially beyond, including the timely delivery of physical and social infrastructure to meet the needs of the WOBGC which will also be of benefit to the wider community in the surrounding area.
4. Galliard Homes are keen to work collaboratively with UDC, the North Essex Authorities and NEGC in the planning and delivery WOBGC. However, while Galliard Homes support the Garden City Principles as set out in the Local Plan, our support is contingent on understanding the meaning, implications and mechanics of these Principles - notably the first principle concerning land value capture and the third principle concerning the question of community owned land, neither of which may be necessary to deliver a successful and sustainable Garden Community. We attended a meeting last Friday with NEGC at which the

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broad approach to land value capture was outlined. A number of financial figures were mentioned which we do not yet understand and we therefore need a much more detailed explanation of the proposed model.

5. Consequently, Galliard Homes are keen to explore other models for delivering the Garden Community which still achieve the Garden Community objectives (other than land value capture and community land ownership) and to ensure the timely provision of the necessary infrastructure.
6. We also need to understand what the "Forum" is and who is represented on it before committing to involve them and consult with them on all plans and proposals for WOBGC.
7. Finally, and perhaps most importantly, the proposed Quality Collaboration Partnership Agreement ("QCP") has not been discussed in any detail with Galliard. It is therefore inappropriate at this stage to indicate agreement to the suite of documents when there is so little information available about what the agreements will contain and what the obligations and liabilities for Galliard are. Further information is needed in this regard.

Galliard Homes are keen to be as co-operative as possible in this process. However, having spent more than three years asking for clarification about the delivery process, there is still a need for further discussion and agreement to be reached to understand the local authorities' intentions and expectations before a Statement of Common Ground on these issues can be entered into.

We look forward to discussing these issues with you.

Yours sincerely



 John August
Galliard Homes