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CAUSE response to EXD074, NIC paper

The report for the National Infrastructure Commission looks at barriers to growth and levers to generate faster housing growth in the Oxford-Cambridge 'Arc', and at case studies and different strategies for growth. The case studies listed have very little in common with the Section 1 Plan. CAUSE has long argued, through many consultation responses, and continues to maintain, that the NEGCs need to be treated as complex, long-term infrastructure projects, not housing projects.

We look below at:

- i. Comparables
- ii. Levers
- iii. Barriers
- iv. The most appropriate strategy? One size does not fit all

i. Comparables

Developers, including NEGC Ltd, were keen at the hearings to assert that developments of the type and scale of the NEGCs are springing up like mushrooms, all over England. In contrast, CAUSE has long asserted that there is nothing comparable, in scale or complexity, and the NIC report confirms this. The NIC report contains interesting case studies for general discussion, but nothing specifically comparable to NEGC. We believe that the differences need to be acknowledged:

- **Otterpool** - land bought on the quiet by the council at existing use value; no houses delivered.
- **NW Cambridgeshire (Eddington)** – a 3,000-home urban extension, on land already owned by the University, close to the City centre, c3000 homes. Financing issues. Similarly, Manydown (discussed at hearings) is to be on land which was already owned by Basingstoke Council. The project is a 3,000-home urban extension in which no houses have been delivered.
- **International examples, plus Scotland** - legislation is different and therefore these case studies are not relevant.
- **Suffolk's infrastructure-based strategy** - something which we would welcome in Essex but is not happening. Here in Essex, there is a Growth Infrastructure Framework which identifies infrastructure deficit, but the Section 1 Plan ignores it.
- **Out of date** e.g. English New Towns, delivered under different circumstances, or discontinued e.g. Milton Keynes Tariff. The report includes an Aecom 2017 table showing build-out rates in the new towns, but with no background analysis. CAUSE has emailed the authors of the report but not received a reply. As such, the figures within it are out of context and therefore meaningless.
- **Ebbsfleet Garden City/North Stowe**. Perhaps these are the closest in size and type to NEGCs so the very long lead in times should be noted. Ebbsfleet is the only 'garden city' currently

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being developed, and the only one by a development corporation. That said, it is an urban regeneration on brownfield land, near excellent transport connections and employment and it received £300million from government to kick-start it. North Stowe also features excellent public transport connections in place before build starts, in the form of the guided bus way and associated bike path;

- **Average build-out** on UK sites larger than 750 homes featured in the report is **140** dwellings per annum. By way of further comparison, here it is worth noting that Bicester sites, which featured in one of the examination questions, are delivering at 240 dwellings per annum. Cherwell District Annual Monitoring Report 2018, says: 5.27 viii. A peak delivery assumption of 50 dwellings per annum for each builder on strategic sites based on recent evidence unless specific circumstances suggest otherwise. There are 3-5 outlets per site.

The NIC report neglects to look at large scale infrastructure projects. We draw the Inspector's attention the much publicised problems with HS2 and Crossrail. These include land acquisition difficulties and legal challenges around price paid; over-optimistic early stage cost assumptions; delays in delivery. We do not need to remind the Inspector of the detail of our submissions and contributions at hearings with relation to these topics, but all will be a feature of the NEGC project.

ii. Levers

NEGC Ltd discussed at Examination the levers identified in the NIC report. The report finds that these levers are said to appear frequently across those developments which have quantifiable successful outcomes. We set out the levers here, together with our comment:

Levers (NIC 1.4.11)	CAUSE comment
Statutory bodies with the ability to create plans for specific growth outcomes	None exists. No certainty that NEGC Ltd would pass the tests to become an LLNTDC, or how long the process would take
Land assembly	No land under NEA or NEGC Ltd control
Masterplanning	Early master-planning attempts were poor. Result at CBB GC, an unwanted HIF bid to move the A12, leaving the existing A12 in play only 1-2km away and a map which underestimated the amount of land needed for housing vs green space. NEGC Ltd drop-in sessions, Autumn 2019 were worrying in their vagueness – all aspiration, no substance.
Significant infrastructure investment, informing and providing clarity on delivery, funding and timing of infrastructure provision	CAUSE has long argued that, for West Tey alone, a government infrastructure investment of £1.8bn is required. Currently, the only investment forthcoming is the East Colchester HIF bid. We have discussed infrastructure deficits at length in our various submissions and do not intend to bore the Inspector further here.
Land value capture mechanisms, enabling funding of the infrastructure investment	This refers to the need to be able to buy land at existing use value. In the case of the NEGC project, hope value will have to be paid. Once again, this has been the topic of hearing

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	discussions and our submissions, and we believe the Inspector is clear on why we believe the submitted plan is fraught with problems.
Local and central government support for mechanisms such as TIF and the Milton Keynes Tariff were essential for creating certainty for wider stakeholders and investors.	There is nothing in the plan to suggest that such mechanisms might be used, nor has there been any discussion locally.

iii. Barriers

The report identified barriers to fast housing growth as follows:

NIC report	CAUSE comments
<p>Leadership and Governance: A lack of co-operation across local authority boundaries appears to be a significant barrier. Previous attempts to establish corridor-wide initiatives had too many partners and objectives, were dominated by the public sector and focused only on the property elements of development.</p> <p>Planning Policy: A lack of spatial planning policy above local authority level means a strategic vision for transformational growth is missing. The evidence gathering process for Local Plans is regarded as inadequate, requiring unnecessary detail and constant updates. In addition, site size thresholds for land availability assessments are deemed to be too high</p>	<p>The NEGC project has become a case of ‘too many cooks spoil the broth’. The current state of play is a plethora of consultants’ reports and papers, many contradictory or conflicting, and a lack of over-arching and deliverable plan or anyone with the expertise to deliver it.</p> <p>The reference to projects being too focused on property elements is exactly in line with CAUSE’s view. The result of the approach being taken is seen clearly in the use of a scaled up residual value model for viability appraisals, which has been demonstrated by CAUSE to be unsuitable. There is also a clear inability to ensure that key components of the project will be delivered when required. This of course includes rapid transit, roads, rail improvements and water, but also on smaller scale infrastructure. In particular, note the spend allocated to community & well-being: only £1.5m for GP, Dentist, leisure & sports in the first seven years of CBB GC. By the time the next building starts, there will be 2250 homes (5,400 residents).</p>
<p>Infrastructure development: A lack of forward planning and funding of infrastructure slows delivery, with developers bearing too much of the upfront costs and therefore exposing larger sites to too much risk</p>	<p>This is a major risk in the NEGC project, which CAUSE has highlighted often. The other risk is that the developers are allowed to plough ahead, building houses without infrastructure.</p>
<p>Funding and delivery: There are too few actors in the housing market, with too much emphasis on private sector land acquisition and not enough focus on the release of surplus public land. There is a lack of flexibility and transparency in CIL, and restrictions on pooling</p>	<p>This is more of a national policy comment. However, CAUSE has lobbied for the NEA, none of which collects CIL, to implement one. A local plan with a strategy for infrastructure provision to meet all local needs, rather than one which backfills infrastructure needs for three large</p>

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<p>of S106 contributions have further limited upfront infrastructure funding opportunities.</p>	<p>new settlements would be much more appropriate. The Essex Growth Infrastructure Framework would provide the starting point for such a strategy rather than neighbouring Suffolk has done.</p>
<p>Deliverability: • the political constraints applying nationally and across the Corridor; • the capacity or resources available to government and Corridor stakeholders to drive transformational change; and • the ability of each scenario to build certainty of delivery among institutional and overseas investors. (1.5.7)</p>	<p>All very valid points. In north Essex we have political risk, with the involvement of four councils, Colchester and Tendring being particularly risky due to their fragmented political make-up. The resources required to fund the three new settlements are not likely to materialize from government. National investment in housing infrastructure is restricted to the HIF fund, which stands at around £5bn for the whole country. CAUSE, and others, have already submitted evidence about the view that private investors are likely to take of the riskiness of the NEGC project.</p>

i.v. Most appropriate strategy? One size does not fit all

CAUSE has long argued that very large, stand-alone new settlements (known in the NIC report as 'autonomous places') are only of many possible strategies for long term growth and that the SA for Section 1 should, from the beginning, have acknowledged this. The new ASA makes only a token effort to look at alternative strategies, with a methodology and spatial strategy division clearly influenced BY and intended to favour the "existing" Garden Communities, and systematic overscoring of those Garden Communities. The NIC report acknowledges that one size does not fit all, looking at the 9 settlement typologies¹ from 5th Studio's report² for the Arc. Relevant comments include:

- Urban intensification can deliver faster (than stand-alone settlements);
- Existing infrastructure should be fully utilized before building new infrastructure;
- Autonomous places, particularly towns, will have high infrastructure costs and delivery / financing problems which delay build, and should be built near national new infrastructure to help minimize this problem.

CAUSE has long argued, including in previous submissions to the Inspector, that the approach taken by 5th Studio should have been taken in north Essex before any strategic decisions were made.

¹Page 35: Urban intensification (centre, suburban, edge); Linked places (strong edge & satellite; urban extension; new small settlement); Autonomous places (new town, new city, string city – perhaps better known as transit-oriented development),

² <http://www.5thstudio.co.uk/projects/oxford-milton-keynes-cambridge-corridor/>