

FEASIBILITY REPORT

IN RESPECT OF

CHARD EASTERN DEVELOPMENT AREA

on behalf of

**South Somerset District Council
Brympton Way
Yeovil
Somerset
BA20 2HT**

**Date: January 2012
File No: TL716b**

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EXECUTIVE SUMMARY

Development of land to the east of Chard has been on the planning agenda for in excess of 20 years. The most recent adopted planning policy relating to these proposals are contained within the Local Plan which was adopted on the 27th April 2006. The draft Core Strategy includes within its proposals for the adoption of policies which directly reflect the preferred third option identified by LDA Design in the Chard Regeneration Plan which forms part of the Chard Regeneration Framework (CRF).

CRF proposes as part of preferred option 3 the provision of up to around:

- 3,207 dwellings
- 17 hectares of Employment Land
- 2 primary schools
- 4 neighbourhood centres
- Highway infrastructure improvements
- Sports and open space provision

A Traffic Assessment prepared as part of the CRF confirms that Chard's highway network is at capacity and that no new significant development can be brought forwards in the town without accompanying highway infrastructure enhancements.

Identified development is proposed within the CRF to be delivered in incremental phases with each phase minimising those infrastructure costs associated with delivery of each phase, through the offset of development delivered and use of an equalisation strategy such that those elements of the development capable of financially supporting other elements do so. Within this proposal, earlier phases bear the greatest share of infrastructure costs, which renders delivery of these early phases unviable without some form of public sector assistance. Whilst an equalisation strategy is proposed, reference is also made to the potential for CIL proposals to provide a mechanism to facilitate the funding of infrastructure requirements.

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Market Assessment work undertaken as part of this Feasibility Report suggests that residential development in the eastern area of Chard should be viable taking into account both CIL and Section 106 contributions/requirements. This position is further supported through appraisal work undertaken as part of the study. The IDP in support of CIL is noted however to provide some reservation as to the ability for development within CEDA on a generic basis to be able to deliver the full affordable housing policy requirement.

Consultation with the majority of those landowners and developers holding an interest in land within CEDA suggests a high level of 'in principle' support for the reallocation proposals, use of CIL to deliver infrastructure and confirms delivery to be viable if major infrastructure is provided. Differing aspirations for respective sites and phasing reservations do however suggest it unlikely that any consortia able to bring forward comprehensive development is likely to be forthcoming in the short term particularly within present market conditions.

The CRF and draft Core Strategy clearly identify the Millfield Link as one of the earliest priority phases of infrastructure to facilitate significant development to be brought forwards. This would provide the capacity to delivery approximately:-

- 349 dwellings (+97 within town centre)
- 1.24 hectares of employment land
- 0.43 hectares of retail land
- 8.92 hectares of green infrastructure

Those identified costs associated with delivery of the Millfield Link, together with differing landowner/developer aspirations combine to render the scheme both unviable and unable to be brought forwards without SSDC input both in terms of providing a strategic approach, funding and physical completion of infrastructure works.

The clearest mechanism by which SSDC might take delivery of the Millfield Link forward, with least risk attached as to ultimate delivery, would be to acquire the land required to provide the highways infrastructure and ultimately to procure the construction direct. This would most likely require a Compulsory Purchase Order to be pursued in order to satisfactorily negotiate all those necessary interests to progress the scheme. It is considered that such an approach would have an overall cost in the order of £3.94 million

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but potentially offset in part through CIL contributions directly brought about within CEDA of circa. £2.16 million. The remaining deficit might be recovered as part of the District wide CIL mechanism with additional contributions through such schemes as the New Homes Bonus or possibly the Growing Places Fund.

With the Millfield Link provided as an initial phase, then this concludes the earliest, least viable and one of the most complex elements of CEDA, the remainder having potential to be brought forward in subsequent phases with minimal if any funding assistance, and with more straightforward ownership issues likely to be encountered, such that the market might be anticipated to deliver these latter phases. In the event that further CIL contributions are required, then this might be facilitated or alternatively a reduced CIL contribution might be sought, if it can be clearly demonstrated that the infrastructure being provided forms part of and is compliant with the requirements of the CRF.

It is clear that SSDC needs to take a leading role in the delivery of CEDA. It is recommended that this be achieved through provision of the initial highways infrastructure required and identified as the Millfield Link.

SSDC/SCC have the statutory powers available to progress acquisition of the land required to provide the road, funding mechanism(s) have been identified to fund both acquisition and construction of the scheme, albeit requiring initial upfront expenditure which would then be recoverable in stages as development progresses.

Furthermore most of the affected owners/developers have expressed support in principle of reallocation as set out in the CRF and to apportionment of costs based on a CIL contribution. Also, the viability of those residential opportunities which would be created appears to be positive, and opportunity would be created to provide additional employment space.

The Feasibility Report concludes with the recommendations that Members approve:

1. The principle of SCC and SSDC seeking to deliver the Millfield Link, through acquisition of those interests necessary to provide the highways infrastructure. Identification of those enabling powers to be adopted would determine the lead partner.

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2. Detailed research and investigations be carried out to confirm the viability and anticipated costs associated with construction of the Millfield Link in the location and design as identified in the CRF or some alternative suitable location.
3. Ensure that budgetary provision is made to procure an Environmental Impact Assessment, Acquire Land and Property Interests, Obtain Planning Consent and Procure Construction of the highways infrastructure.
4. The principle of utilising those funding mechanisms available to offset initial expenditure, considered most likely to be in the form of CIL contributions but with other sources potentially identified.
5. Seek to progress land acquisitions through negotiated settlements.
6. Seek to progress acquisition through the Compulsory Acquisition process in the event that negotiated settlements are not achievable within a reasonable timescale.

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1.0 INSTRUCTIONS

Thomas Lister are instructed in respect of the provision of advice and a clear evidence base which is to be presented to the LDF Planning Inspector demonstrating that the Vision for the Eastern Development Area of Chard (CEDA) is both viable and deliverable. Elements of this exercise include a review of LDA Design work previously undertaken in preparation of the Chard Regeneration Framework (CRF), including viability appraisals provided in support of the CRF, market assessment work to inform and update viability appraisals required to confirm the value inputs to be utilised, as well as the take-up rates considered appropriate in respect of those various identified end uses of the proposed development sites. This should both inform the type, tenure and size of buildings that are likely to be required, together with potential take up rates to assist phasing considerations.

Consultations and land ownership cross referencing has been undertaken, to confirm those interests held in the respective sites comprising the CEDA and to establish landowners/developers intentions.

Development appraisal and financial modelling has also been undertaken to support the CRF proposals together with consideration of appropriate funding mechanisms to facilitate development.

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2.0 BACKGROUND INFORMATION

Development of an area to the east of Chard has been proposed for in excess of 20 years. The most recent adopted planning policy relating to these proposals are contained within the Local Plan which was adopted on the 27th April 2006. The Chard Eastern Development proposals have been “saved”, pending the preparation of replacement Local Development Framework (LDF) documents.

The Local Plan identifies the key site, which extends to the east of Chard, between Furnham Road and Tatworth Road. The extent of the site *is shown in Appendix II* and extends to an area of circa. 71.3 hectares (176 acres). The Plan identifies that the existing highway network would be unable to cater for the additional traffic generated by the development proposals and therefore proposes the construction of the Chard North/South Distributor Road running between the A358 (Furnham Road) to the A358 (Tatworth Road). This distributor road would allow for the re-routing of through traffic and contain the proposed development. The key site would include a comprehensive range of land uses, including approximately 38.5 hectares (95 acres) for housing, providing around 1,350 dwellings, of which 35% would be affordable housing, approximately 13 hectares (32 acres) for employment uses, a site for a new primary school, a site for a local/neighbourhood centre and key infrastructure including the distributor road, outdoor play space, structural landscaping and improved bus service, pedestrian and cycle links.

The above provision has subsequently been reflected within the 2009 Strategic Housing Land Availability Assessment (SHLAA) with site references W/CHAR/0050 and W/TAF/050 relating to the key site and providing up to an identified 1,896 dwellings, within a 1-5 year timescale and a further 676 within a 6-11 year timescale.

The area contained within the key site has attracted the attention of developers and landowners who have attempted to gather together to create consortia which would facilitate delivery of the scheme. SSDC have previously obtained authority to seek to progress the provision of infrastructure and delivery of the scheme generally, through the compulsory purchase process, however due to the funding and economic climate subsequent to late 2007, proposals have not been progressed as envisaged within the Local Plan.

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In 2009, LDA Design were commissioned to provide “The Chard Regeneration Framework” (CRF) with a view to providing a long term plan to guide the future of the town. This work was undertaken subsequent to significant detailed public consultation which included representatives of various groups and community organisations.

Preparation of the CRF was considered necessary due to the lack of clear vision which had resulted in ad hoc and disconnected developments becoming a feature of the town. The Chard Vision forms one element of the CRF and sets out a 15-20 year aspiration, identifying priorities for the town’s regeneration and development with a view to guiding future planning, providing confidence to investors and encouraging the regeneration and investment necessary to improve the health, wealth and performance of the town.

A Delivery Structure, including representatives from South Somerset District Council, Chard Town Council, Somerset County Council and SWRDA was created to take forward the plans and proposals, headed by a Project Board to take high level decisions, with an Officer Steering Group, Town Team, Community Forum and Delivery Teams all providing input.

The overarching “Chard Vision” is as follows;

Chard offers a combination of qualities that make it a unique and special place. As a self contained working community where more than 50% of people live and work in a wonderful environmental setting, the town has everything needed for local life. Its local economy makes the best use of local produces and resources. The growth of the town will provide new housing, jobs and also providing the investment needed to make it an even better place to live. The town will compete internationally and develop its strong tradition of innovation to build businesses that provide stable, skilled and well paid jobs. Chard will be successful because of what it does, and what it makes – you can “make it in Chard”. Overtime the town will come to be seen as a place of invention, craft and manufacture – from the agricultural produce sold in the town’s market to high value added technological products.

The “Chard Regeneration Plan” (CRP) identifies where growth and regeneration should occur and provides a compendium of plans and design codes which should be used to guide delivery of the vision. The CRP forms the second element of the CRF. The third key

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element is the Implementation Plan which seeks to set out a clear plan of action to facilitate delivery of the “Vision” and “Plan”.

The above documents are considered to form part of the Local Evidence Base within the evolving LDF and proposals are included within the draft Core Strategy.

Under Policy CV1 “Chard Growth Area” within the draft Core Strategy, land at Chard is allocated for strategic growth to provide the following development within the plan period (up to 2026) and beyond;

- Approximately 3,207 dwellings (1,700 by 2026).
- Approximately 19 hectares employment land (13 hectares by 2026).
- 2 primary schools (within and beyond 2026).
- 4 neighbourhood centres (within and beyond 2026).
- Highway infrastructure and improvements.
- Sports and Open Space provision.

One of the key issues to be addressed to facilitate the identified levels of growth, is that of highways capacity. Traffic problems are a major concern, with certain elements of the town’s highway network at or near capacity, particularly the Convent Traffic signals and Church Street. To resolve these issues and to accommodate further growth, an alternative route between the A358 to north and south of the town incorporating the A30 to the east is stated as being required. Unlike the existing Local Plan proposals for a distributor road, the CRF sets out a phasing sequence which incrementally increases the capacity of the highways infrastructure to accommodate traffic flows as growth occurs.

The infrastructure phasing sequencing as set out in the CRF is as follows;

- i. Improvements to the A358/A30 Convent signals in the town centre and East End Gateway.
- ii. A new link between the A30 near Oaklands House to the end of Millfield.
- iii. A connection sought from Millfield to Forton Road.

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- iv. Linkages north from the A30 using Oaklands Avenue and involving creation of a new/upgraded route around the north east of the town to the A358 Furnham Road.
- v. Completion of the link between Forton Road and the A358 Tatworth Road.

The draft Core Strategy clearly states that *“As a first step towards the implementation of the wider plan, the Millfield Link Road between the A30 and Millfield Industrial Estate must come forward as it will help create capacity for initial growth”*. This together with the MOVA Convent signals work (phase 1 and currently in hand) creates capacity for approximately 445 additional homes, employment growth and resultant mixed use development.

The draft Core Strategy in Policy CV2 states that *“in order to ensure the timely delivery of the necessary infrastructure to support the growth, phases will be delivered in the order set out in the Chard Implementation Plan and any deviation from that phasing sequence should be justified and it should be demonstrated that the proposal will not compromise the delivery of the total growth”*.

The CRF identifies viability issues within the proposals, with public sector funding assistance being required to ensure delivery of all that infrastructure necessary to facilitate the scale of development proposed. At the time that CRF was being concluded, detail as to funding mechanisms that might assist delivery were being announced but with uncertainty as to detail of such incentives including the Community Infrastructure Levy (CIL) and New Homes Bonus (NHB).

SSDC is one of the beneficiaries of the NHB and has also commissioned a detailed CIL Evidence Base and Delivery Plan, such that these, together with further funding plans which are finally emerging to encourage house building and small businesses such as the Growing Places Fund and Regional Growth Fund (latter phases), might all contribute to ensure delivery of the Vision.

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3.0 PROPOSALS AND APPROACH TO IMPLEMENTATION

The proposals as set out within the CRP are those which SSDC wishes to ensure get delivered. Hence a further more detailed explanation of the details set out within the Plan and Framework Implementation Plan is required.

SSDC set out in the draft Core Strategy its proposals to pursue the 3rd option for growth set out in the CRF, which includes town centre regeneration relating to implementing regeneration initiatives within the town centre and full build out of the Eastern Growth Area. This option has been selected on the basis that it provides the most significant positive impacts for the town without those negative effects caused by traffic congestion that Option 4 (full Growth to Natural Limits) would generate. In summary, progressing preferred Option 3 will provide;

- Approximately 3,207 dwellings.
- 19 hectares of employment land.
- 2 primary schools.
- 4 neighbourhood centres.
- Highway infrastructure improvements.
- Sports and open space provision.

The CRF Implementation Plan acknowledges the difficulties associated with implementation of a masterplan where the land is held/controlled by a number of different parties. Such is evidenced by previous attempts to deliver development within the area, despite various consortia being agreed. In the circumstances CRF assumes that development might be brought forwards via a series of stand alone planning applications broadly in line with the identified phasing. SSDC would operate an “equalisation strategy” which seeks to ensure an equitable distribution of costs over all development phases and operated initially through the established SSDC Planning Obligations Protocol with potential to take into account CIL at a later stage.

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The phasing sequence allows for infrastructure and housing growth to come forward together. The costs of infrastructure associated with each phase have been minimised and are proposed to be offset against the value created by development, hence minimising any funding viability gaps. In the event that any development is proposed to come forward out of sequence, then the developer must demonstrate compatibility with the phasing principles.

The CRF Implementation Plan includes an appraisal prepared by GVA Grimley, which identifies a total net public sector investment requirement to deliver all phases incorporated within Option 3, of £13,773,800, using an Equalisation Strategy and after a “clawback” comprising developer contributions for delivery of infrastructure of £2,354,400.

The associated appraisal assumes that land values must meet a viability threshold for residential land of £200,000 per acre, £100,000 per acre for employment land and £150,000 per acre for mixed development. A weighted infrastructure levy of £100,000 per acre is then applied to the appraisal per phase. Where the appraisal shows a negative land value, then no levy is payable, if positive, then the public sector receives the appropriate payment contribution.

The CRF suggests two possible approaches to equalisation, either through Section 106 formalities, calculations and negotiations or through an infrastructure tariff.

It is noted that GVA Grimley’s appraisal was prepared in advance of detailed proposals in respect of the Community Infrastructure Levy being published, but it does demonstrate that within the capacity constraints set by the infrastructure of the town that there is scope, with public sector assistance of circa. £13.7 million to bring forward development on a phased basis, with latter phases contributing significantly towards the initial “up front” infrastructure costs.

Difficulties in delivering on this basis however are identified in firstly getting agreement by all parties as to the anticipated total infrastructure costs, agreement as to viability of the individual parcels of land by the parties, agreement as to how ransom strip elements might be agreed and taken into account, etc..

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It is considered that agreements to deliver the entire area would not be easily achieved, but that SSDC has tools available, including compulsory purchase powers and the Community Infrastructure Levy, together with other funding mechanisms through which it might facilitate the delivery of the whole. This is tested through subsequent sections within this report.

In the event that SSDC were not in a position to deliver the whole infrastructure at this stage, then delivery in phases is considered, maintaining the structure as set out within the CRF in terms of phasing and land uses. Again, this is further explored in subsequent sections of this report.

In order to ascertain the viability of the proposals and to assess the scope to deliver the scheme or phases thereof, the following elements have been taken into consideration;

1. Market Assessment.
2. Developer/Landowner Aspirations.
3. CPO Considerations
4. Viability Appraisals.
5. CIL/Alternative Funding Considerations

Findings in respect of these aspects are set out within the following sections of this report.

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4.0 MARKET ASSESSMENT

4.1 Purpose of the Market Assessment

South Somerset District Council (SSDC) is seeking to facilitate the Eastern Development Area of Chard (CEDA). This town extension is considered an essential component of the wider regeneration of the town which will enable it to retain and extend upon its existing status as the second largest town within South Somerset.

The Market Assessment forms an important element of that evidence which is required to demonstrate that the wider Chard vision is both viable and deliverable.

The work undertaken in compilation of the Market Assessment draws upon previous work undertaken by and on behalf of SSDC, Somerset County Council (SCC) and the South West of England Regional Development Agency (SWRDA), working as a regeneration partnership in preparation of the Chard Regeneration Scheme in which LDA Design were commissioned.

This Market Assessment updates to around August 2011 those figures utilised by the LDA Design Team to ensure that they remain appropriate to the present market, providing advice as to those property and land values, together with take up rates which are currently appropriate for use within financial development appraisal modelling undertaken to ensure that the scheme is viable.

Whilst the Market Assessment concentrates on the residential aspects of the Chard Regeneration proposals as this comprises the most significant sector of the proposals. An overview is also provided of the retail, office and industrial markets as these all form an element of the proposals.

4.2 Location

Chard is a historic market town positioned between the M5 motorway, the A403 (London to Exeter) and the A358 to the western area of South Somerset. The county town of Taunton is the closest major centre situated approximately 16 miles or half an hour drive along the

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A303 to the north. Yeovil, the largest town in South Somerset, is located approximately 17 miles, a 35 minute drive to the east of Chard along the A30.

The town of Chard acts as an important centre providing education, leisure, community and shopping facilities to the residents of both the town and surrounding parishes.

Chard also benefits from its locality within easy reach of the heritage coastline of Dorset and the Blackdown Hills Area of Outstanding Natural Beauty.

A location plan is included in Appendix I.

4.3 Economic Commentary

4.3.1 Economic Context (National)

Nationally, the economy has recently been in recession, initiated by the banking crisis which commenced with the collapse of Lehman Brothers in September 2007, since when funding institutions have been unwilling to lend at affordable levels and the economy has generally faltered. Whilst the Country four years subsequently is no longer officially in recession, it is generally regarded as being in very slow recovery with a number of years of near stagnant growth predicted by many, despite Bank of England base rates at a record low and subsequent to a period of quantitative easing within the financial markets.

The past 18 months have seen major changes within the political landscape and economic structure which have resulted from both changes within the economic climate and also the election of the Coalition Government, which has seen implementation of radical reform to the public sector and funding regimes, along with extensive cuts to budgets in seeking to address the £156 billion budget deficit. In addition, the Coalition have introduced the new “localism” agenda and the National Planning Policy Framework, the full impact of which is difficult to assess at the current time.

Consequently, the structure of Regional Development Agencies including SWRDA who have taken a key role in the funding of economic regeneration throughout the South West has disappeared (together with the SWRDA investment budget of around £142 million per

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annum). The Homes & Communities Agency (HCA) which supported the delivery of market and affordable housing has seen its budget cut by over 40% with its role reduced from that of landowner, development partner and grant provider to that of development enabler and investor, seeking longer term financial returns in relation to investment made.

The above changes have been made in the context of a reduction in the Central Government funding of Local Authorities which typically provides for a 20-25% reduction in the budget of individual Local Authorities phased over a three year period.

The potential ramifications of the severity of funding cuts and radical reform imposed upon an economy beginning to recover from economic recession has raised concerns for the economy to slide into a “double dip recession”. The spending cuts come at a time when private sector activity is hampered through limited availability of private/bank investment thus curtailing private sector operations and growth. The Coalition Government have introduced new measures and programmes to replace some public funding regimes, however the effectiveness of such programmes remains to be seen.

4.3.2 Economic Context (Local)

Chard has a long standing historic and economic regional importance from its iron age settlement through to its present Market Town status.

Chard’s industrial legacy dates back to the industrial revolution in which it was a centre for lace weaving, woollen cloth making as well as an agricultural town. Chard takes great pride in its being the location of the first powered aeroplane in 1843 and, perhaps less well known, as the area in which the first artificial limbs were made.

Chard’s current business space includes light engineering and manufacturing, with the food sector particularly dominating the local economy. The two main employers within the town are Numatic International Limited who manufacture vacuum cleaners within the town and employ over 700 people and Oscar Mayer, forming part of Ferndale Foods, supplying ready meals to major retailers.

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The town has a population of 13,771 (Census 2001), living within 5,170 households. According to Mosaic (2005), just under 25% of the population fall within the categories of D22 and D23 (comfortably off manual workers living in spacious but inexpensive private houses and owners of affordable terraces built to house 19th Century heavy industrial workers) as opposed to 7% of Somerset as a whole, the next highest category being D17 – small business proprietors living in low density estates and smaller communities, representing just under 9% of the population as per Somerset average. It also has just under 5% living in social housing which gives opportunities for poorly qualified (Somerset 1.5%) and over 5% older couples, independent but on limited incomes (Somerset 1.25%).

Household income within the District at £434.80 per week falls short of the Somerset average of £443.10 per week against an England average of £522 per week (NOMIS (2009)) and 8.6% of older people living in households reliant on means tested benefits as opposed to a Somerset average of 3.2% and England 20.1% (NeSS (2007)).

The area has circa. 2.75% of the population on Job Seekers Allowance (up to one year) as opposed to the Somerset average of circa. 2.25% (NOMIS September 2009).

Educational achievement within Chard is slightly higher than Somerset and England average rates at the level 2+, however is slightly less at level 3+ and at level 4+ (degree level) falls short of Somerset, South West and England levels (COG (2008)/Connexions (2009)).

22.6% of persons within the area have no access to a car or van as opposed to 17.6% in Somerset County and 24% in England.

Whilst household incomes for South Somerset District is known through NOMIS 2009 to equate £434.80 per week (£22,610 per annum), that for Chard is not separately recorded but based on the above statistics is likely to fall less than this sum, indeed, Calena Analytics Earnings Survey Data suggests average earnings within the TA20 postcode area which includes Chard and surrounding area with a population average of circa. 19,000 to equate £18,057 per annum. Hence with average current house values at circa. £196,400 for the same TA20 postcode area, a price to earnings ratio of 10.88 is established as opposed to national average earnings of £24,478 and average current house values of £220,300 representing a 9.00 price/earnings ratio (mouseprice.com).

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The Vision for Market Towns & Rural Centres, in 2026 as set out in the Draft Core Strategy and as previously referred in Section 2.0 envisages a Chard that “*will have addressed physical constraints to growth, economic regeneration and prosperity and moved the town to a higher level of service provision with much improved facilities throughout the town and better job opportunities*”.

4.4 Residential Supply Considerations

4.4.1 Residential Properties (Private):

Chard is the largest town outside of Yeovil within South Somerset District. It has a well defined local market within which both housing and labour markets are rather self contained, with only weak links to other towns in the vicinity.

The 2001 Census showed that around 13,771 people live in the town within 5,170 households, of which 72% were owner occupied, 19% in social housing, 8% in private rented and 1% in shared ownership. The results of the 2011 Census are awaited.

Within the wider TA20 postcode district, within which much of the data readily available through sources such as the Land Registry is collated, there is a population of around 19,098, living in around 8,469 homes, of which around 38.8% are detached, 10.6% flats and 15% social rented.

The supply of dwellings to the market at any one time will differ as dwellings change hands. Within a 5 mile radius of Chard, there were, as at 5th August 2011 and according to cross checked and referenced predominately web based research, around 622 properties for sale. Of these 281 (52.23%) are detached houses, 93 (17.29%) semi detached, 106 (19.7%) terraced, 8 (1.49%) mobile/park homes and 50 (9.29%) apartments. This reflects the rural nature of the area immediately surrounding the town of Chard. If the search is restricted to Chard itself, then there are only 229 properties for sale in the following proportions (rightmove.co.uk);

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Property Type	Chard Town		5 Mile Radius of Chard	
	No. of Units on Market	Proportion of Market	No. of Units on Market	Proportion of Market
Detached	86	38.05%	281	52.23%
Semi Detached	45	19.91%	93	17.29%
Terraced	60	26.55%	106	19.7%
Flats/Apartments	35	15.49%	50	9.29%

Within the above figures, there are 105 bungalows within a 5 mile radius of Chard representing around 17% of the market and 41 bungalows of the 229 properties in Chard representing around 18% of the market.

Also particularly of note, there are only 10 new homes presently being marketed within Chard town and 21 within a 5 mile radius representing 4.4% and 3.4% respectively.

Of the 10 new homes being marketed within Chard, 8 are within the Summerfield Homes development known as Willow Way approximately 0.5 miles to the north of the town centre, comprising 14 properties of which 2 comprise three bedroom detached houses, 4 are four bedroom detached houses, 2 are two bedroom detached bungalows and 6 are two bedroom terraced houses.

The other two new houses being marketed are a 4 bedroom detached house due for completion in December 2011 and the other a 1 bedroom renovated terraced cottage within the town centre.

It is noted that there are few new houses which have been brought to the market within Chard over recent years, indeed over the last 2 years according to Land Registry records, of the 115 sales recorded, only 3 were identified as new properties (Babwith Close), representing 2.6% of the overall market.

It should however be noted that the above figures relate to market housing, to which should be added 62 affordable new homes provided within Chard over the 2010/2011 financial year.

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The most significant development to come forward within Chard over the last 5 years is that comprising 100 properties off Furnham Road. This development received planning consent in July 2006. The first market house was sold in June 2007 and the last in February 2009. This was a high density scheme within a site of around 4.5 acres. The dwelling mix included 30 affordable homes and mainly comprised terraced housing and flats.

4.4.2 Affordable Housing

Whilst there have been few residential schemes brought to the market within recent years in Chard, there have been a number of schemes delivered within the Social Housing sector. Such schemes include Yarlinton Homes developments at Beckington Crescent in 2009 and another at Bradford Way, the latter comprising of 62 one and two bedroom flats within a three storey development delivered in Autumn 2010.

As well as those schemes brought forward specifically by Registered Providers, are elements of schemes provided predominately through SSDC's affordable housing policy.

The draft Core Strategy Policy HG4 requires affordable housing within Chard (being a Market Town) to be provided at a rate of 35% for all new developments of 6 or more dwellings or sites of 0.1 hectares or more. It is understood that this threshold is proposed to be increased from 0.1 hectare to 0.2 hectares for market towns at the next stage of the plan. The above will apply unless;

- There are planning grounds such that a financial or other contribution towards provision on an alternative site is more appropriate; or
- Where the development is evidenced as being unviable at the target level.

It is noted that due to viability issues, affordable housing provision achieved/brought forward as part of private sector schemes has fallen somewhat short of the requirement of 35% at around 23%.

The SSDC Annual Monitoring Report 2009-10 shows the split of Affordable Housing completion for April 2009-March 2010 of 89% Social Rented to 11% Intermediate. The

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Taunton & South Somerset Housing Market Areas Strategic Housing Market Assessments (February 2009) seeks a split of 67% Social Rented to 33% Intermediate.

4.4.3 Residential Land

There is presently as at August 2011, little by way of residential land actually on the market within Chard, with current availability limited to a site of 0.22 acres in Tatworth with planning consent for a single 4 bedroom detached house and an infill site comprising a former 4 bedroom detached house within the Furnham Road area.

As previously outlined, there are however very significant areas of predominately agricultural land identified within the adopted Local Plan and which is largely reflected within the 2009 Strategic Housing Land Availability Assessment (SHLAA).

The SHLAA is presently being updated and it is anticipated that the new SHLAA will accord with the proposals contained within the CRF, within which Option 3 is identified as that which is preferred within the emerging Core Strategy and which includes the regeneration of specific sites within the town centre and the build out of substantial areas to the east of Chard to deliver around 2,716 dwellings.

A plan showing the preferred option for Eastern Development is included at Appendix III.

Whilst therefore, there are proposals for considerable land to become available for residential development purposes, such significant development requires the provision of substantial infrastructure and it is the mechanism for providing this infrastructure that has been largely responsible for curtailed development to date.

Much of the land identified within the various Local Plan documents is subject to options with some landowners/developers keen to commence development, however this cannot be permitted to take place without a comprehensive proposal to provide the necessary infrastructure being in place.

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4.5 Residential Demand Considerations

4.5.1 Residential Properties (Private)

Baker Associates produced, on behalf of SSDC, a Housing Requirement for South Somerset and Yeovil Report in January 2011. This report considers the likely requirement (demand) for housing throughout the District. Its conclusions are derived from the following;

- Examination of the population and household projections;
- Consideration of the pursuit of Council priorities and impact on economic, development, access to housing, maintenance of communities and concern for the environment and character of the District; and
- Examination of the area to accommodate new housing development.

The housing requirement for the entire District over the period 2006-2026 is concluded as follows;

- A projected 16,000 additional homes if present household projections continue;
- Potential for 7,200-11,200 new jobs with a resultant requirement for 12,200-16,000 new homes.
- 12,200-16,000 new homes provide a rise in District population levels to 172,100-180,400 respectively.
- Based on current policy levels of 35% affordable housing 4,270-5,600 new affordable homes although it is recognised that to date an overall average of 23% has been achieved.

Baker Associates estimate of housing trajectory for Chard over the period 2010-2026 is 1,700 new homes, assuming 50 in 2011, 100 in 2012, 110 in 2013 and 120 new homes per annum subsequent to 2015.

Analysis of sales over recent years provides some indication as to current market housing requirements albeit within the constraints of that which is made available to the market. Sales data from the Land Registry and made available through a number of generic website

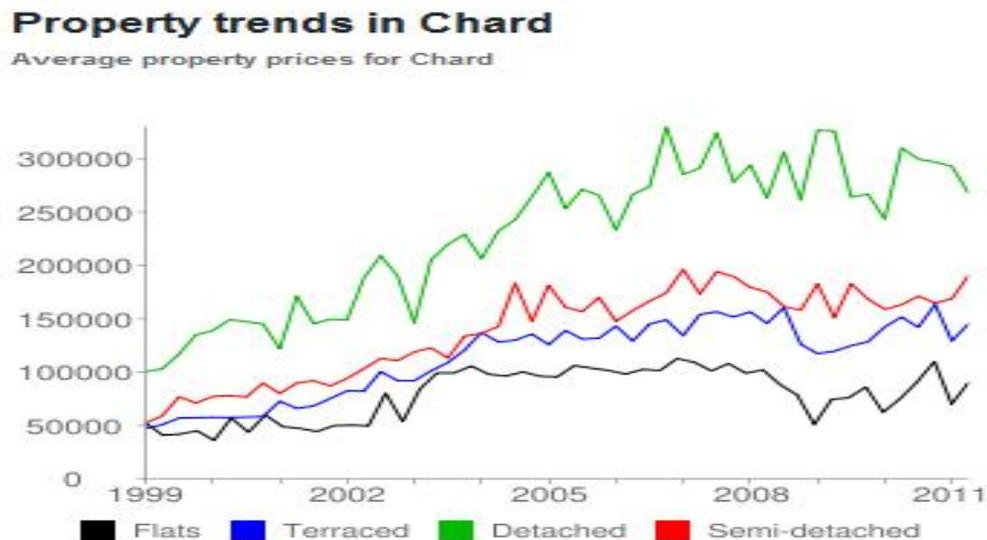
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providers including mouseprice.com, rightmove.co.uk and nethouseprices.com shows that throughout Chard, the following proportion of property types have been purchased over the past 2 year period;

Flats	32	5.8%
Terraced Houses	159	28.8%
Semi Detached Houses	158	28.7%
Detached Houses	<u>202</u>	36.7%
Total	551	

Whilst property values are considered under a separate heading, the following graph produced by upmystreet.com populated with data from the Land Registry shows that property values for flats have increased significantly less proportionally than for terraced, semi detached and detached houses respectively.



The above suggests that demand within Chard is not particularly for flats/apartments but is strongest for larger properties. This tallies with the findings of the Taunton & South Somerset Strategic Housing Market Assessment (SHMA) of 2009 particularly identifying a lack of larger dwellings within Chard, Yeovil and Bridgwater and smaller dwellings within more rural areas (including Chard Avishayes Ward).

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The Draft Core Strategy draws on that evidence provided within the SHMA and suggests that the following mix of housing is required within new private housing schemes throughout the District;

Dwelling Type	Percentage Required
Detached House	32%
Semi Detached House	28%
Terraced House	12%
Bungalow	18%
Flat/Maisonette	10%
1 Bedroom	5%
2 Bedroom	32%
3 Bedroom	43%
4+ Bedroom	20%

It is also noted that the draft Core Strategy identifies the following levels of demand from households seeking market housing;

Household Type	Percentage Required
Couple, 2+ Children	10%
Couple, 1 Child	9%
Lone Parent	4%
Other Multi Adult	11%
Couple, No Children	30%
Single Non-Pensioner	18%
2+ Pensioners	9%
Single Pensioner	9%

Of particular note is that 36% of demand comes from households consisting of persons of pensionable age.

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Developments within Chard are presently not generally being brought forward due to the previously referred to infrastructure issues. The only significant development of new homes presently available within Chard consists of 14 new homes being delivered by Summerfield Homes at Willow Way. Units which had been reserved within this scheme up to September 2011 include;

Provision	No. In Scheme	No. Reserved
2 bedroom detached houses	6	3
2 bedroom detached bungalows	2	1
3 bedroom detached houses	2	1
4 bedroom detached houses	4	1
	14	6

The show home opened early 2011 and to September 2011 had achieved 6 reservations representing around 1 per month. Further analysis follows;

Site Area:	circa. 0.39 hectares (0.94 acres)
Dwelling No.:	14 units
Density:	14.9 dwellings per acre/36 per hectare
Planning Consent:	March 2010 (on appeal)
Show Home Opened:	January 2011
Total Reservations to Date:	6
Sales Rate:	0.85 per month

Other market housing schemes that have come forwards within recent years are limited in number, however the following analysis has been carried out in respect of the Persimmon development of 102 homes off Furnham Road (Coker Way and Wyatt Way) and a 24 house scheme by Morrish Builders off Lower Touches (Samuel Vickery Way).

Persimmon Scheme @ Coker Way/Wyatt Way

Site Area:	circa. 1.9 hectares (4.5 acres)
Dwelling No.:	102 units
Density:	22.7 dwellings per acre/54.4 per hectare

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Planning Consent:	July 2006
First Home Sold:	July 2007
Last Home Sold:	February 2009
Total Sales Period:	20 months
Sales Rate:	5 per month (including Social Housing) 3 per month (market housing)

Morrish Builders Scheme @ Samuel Vickery Way

Site Area:	circa. 0.6 hectares (1.35 acres)
Dwelling No.:	24 units
Density:	17.8 dwellings per acre/42.7 per hectare
Planning Consent:	April 2004
First Home Sold:	May 2008
Last Home Sold:	August 2010
Total Sales Period:	27 months
Sales Rate:	0.9 per month

The above sales rates all appear somewhat slow, however these schemes have been brought forward within the most difficult of market conditions and this must be taken into account.

Volume housebuilders in a strong market will seek to achieve sales rates of up to around 50 units per annum on any one particular scheme. Therefore, if 3 or 4 schemes are underway at any one time up to around 200 units might be anticipated to be delivered per annum. Sales rates of new properties identified over the past 3-4 years within Chard show total numbers as follows (according to Land Registry figures);

Year	2011	2010	2009	2008	2007	2006	2005
No. of New Property Sales	4	14	26	26	26	21	20

It will be noted that the supply of new homes over this period has been considerably constrained and hence analysis of historic figures within Chard is not necessarily representative of future sales rates.

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By way of comparison, the following figures apply to Yeovil;

Year	2011	2010	2009	2008	2007	2006	2005
No. of New Property Sales	30	61	55	51	113	187	175

It will be noted that as these figures have been derived from Land Registry records, they only reflect Market Housing and a small proportion of affordable housing (low cost elements).

Yeovil is obviously a larger town with a population of around 43,658 as opposed to Chard's 12,576, also Yeovil's housing market is larger with around 560 homes presently on the market as opposed to Chard's 226. It is noted that the proportion of new properties currently on the market within Yeovil is around 14.11%, and that these are mostly within 4 schemes known as Balidon Place (18), Mezzo (17), The Glove Factory (5), Wyndham Park (11). For Chard the same figure is only around 4.4%, with 8 properties available within a single scheme (Willow Close).

It is considered that Chard might also have the potential for up to around 4 developments to be brought forward to the market at any one time and that each of these might deliver up to 4 but in the present market more likely 2-3 properties per month. This would suggest a maximum capacity of around 144 market dwellings per annum. If assuming affordable housing to represent 35% of any new scheme brought forward (considered an optimistic figure with other S.106 and proposed CIL contributions required), then around 220 homes per annum would result. If 3 new developments, each producing around 2 dwellings per month were brought to the market then only around 72 new market dwellings or 110 total new homes (including affordable). It is noted that Baker Associates have assumed a housing trajectory for Chard of 50 new homes in 2011, rising to 120 in 2014, this level being maintained throughout 2026 hence providing 1,700 new homes within the LDF timeframe. In the circumstances, it is considered that 120 new homes per annum is a feasible assumption with potential for greater numbers to be provided as the scheme becomes established and in anticipation of better market conditions.

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4.5.2 Affordable Housing

The 2009 SHMA shows that there is a net annual affordable housing requirement in South Somerset of 659 dwellings and that there is a particular need for 1 and 2 bedroom affordable housing units (75.2%). The following table shows the estimated requirement proportions;

Property Type	1 Bedroom	2 Bedroom	3 Bedroom	4+ Bedroom
South Somerset Requirement	42.5%	32.7%	18.1%	9.7%

The SHMA also shows that wherever possible, 67% of affordable housing should be provided as Social Rented, with the remainder through intermediate products such as shared ownership or others.

4.5.3 Residential Land

Whilst there have been few completed residential land sales over recent years within Chard, there is substantial developer interest in those sites which are proposed to come forwards and forming the Eastern Development Area of Chard. Such developer interest is evidenced by the number of option agreements completed and through discussions held by some of the developers with SSDC planners with a view to bringing forward their particular schemes.

Consultations have been carried out with the majority of local landowners/developers and other interested parties in order to establish their views as to the proposed reallocation of land in accordance with the CRF, the viability of development and proposed methodology for delivery. A summary of responses is contained within Section 5.0 of this report.

4.6 Residential Value Considerations

4.6.1 Residential Properties (Private)

As previously identified, there have over the course of the last 2-3 years been few new properties sold on the open market within Chard. Of the 551 residential transactions

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recorded at the Land Registry for the period July 2009 to June 2011, only 3 properties were sold as new.

Analysis of all recent transactions using Land Registry figures within Chard has been undertaken through a split of all transactions concluded into property types (flats, terraced, semi detached and detached) the average sale price and the average rate per sq.ft. achieved assuming the following average size of property type;

Property Type	Assumed Average Size	
	Sq.m.	Sq.ft.
Flats	50	538.20
Terraced Houses	79	753.48
Semi Detached Houses	85	914.94
Detached Houses	110	1,184.04

Using the above assumptions the following table provides average sales values per property type and the relevant rate per sq.ft. achieved;

Property Type	Average Value/Amount (Chard)	Average Value (Chard)	
		Per Sq.m.	Per Sq.ft.
Flat	80,980	£1,619.20	£150.46
Terraced	140,849	£2,012.13	£186.93
Semi Detached	168,882	£1,986.85	£184.58
Detached	280,302	£2,548.20	£236.73

By way of comparison with other towns the following table is provided;

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	Average Value (Rate per sq.ft.)			
Town Property Type	Chard	Yeovil	Crewkerne	Ilminster
Flats	150	183	179	223
Terraced	187	188	185	209
Semi Detached	184	181	202	220
Detached	237	240	235	244
Average	190	198	200	224

The above figures relate to all market sales over the past 2 year period.

Analysis has also been undertaken of those most significant new build schemes undertaken in recent years within Chard as follows;

Persimmon Development off Furnham Road (Coker Way & Wyatt Way)

As previously noted, this is a scheme of 102 units within a site of circa. 1.9 hectares (4.5 acres), i.e. high density (54.4 units per hectare), adjoining commercial/industrial properties to the north of Chard. The first sale is recorded in June 2007 and the last sold as new property in February 2009.

Furnham Road, Chard	Average Size (sq.ft.)	Average Sold Price (£psf)	Range (£psf)
Terraced	957	£179.71	£133.81-£224.45
Semi Detached	933	£186.05	£155.17-£208.17
Overall Average House Price		£182.50	

NB: That unit sizes and tenure for flats has not been available for analysis.

It is noted that two terraced properties within the same scheme were analysed by Fordham Research as part of the SSDC Affordable Housing Threshold Viability Study in May 2010 at £200 per sq.ft., hence falling within the range of values now identified.

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Summerfield Homes (Willow Way)

This is a scheme of 14 units presently being completed within a residential area of Chard to the north of the town centre, within a site with an overall area of circa. 0.39 hectares (0.94 acres). The development is an infill ribbon development with a density of around 35 units per hectare. Discussions with the developer confirm that as of September 2011 6 units had been reserved and that sales price packages fell within 5% of asking prices. Achieved sales prices have been provided and are analysed as follows;

Willow Way, Chard	Average Size	Average Sold Price Range (£psf)
2 Bed Terrace House	576 sq.ft.	£239
2 Bed Detached Bungalow	567 sq.ft.	£326
3 Bed Detached House	667 sq.ft.	£277
4 Bed Detached House	1,221 sq.ft.	£193
Average		£252 psf

Moorish Builders (Samuel Vickery Way)

This is a scheme of 24 units within a site of 0.56 hectares (1.35 acres) and hence of around 42.7 dwellings per hectare (17.8 dwellings per acre), in which the first property was sold in May 2008 and the last in August 2010. Achieved sales prices have been analysed against approximate units sizes to provide the following results;

Samuel Vickery Way	Average Size	Sold Price Range (£psf)	Average (£psf)
Terraced House	626 sq.ft.	£218-£228	£223
Semi Detached House	895 sq.ft.	£133-£234	£191
Overall Average		£198 psf	

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Persimmon Homes – Beechwood Green, Crewkerne

This is the next closest scheme to Chard currently being developed out by Persimmon Homes at Crewkerne and known as Beechwood Green. It has a number of property types ranging from 2 bed coach houses to 4 bed detached properties. The show home opened in March 2011 and as at September 2011 around 20 sales/reservations had been confirmed representing around 2 sales per month.

The sales manager advised that achieved sales were being progressed within a range of 5% of asking prices.

Average sales values in Crewkerne have historically been similar, if not marginally higher than Chard.

Property Type	Area	Asking Price	Rate psf
Fremmington – 2 bed coach house	675		
Blackdown – 2 bed terrace	630	£159,995	£254
Clovelly – 3 bed semi detached	901	£189,995	£211
Sidbury – 3 bed semi detached	953		
Braunton – 4 bed detached	1,246	£257,500	£207
Ottery – 4 bed detached	1,173	£254,995	£217
Hartland – 4 bed town house	1,156	£219,995	£190
		Average	£216 psf
		Less 5% incentive	£205 psf

4.6.2 Affordable Housing

Often when affordable housing has in the past been provided by private developers under section 106 obligations, this will have been with the benefit of grant funding from English Partnerships (or the HCA in its current form).

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The availability of grant funding is now extremely limited and hence a zero grant regime needs to be assumed, this being in accordance with current HCA guidance for general appraisal purposes.

The affordable housing units provided by a developer would usually be transferred to a housing association or other Registered Provider (RP) of social housing. The price achieved by the developer will be at less than full market value. RP's will only pay developers a price reflecting the capitalised net rental stream. In order to establish the value of social housing provided within a development by way of Section 106 obligations it is therefore necessary to establish the value of different tenure types and establish the proportion of each unit and tenure type likely to be required.

SSDC's Strategic Housing Market Assessment states that 67% of the affordable housing should be social rented and the remaining 33% should be intermediate housing (e.g. shared ownership, etc.).

Current social rents are as set out in the following table;

Property Type	1 bed flat	2 bed flat	2 bed house	3 bed house	4 bed house
Percentage of Prevailing Market Rent	81%	66%	66%	57%	45%

From analysis of generic websites and discussions with local agents, current average market rents within Chard town are estimated to average as follows;

1 bedroom properties	£468 per calendar month
2 bedroom properties	£550 per calendar month
3 bedroom properties	£670 per calendar month
4 bedroom properties	£750 per calendar month

It is also understood that average marketing periods for different property types to be approximately as follows;

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Property Type	Average Marketing Period
One Bedroom	5 months
Two Bedroom	2 months
Average Flat	5 months
Three Bedroom	3 months
Four Bedroom	1 month
Average House	2 months

It is noted that Fordham Research as part of their Taunton & South Somerset Affordable Housing Site Viability Study in February 2009, established through liaison with RSLs the following sale prices assuming zero grant in South Somerset;

Social Rented Flat	£ 75 per sq.ft. (£ 807 per sq.m.)
Social Rented House	£ 68 per sq.ft. (£ 732 per sq.m.)
Intermediate Rent – Flat	£106 per sq.ft. (£1,141 per sq.m.)
Intermediate Rent – House	£ 96 per sq.ft. (£1,033 per sq.m.)

Since both the production of the Strategic Housing Market Assessment in 2008 and 2009 Fordham Site Viability Study, the Homes & Communities Agency has introduced the “Affordable Rent” model which will replace Social Rented accommodation enabling RPs to charge rental levels of up to 80% Market Value. Analysis undertaken of proposed schemes suggests that resultant average Affordable Housing values might average in the order of 60-65% Market Value.

4.6.3 Residential Land

It is evident that in recent years, there have been few residential land transactions that have taken place within Chard, a situation which is common place due to the economic downturn.

In the circumstances, with little comparable evidence available, it is necessary to derive an assessment of land values through a residual valuation basis.

A residual valuation has been prepared based upon a standard 1 acre site within Chard and a copy of this is provided within Appendix IV. It will be noted that this residual valuation

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assumes current market conditions and current planning policy assumptions (not proposed new policies) with value and sales rates derived from those figures included within this report and additional assumptions as considered appropriate and set out below;

Land Value – The land value derived is automatically calculated as the residual amount which a developer could afford to pay for a site, in order to develop out the appraised scheme, taking into account all those other costs and value assumptions utilised within the appraisal model.

Acquisition Costs – Acquisition costs have been applied based upon stamp duty land tax and purchasers legal costs associated with acquisition of the land and calculated at the appropriate rate for stamp duty, including 1.75% legal and surveyors fees.

Site Remediation – Site remediation costs have been assessed to be nil, assuming a greenfield site with no abnormal costs associated with development.

Infrastructure Costs – Standard site infrastructure costs relating to the provision of highway and services has been assumed to be included within construction costs.

Construction Costs – Residential construction costs have been assumed at a rate of £75 per sq.ft. (£807 per sq.m.) for houses and £85 per sq.ft. (£915 per sq.m.) for flatted accommodation. These sums are considered realistic, based on average construction costs included within recent appraisals undertaken.

Professional Fees – Professional fees have been assumed at a rate of 6.5% of construction costs, such sum comprising architects fees, mechanical and engineering fees, structural engineers, quantity surveyor, project manager and construction design and management consultants, assuming a standard housing type.

Contingency – A contingency rate of 5% has been adopted.

Statutory Costs – Assumed at a rate of £30,000, a sum considered appropriate from analysis of sites of a similar nature. This relates to Building Regulation fees and Planning Consent.

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Section 106 Payments – Section 106 payments have been assumed at that rate currently sought by SSDC amounting to a total average rate of £10,036 per dwelling comprising the following elements;

- Community Health & Leisure: £4,946 per dwelling.
- Primary Education Contribution: Every 5 dwellings generates a requirement for 1 primary school place @ cost of £12,257, i.e. average of £2,451 per dwelling.
- Secondary Education Contribution: Every 7 dwellings generates a requirement for 1 secondary school place @ cost of £18,469, i.e. average of £2,638 per dwelling.

It should be noted that this does not take into account any proposed CIL contributions.

NHBC – NHBC scheme costs attributed at a standard rate per unit.

Funding Costs – These are costs associated with the obtaining of funding from financial institutions within the present market – assumed at 0.25%.

Sale Agent Fees – Sales fees of 1.5% are considered appropriate for an average residential scheme.

Sale Legal Fees – Legal fees have been assumed at a rate of 0.5% as an average figure relating to residential schemes.

Residential Marketing – A rate of £1,500 per market unit has been applied to allow for an advertising budget for promotion of the scheme.

Interest – A cashflow has been created, taking account of the timescales within the project programme for expenditure and anticipated receipts. An interest rate on debt has been assumed at a rate of 6%, considered appropriate in the present financial market, despite the bank of England base rate being at a record low of 0.5%. Interest on accruals has been assumed at 2% based on the rates relatively achievable within the present market.

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Profit – Developers profit has been assessed based upon 17.5% of cost, this same profit figure equates 15.1% profit on value for the market housing. Profit on affordable units has been assumed at the reduced rate of 7.5% of cost (representing around 6.5% of value).

Market Housing – A capital value of £205 per sq.ft. has been applied as an average rate across the market housing within this medium density scheme, with a reduced value of £175 applied to flats.

Sales rates have been assumed at around 2 units per month.

Affordable Housing – Affordable housing values have been assumed at a rate akin to those values set out within the report. It should be noted that the new “affordable rent” model should increase those sums achievable to an average rate of around 65% of market value. This takes into account the required 67% rented and 33% low cost housing, which is suggested as appropriate.

It has been assumed that no grant would be achievable for the affordable housing element of the scheme.

Based on the above assumptions, a residual value for an average greenfield site with no abnormal costs or substantial infrastructure costs associated is assessed at £570,411, i.e. is likely to fall within the range of £550,000 to £600,000 per acre. Every site will however be different with differing densities, dwelling types and costs associated, hence the attached appraisal only provides an indication as to where site market values might currently stand based on current adopted planning policy.

A copy of the Residual Valuation is provided at Appendix IV.

4.7 Residential Conclusions

There are few new developments that have come forwards within Chard over recent years. The reason for this is likely to be two fold, arising firstly from transport infrastructure capacity issues and difficulties in bringing forward allocated developments to the east of the town as the infrastructure has not been able to be brought forward to facilitate proposals. The recent

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recession and ongoing market difficulties have exasperated the situation such that only 3 properties have been registered with the Land Registry as 'sold as new' over the past 2 year period. One new development of 14 new homes has been commenced in the past year and this as at September 2011 is presently nearing completion. The supply of homes to the market has therefore substantially comprised second hand stock, although there have been a number of entirely Social Housing schemes completed by specialist providers.

The supply of land has been similarly constrained although there are considerable tracts of land which are allocated for residential development to the east of the town as well as a few other sites that might be brought forward within the town through the relocation of sports facilities and other redevelopment opportunities.

It is considered that Chard having been constrained in terms of developments brought forward in recent years is likely to have a level of pent up demand and that it has the potential for up to around 4 developments to be brought forward to the market at any one time. It is however considered, within current market conditions, most appropriate to assume a rate of say 120 dwellings per annum.

Demand for housing types has been identified as follows:

Dwelling Type	Percentage Required
Detached House	32%
Semi Detached House	28%
Terraced House	12%
Bungalow	18%
Flat/Maisonette	10%
1 Bedroom	5%
2 Bedroom	32%
3 Bedroom	43%
4+ Bedroom	20%

The demand for affordable housing dwelling types has also been identified as follows:

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Property Type	1 Bedroom	2 Bedroom	3 Bedroom	4+ Bedroom
South Somerset Requirement	42.5%	32.7%	18.1%	9.7%

The average value for new market housing is currently considered to be as follows:

High Density Housing (Circa 50 dwellings per hectare) including a mix of flats and 3 storey town houses as well as a small number of more traditional properties would lie in the region of £190 - £200 per sq.ft.

Medium Density Housing (Circa 40 dwellings per hectare), might be anticipated to have an average value of around £200 – £210 per sq.ft.

Low Density Housing (Circa 30 dwellings per hectare), comprising traditional style detached and semi-detached housing with some terraced housing and bungalows but no flats might achieve average prices in the order of £220 - £240 per sq.ft.

Obviously the mix of housing will considerably affect the overall achieved levels with flats having lowest values in the present market, and after bungalows, terraced housing having the highest values per sq.ft.. For generic appraisal purposes, it is considered appropriate that an overall rate of £200 per sq.ft. should be applied, however for specific sites and more detailed appraisals, the above value ranges might be adopted.

Due to the lack of recent comparable evidence, average residential land values have been assumed to be approximately £550,000-£600,000 per acre (£1,323,300 to £1,443,600 per hectare) based on the application of present market conditions and current planning policy assumptions within a residual appraisal approach.

4.8 Agricultural Land Values

The majority of that land identified within CEDA is currently in agricultural use.

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The value of agricultural land is relevant when comparing existing land use value and proposed alternative use values and will depend upon the quality and nature of provision. Also if used for leisure/grazing a different (higher) value might be achievable.

By way of an indication however, it is noted that the District Valuer considers agricultural capital land values within the South West to lie in the region of £7,500-£8,000 per acre (£18,000-£20,000 per hectare) (VOA Property Market Report 2011).

4.9 Retail Overview

Usually retail values are represented by a rate per sq.ft. (or metre) on a zoned basis. This is however not considered appropriate for new developments where designs are not finalised.

It is understood that overall rates per sq.ft. currently being sought for existing town centre stock currently stands at an average of around £11 per sq.ft. but within a range of around £6 to £16 per sq.ft..

It is noted that for new space intended to be provided within a proposed key town centre development, agents considered rates of between £12 and £15 per sq.ft. for non food retail to be appropriate and adopted for appraisal purposes, yields of between 6.5% and 9%.

It is considered most likely that speculative retail values within those proposed new neighbourhoods in CEDA would have an overall rental rate of around £12 per sq.ft. and that a yield of circa. 9% would be applicable dependent upon nature of occupier and strength of covenant offered. Note on this basis it is considered viability would be marginal.

4.10 Employment Land/Space Overview

It is noted that employment land considered suitable for industrial/warehouse/office use is currently being marketed at Beeching Close, Chard at rates between circa. £250,000 and £500,000 per acre. These plots have been on the market since January 2010.

It is also noted that open storage land is presently being marketed off Furnham Road at a rate equating circa. £240,000. It is however considered that for employment land within

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CEDA, due to present market conditions, a rate of circa. £150,000 per acre might be considered a more appropriate assumption.

An average rental rate of £4.50 per sq.ft. is currently being sought for modern industrial units within Chard. A similar rate is understood to be achievable based upon transactions completed over the course of the last 4 years relating to small/medium units.

The Office market within Chard is not dynamic, although modern space is provided at the Chard Business Park off Furnham Road to the north of the town. Freehold B1 space at 17-18 Leech Road is understood to have sold in April 2008 at a price of around £800,000, representing a freehold value of circa £111 per sq.ft.

It is considered likely that new office space provided within CEDA might attract a rental rate in the order of circa £12 per sq.ft. in the present market and Industrial Space around £5 per sq.ft. with a variation of around 10% in either direction, dependant upon the specification, size and location of the space provided. Note that at this level, it would most likely be unviable to develop anything other than buildings of the most basic specification on a speculative basis. If however pre-lets or sales might be achieved, and it is identified elsewhere within this report that for example Numatic are seeking expansion space, then this might provide opportunity to progress development.

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5.0 DEVELOPER/LANDOWNER CONSULTATIONS

5.1 Introduction to Ownership Issues

The area to the east of Chard which forms the Eastern Development Area is in multiple ownership. The vast majority of the area is within the control of a number of developers through option agreements. Developers and Landowners have been invited to meetings at which both Thomas Lister and SSDC officers have been in attendance with a view to confirming the nature and extent of ownership, agreement as to those initial findings within the Market Assessment work undertaken, Aspirations/Proposals in respect of the land held, confirmation as to support or otherwise for the CRF and any other issues arising.

5.2 Identification of the Parties:

That work previously undertaken by SSDC and LDA Design provided detail as to the majority of those parties with an interest in those various parcels of land identified for development within the Eastern Development Area. This was supplemented by information derived from responses to the SHLAA and other communications in respect of the area of interest.

The following developers/landowners were invited to meetings and in most instances meetings ultimately secured;

- Abbey Manor Limited
- Mr. R. Arnold
- Bellway Homes Wales
- Charles Bishop Limited
- Mr. & Mrs. Lillington
- Midas Homes
- Morrish Homes
- Persimmon Homes South Wales
- Redrow Homes

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- Summerfield Developments
- Mr. H. Tolley
- Mr. R. A. Trott
- T.T. Investments Limited
- White Young Green
- Mr. M. Wilkes

The meetings that were subsequently held were briefly minuted and the following section provides a summary of the pertinent points arising.

5.3 Summary of Landowner/Developer Meetings:

A summary of the discussions and meetings that have taken place follows;

Abbey Manor Developments (Landowner – end Millfields)

- Indicated support in principle for reallocation of the CEDA.
- Confirmed prepared to dispose of interests to facilitate the scheme.
- Confirmed had previously provided information to District Valuer to facilitate consideration of value of his interest. Dismissive of valuation provided and suggested Stokes -v- Cambridge principles relevant.
- Noted CIL benefits as part of strategic approach but queried whether would deal adequately with site conditions.
- Questioned whether there would be potential for establishment of a Local Enterprise Area and SSDC to work with an engineering consultant to deliver the new highway.

Arnold (Trustee Landowner)

- Confirmed supportive of residential development on the site and reallocation accordingly.
- No option entered into currently, although discussions previously held with Redrow.
- Mr. Arnold holds the site as trustee for landowner.
- Site currently subject to shorthold agricultural tenancy.

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- Confirmed prepared to provide written confirmation of support for reallocation of the site.

Bellway Homes/White Young Green (Option Holders/Developers and Advisors)

- Confirmation Bellway hold option over part of CEDA with capacity for circa. 300 units.
- Consideration presently being given to early planning application for part of the site providing circa. 70 homes as an infill scheme.
- Bellway Homes had recently undertaken detailed market research in respect of scheme at Somerton.
- Noted careful consideration required to achievable sales rates but that 2.5 sales per month might be achievable in later phases as area perception improves.
- Noted concerns regarding consortium approach but in principle supportive of Local Highways Authority securing land and undertaking highways construction subject to avoiding issues of double counting where individual developers undertake highway works.
- Noted Bellway had held discussions with Abbey Manor in respect of land at Millfields and whilst negotiations were ongoing regarding other land, not in relation to this area within CEDA.
- Confirmed Bellway and Persimmon both supportive of the CEDA proposals and would confirm in writing.

Charles Bishop Limited (Developers)

- Supportive of planning allocations.
- Previously made representations to Planning Inspector in 1989 and 2001 in support of proposed allocation but concerned regarding delivery of entire highway prior to commencement of development.
- Advocated developers providing infrastructure as part of development and Highway Authority complete sections.
- No housing development viability issues in Chard.
- Considerations have failed to date due to conflicting interests.

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- Discussions with Abbey Manor regarding land at Millfields had not progressed beyond an offer to provide employment land in return for access.
- Other potential links would support development without including Millfields.
- Generally supportive of a phased basis but not entirely comfortable with timings proposed and use of CIL to support infrastructure requirements as well as (if necessary) CPO to deliver highway.

Morrish Homes (Owner/Developers)

- Morrish Homes have been continually supportive of the CEDA and been active participants in LDA Design consultations and in preparation of the CRF.
- Development capacity of land in Morrish Homes ownership assessed at circa. 70 homes.
- Requested confirmation as to whether site ownership issues and nature reserve had been resolved.
- No recent experience of Chard market.
- Morrish Buildings planning advisors have written confirming their belief that CIL support from other areas will be required.
- That the Oaklands Avenue site is one, if not the only site that should come forwards at an early stage (stand alone site).
- Noted viability is marginal.
- Build costs anticipated at circa. £140 per sq.ft. and sales circa. £200 per sq.ft.. Affordable housing receipts circa. £90 per sq.ft..
- Link road construction through their site results in reduced unit numbers and cost of circa. £300,000.
- Build out rate assumptions acceptable (CEDA deliverable over 16 year period).

Summerfield Developments/White Young Green (Developers)

- Concerns raised as to major developments potentially being pursued in isolation without comprehensive Chard proposals and in advance of proposals to implement CIL.

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- Summerfield hold interests in two sites within the area, 1 accessible from the existing highways network (Trott ownership), the other to the west of the town.
- Details in respect of Willows Way scheme confirmed – sales values circa. £200 per sq.ft., total development costs circa. £110 per sq.ft. including construction, fees, etc.. As to profit levels 20% ideal, 15% ok, 10% not appropriate. 2.5 dwellings per month considered excessive assumption for CEDA – Willow Way achieved 1 per month.

Tolley/Lillington/Wilkes (Joint Landowners)

- Confirmation received of support for the proposed reallocation of the site.
- Valuation issues identified as important.

5.4 Additional Contact

Additional contact was made with landowners affected by/in the vicinity of Millfields Link and consultation meetings subsequently held with both Oscar Mayer and Numatic Limited and correspondence entered into with Wessex Water.

Numatic (Adjacent Landowner)

- Own significant land to north of Millfields and currently constrained by size of site – seeking to expand and planning applications currently in hand to increase manufacturing space.
- Currently seeking to expand onto southern side of Millfields and have acquired small area already.
- No part of the existing site could be used as an alternative route for realignment of Millfields without considerable disruption to their operations.
- Have knowledge of and generally supportive of CEDA proposals, particularly highway enhancement aspects.

Oscar Mayer (Landowner)

- Advised not previously involved in consultation process.

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- Surprised to see two access strips to Millfields over land in their ownership.
- Have been in negotiation with another party regarding sale of the land but insufficient potential capital receipts to enable relocation of services provided on site – holding storage pending transport to customers and scientific research department.
- Would be happier if only one access proposed through their site and least disruptive if over the vacant site between their two operational facilities.
- Would be happy to speak to developers regarding a sale of land but would need to ensure price obtained reflected true value of the scheme.
- No intention otherwise to relocate these operational facilities and if they were to would most likely move locally.
- Could see some transport benefits of a through route for Millfields.

5.5 Consultation Conclusions

Whilst there are a few landowners/developers who have yet to respond to requests to discuss/meet, it has been established that the vast majority of persons with an interest in the area are supportive of proposals. The overall proportion of land in which discussions have been held is circa. 80%, the most notable exceptions being to the south of the A30 and understood to be within the ownership of T.T. Investments identified as W/CHAR/0050/N in the SHLAA, with whom no contact to September 2011 has been possible.

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6.0 COMPULSORY PURCHASE CONSIDERATIONS

6.1 Background and Rationale for a Compulsory Purchase Order

SSDC recognise the issues associated with site assembly and have previously considered resolutions to utilise CPO powers to support a site assembly process in both 2002 and 2006. However in both instances, the matter was subject to a detailed consideration as to the financial implications of utilising CPO powers and the resolution not ultimately taken forward due to the perceived financial implications of utilising such powers. Consideration was given to the use of CPO powers for the route of the highway or for acquiring development sites in their entirety subject to entering into a “back to back” arrangement with a selected development partner to delivery new housing.

In both cases, it was decided that the landowners/developers would require to join into a consortium and that comprehensive delivery would be on the basis of such an agreement.

The principal rationale for the use of CPO powers in this circumstance is to ensure the comprehensive delivery of the scheme in its entirety or possibly an initial phase to “kick start” the process. By securing the ability to acquire required land (and temporary working areas) through the Statutory process, the acquiring body is better able to facilitate the acquisition of land by negotiation and avoid the potential of being held to ransom by one or more land owners. It is quite possible that against a background of a potential CPO, all of the necessary land ownerships could be acquired by Private Treaty when otherwise it would not be the case; in doing so this speeds the acquisition and development process up to the benefit of all.

Without a CPO in place, or at least without any potential for one; it is highly unlikely that either the land required for the entire route of the Link Road or even the Millfield Link alone could be acquired by agreement and that the best that could be hoped for would be piecemeal development of parts of the road, enabling the release of pockets of development land along the route. Albeit, the Traffic Assessments undertaken to support the CRF would suggest little if any scope for such development to take place.

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It will be necessary for the acquiring authority to demonstrate to the Planning Inspector that, with the benefit of CPO powers the schemes (both highway and regeneration development) are deliverable, including confirmation that SSDC could undertake the delivery of the highways scheme (on a phased basis) with a funding mechanism in place.

On this basis, it will be necessary that SSDC have an identified funding source for the scheme, this might be through allocation of resources from its own budgets and recovery of expenditure through a CIL mechanism as proposed within the draft IDP for example, supplemented as required by additional funding sources that might be available, including New Homes Bonus and Growing Places Funds.

Invariably, certain land owners will have expectations that their land has an inflated value due to the fact that it provides an access to release development on adjacent otherwise landlocked land. Without a CPO, those landowners can simply refuse to sell their land unless consideration in excess of market value is paid. A CPO would allow the land to be acquired without agreement, leaving the settlement of compensation to be determined afterwards, thereby avoiding potential delays to the delivery of the wider scheme.

This is not to say that the use of a CPO can avoid the payment of ransom value where it properly exists in a “no scheme world“. For example, it is identified that a developer has secured a small section of land along the identified highway route at Millfield without any surrounding development land and potentially seeks “ransom value” in relation to their interest. If it is reasonable to assume that without the benefit of the new road network that is being secured through the CPO, that land already has development potential, then development value should provide the basis for compensation. Where that site would have the potential to provide the only means of access to a landlocked site, then compensation would have to reflect ransom value.

However, if it can be shown that in the “no scheme world”, without those highways infrastructure enhancements facilitated by the CPO, planning consent could not reasonably be expected to be granted, then any land acquired for the scheme would be valued on an existing use basis in accordance with normal market value principles. Failure to be able to demonstrate this premise in an absolutely robust manner would have the potential to

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significantly increase acquisition costs through the addition of “hope” or actual alternative use value.

6.2 Compulsory Purchase Powers

An acquiring Authority must have justification for making a Compulsory Purchase Order and one should only be made where there is a compelling case in the public interest.

There are two main potential enabling powers which require consideration. These being;

- Planning/Regeneration – in pursuance of the Town & Country Planning Act 1990 (Section 226) as amended by the Planning and Compulsory Purchase Act 2004, or
- Highways – in pursuance of the Highways Act 1980 (Sections 239 & 240).

The above two enabling powers are those that might most commonly be utilised by a Local Authority in these circumstances. As the HCA are known to be supportive of CEDA, it is also considered worth noting that the HCA also has wide powers to progress a CPO on regeneration grounds under subsections (2) and (3) of Section 3 Housing & Regeneration Act 2008.

The provisions of the Planning and Compulsory Purchase Act 2004 amended the TCPA 1990 enables Authorities to exercise their compulsory purchase powers if they consider that acquiring the land in question will facilitate the carrying out of development, redevelopment or improvement on, or in relation to, the land being acquired and it is not certain that they will be able to acquire it by agreement. The use of the words “on” or “in relation to” means that the scheme of development or improvement for which the land needs to be acquired does not necessarily have to be taking place on that land so long as its acquisition can be shown to be essential to the successful implementation of the scheme.

If only those land and property interests required to facilitate the construction of highways and implementation of highway improvements is to be pursued (albeit this will facilitate the regeneration of the town through development on adjoining lands), then the most appropriate powers would appear to be those contained within the Highways Act 1980. In

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these circumstances, the acquiring authority would be Somerset County Council acting as Local Highway Authority.

There are however additional infrastructure requirements identified within the Chard Regeneration Framework, including that of educational facilities. If land to facilitate such requirements were to be included within the 'scheme' for which CPO were to be progressed, then the enabling powers required are less clear, dependant upon the nature of requirements and this would therefore require further consideration.

6.3 Preliminary Estimate of Land Acquisition and CPO Costs – Entire CEDA Highways Infrastructure

There would be three principle costs involved in delivering the link road infrastructure (or sections thereof) through a CPO; the cost of acquiring the necessary land interests to construct the road and junctions; the cost of constructing the road itself and those administrative costs associated with delivering the scheme including running a CPO. This section seeks to establish an estimate of land acquisition costs and those CPO costs associated with the acquisition of those land and property interests required to deliver the entire scheme.

The extent of land required for road and junctions needs to be accurately determined through a proper design exercise however for the time being an estimate has been made based upon information available within the Chard Regeneration Plan – Phased Cost Plan prepared by Gardiner & Theobald in July 2010.

This plan provides an estimate of cost for the provision of road improvements on a phased basis and includes within the report a breakdown of the lengths of road required to be constructed or improved. For the purposes of this exercise it has been assumed that a single carriageway road of approximately 7m width will require around 12m width allowing for footpaths and landscaping. Where roads are being upgraded from 4.5m to 7.3m, an allowance of 4m additional width has been included.

In addition to the land required for the construction of the actual road and junctions, it will be necessary to secure temporary rights over some adjacent land to provide working space to

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carry out the construction. This could include an area for the contractor's compound if no alternative area exists in public ownership.

Where the route of the land bisects a site leaving an area of land either without access or of an un-usable shape or size then unless an alternative access can be provided through mitigation works, that part of the severed land would need to be acquired.

On this basis, including a contingency allowance of 10% for junctions and other ancillary land, a total land requirement of approximately 9.28 ha (23 acres) has been estimated.

	Combined
Phase 1	8,592 m ²
Phase 2b	9,600 m ²
Phase 2c	12,640 m ²
Phase 3a	16,588 m ²
Phase 3b	5,792 m ²
Phase 4a	17,340 m ²
Phase 4b	<u>13,812 m²</u>
	84,364 m ²
Contingency say	
10%	8,436 m ²
TOTAL	92,800 m²

The cost of acquiring land would be calculated in accordance with the Statutory Compensation code and as discussed above, if a robust planning argument can be established to demonstrate that without the road scheme for which the CPO is required, no development would be permitted, then market value would be based upon the existing (agricultural use in the main) for which most of the required land is put.

Assuming agricultural values to be assessed at £25,000 per ha (£10,000 per acre) plus a contingency of 25% for variation in values and unforeseen additions, a market value for land of around £350,000 has been calculated. In addition to this, further allowances would be required for basic loss, disturbance compensation and owners legal and surveyors fees. It would be usual at this stage, for the estimation of budget cost purposes, to assume a percentage of land acquisition costs to assess likely disturbance costs and fees.

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Allowing for an uplift against market value of 100% and 20% respectively for each of these, an initial estimate of land acquisition costs in order of £800,000 has been reached.

The cost of administering the CPO and acquisition process is hard to accurately forecast since it depends on the degree to which the scheme is subject to objections and the requirement for public inquiries on the planning and CPO, the number of separate interests to be acquired and the possible need to refer to Lands Tribunal on compensation matters if agreement cannot be reached on compensation amounts. For a scheme of this size and value, an allowance of £200,000 is considered appropriate, based on our experience of working with Local Authorities in pursuance of land acquisition through the statutory process.

A recent example would relate to the acquisition of various industrial premises located within Smethwick, West Midlands, where the cost of running a CPO through all stages but with no Inquiry was in the order of £50,000. This CPO was confirmed in September 2011. Another example where a Public Inquiry was required is that of acquisition at Camphill, Nuneaton, West Midlands where the initial CPO cost including an Inquiry are understood to have been in the order of £80,000.

All costs quoted exclude any allowance for VAT, finance and inflation.

Timescales for expenditure will depend upon the success of negotiations for acquisition in advance of adoption of the CPO and the level of objections raised. It is considered necessary to assume CPO process costs to be accrued over an 18 month period with fees and land acquisition/compensation payments throughout this period. Remaining acquisition/compensation costs will be substantially incurred within 3 years of the making of any CPO, with potential claim settlements extending over a further 6 year timeframe from acquisition.

In the event that the entire scheme highways infrastructure were to be progressed, then it is anticipated that this would be on a phased basis. Were this considered a likely proposition, then further consideration would be required.

A detailed financial appraisal which incorporates those sums identified above in respect of the entire CEDA area is provided in Section 7.0 of this report.

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6.4 Risk Assessment

The principle identified risks associated with the project include;

Risk	Likelihood	Impact	Mitigation
CPO failure <ul style="list-style-type: none"> ○ non delivery of project ○ negotiated pre-CPO acquisitions ○ abortive fee costs 	Low	High	Robust Planning Case and Statement of Reasons. Establish Funding Sources.
Compensation in excess of estimate	Medium	Medium	Detailed valuation assessment and inclusion of reasonable contingency. Robust planning statement to support no scheme world development position.
Construction costs in excess of estimate	Medium	Medium	Detailed cost assessment and inclusion of reasonable contingency.
CIL contribution delay	Medium	Medium	Adopted policy and robust implementation.
CIL contribution shortfall	Medium	Medium	Detailed and accurate initial Market Assessment and robust implementation. CIL contributions from outside of area can be used and other funding solutions might be established.

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6.5 Programme and Next Steps

In order to bring this project forward and achieve those regeneration outputs as identified in the Chard Vision, the following steps are recommended as being necessary in order further to pursue a Compulsory Purchase Order in respect of either the whole scheme or the Millfields Link element as an isolated phase;

- Establish detailed route and land requirement and ownership details.
- Ensure robust planning/highways argument is in place to support a “no scheme world” valuation approach.
- Firm up on estimate of costs of construction and land/property interest acquisition.
- Procure an Environmental Impact Assessment
- Establish potential funding programme through local and area wide CIL contributions, together with identification of additional funding sources to ensure all costs relating to both land acquisition and scheme delivery are fully financed.
- Secure Committee Resolution to the principle of using Compulsory Purchase powers and promote an Order to secure the development of the highway improvements.
- Commence negotiations with landowners with the aspiration of acquiring all necessary land interests by Private Treaty.
- Seek Planning Consent for the Infrastructure Works proposed.
- Issue Requisition Notices to confirm land interests.
- Draft the Order and prepare a Statement of Reasons in support of the Order.

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- Secure Committee Resolution to proceed with the CPO and “make” the Order i.e. publish the Draft Order.

The Order can then be served on affected parties and the objection process commenced. The process up to this stage might be anticipated to take a period of around 6 months with the entire CPO process if required taking a further 12 months or thereabouts.

A more detailed summary of the CPO process and financial programme is provided in Appendix V.

6.6 CPO Conclusions

In order to be able to provide evidence in support of the allocation of the CEDA through the Local Development Framework Plan process, it is clear that a resolution to utilise CPO powers, securing the route of the new highway infrastructure for at least the initial phase (the Millfield Link), will be required. This will form a critical element of the evidence base providing certainty as to the deliverability of either the key infrastructure required to facilitate the comprehensive proposals through all phases or to facilitate delivery of “Millfields” as an initial phase and would address issues which have prevented the scheme being brought forward over the past 20 years.

Failure to obtain such a resolution to use CPO powers in the event that negotiations should falter, places the ability to deliver a comprehensive development solution under considerable risk, with only piecemeal infrastructure and development likely to be delivered, if the existing highways infrastructure can accommodate even this.

The most appropriate enabling powers to progress a CPO will depend upon the extent of infrastructure to be facilitated. This report assumes only highways infrastructure would be required, however it is noted that substantial additional infrastructure requirements are identified, including educational facilities. The process to be followed would however be similar whichever enabling power is ultimately considered most appropriate, although if Highways, then the Local Highway Authority (Somerset County Council) would be the acquiring authority. The ability for the HCA to progress acquisitions through the Compulsory

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Purchase process is also identified, although if this were considered an appropriate mechanism, then additional partnering and funding documentation would be required.

The ability to robustly defend a position of no development without comprehensive infrastructure enhancements will be an important factor in both making the case for CPO and minimising the cost of land and property interest acquisition. Assuming this to be appropriate, then an initial budget estimate for that compensation likely to be payable for acquisition of those sites necessary to facilitate the highways works required would be in the order of £800,000 for the entire scheme, such sum including land and property acquisition costs, basic loss payments, disturbance and fees. The cost of running the CPO process might be in the order of circa £100,000 - £200,000 dependant upon the scale of CPO sought, providing a total initial estimated cost of around £1 million to complete acquisitions for the whole or see Section 8 relating to Building Millfields for those figures appropriate for the Millfields as a discrete early phase, excluding VAT, finance and inflation. To this sum would be added the cost of physically providing the infrastructure. As previously referred, the issue of phasing would also need to be addressed.

The CPO process from the making of an 'in principle' resolution to the publishing of a draft Order might be anticipated to be in the region of 6 months.

It is recommended that the scope for potential CPO be confirmed (highways alone or additional infrastructure) and that those steps outlined above be progressed, in order that an initial resolution to utilise CPO powers in the event that acquisitions by private treaty cannot be concluded can be obtained, hence providing evidence of the Council's ability to deliver the infrastructure required to facilitate Chard's Eastern Development Area.

The following section provides a summary overall viability assessment for the CEDA, which includes those CPO costs provided above input into the context of those overall costs and incomes anticipated in progressing the entire scheme.

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7.0 CIL VIABILITY ASSESSMENT – EASTERN DEVELOPMENT AREA

The basic principle behind the approach to the CIL viability assessment is the comparison of the anticipated scheme costs, against the income that might be generated by redevelopment. This is the basis upon which the Eastern Development Area of Chard has been assessed, assuming the scheme to comprise the highway infrastructure required to provide proposed development in accordance with the CRF and the CIL income which this might generate.

Initially, an overall viability assessment has been prepared which includes all that Highways infrastructure required to deliver the entire Eastern Development Area. A copy of the Scheme Viability Model follows.

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CLIENT :	South Somerset District Council					
JOB :	Chard Regeneration Area : CIL Viability Analysis					
REF :	TL 716b	Excluding Affordable Housing & Retail				
COST				TOTAL		
Land Acquisitions	ph 1	0.86 ha		£81,476	Mar-12	Sep-13
	ph 2a	0.96 ha		£91,034	Mar-12	Sep-13
	ph 2b	1.26 ha		£119,862	Mar-12	Sep-13
	ph 3a	1.66 ha		£157,299	Mar-12	Sep-13
	ph 3b	0.58 ha		£54,924	Mar-12	Sep-13
	ph 4a	1.73 ha		£164,430	Mar-12	Sep-13
	ph 4b	1.38 ha		£130,975	Mar-12	Sep-13
Road Construction	ph 1			£2,506,000	Oct-13	Jan-14
	ph 2a			£3,205,000	Oct-14	Jan-15
	ph 2b			£7,474,000	Oct-14	Jan-16
	ph 3a			£4,992,000	Oct-16	Jan-19
	ph 3b			£4,938,000	Oct-19	Jan-20
	ph 4a			£5,192,000	Oct-20	Jan-24
	ph 4b			£4,610,000	Oct-24	Jan-29
Professional Fees			15.00%	£4,937,550		
CPO Costs				£500,000	Jan-12	Jun-13
Legal fees				£500,000	Jan-13	Sep-13
Contingency			5.00%	£1,982,728		
Gross Development Cost				£41,637,278		
INCOME				TOTAL		
East of Oaklands Avenue		0.37 ha	7 units	£63,600	Apr-14	Apr-14
Land off Nursery Gardens		2.89 ha	57 units	£518,100	Apr-15	Apr-15
Between Chaffcombe Rd & A362		0.49 ha	10 units	£90,900	Apr-19	Apr-19
Holbear - South of Forton Road		1.32 ha	25 units	£227,300	Apr-20	Apr-20
Forton Road/Tatworth Road		5.59 ha	110 units	£999,900	Apr-24	Apr-24
South Avishayes Road		7.97 ha	155 units	£1,409,000	Apr-29	Apr-29
East of Oaklands Avenue		1.74 ha	45 units	£362,100	Apr-14	Apr-14
Land off Cook Avenue		0.42 ha	11 units	£88,500	Apr-16	Apr-16
Land South Crewkerne Road		1.31 ha	34 units	£273,700	Apr-16	Apr-16
Land East Henderson Drive		1.42 ha	37 units	£297,500	Apr-19	Apr-19
East of Oaklands Avenue		1.33 ha	34 units	£273,700	Apr-19	Apr-19
Between Chaffcombe Rd & A367		2.84 ha	74 units	£595,500	Apr-19	Apr-19
Holbear - South of Forton Road		5.20 ha	135 units	£1,086,100	Apr-20	Apr-20
Forton Road/Tatworth Road		7.65 ha	199 units	£1,600,900	Apr-24	Apr-24
South Crewkerne Road		0.62 ha	16 units	£128,700	Apr-29	Apr-29
South Avishayes Road		7.39 ha	192 units	£1,544,700	Apr-29	Apr-29
Land off Millfields Link		0.97 ha	31 units	£238,900	Apr-16	Apr-16
Land South Crewkerne Road		2.49 ha	81 units	£624,200	Apr-16	Apr-16
Between Chaffcombe Rd & A366		2.59 ha	85 units	£655,000	Apr-19	Apr-19
Forton Road/Tatworth Road		1.57 ha	51 units	£393,000	Apr-24	Apr-24
South Avishayes Road		1.75 ha	57 units	£439,100	Apr-29	Apr-29
		57.92 ha	1,446 units			
Town Centre Residential Units			63 units	£315,575	Apr-29	Apr-20
Commercial Sites						
TOTAL CIL CONTRIBUTIONS				£12,225,975		
Development Costs Shortfall				-£29,411,303		
Max cashflow deficit excluding finance				-£32,932,803		
Development Costs NPV				-£24,933,471		
Max cashflow deficit NPV				-£26,863,940		

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Those assumptions used in the appraisal model are set out below:

7.1 Scheme Costs:

Scheme costs comprise a number of elements, including site acquisition costs which are assumed for those reasons outlined earlier in this report to include those costs associated with acquisition, road construction costs, professional fees, CPO costs, legal fees, contingency and interest.

The estimated cost of acquisition to secure the route of the entire major highways infrastructure as described within the CRF has been assessed at circa £800,000 on the basis of existing use value assuming an overall existing usage of agricultural land. This is appropriate for the vast majority of the affected land, however a small element is in employment use and other amenity land not suitable for agricultural purposes.

Adjustments have been taken into account to reflect those additional costs that could arise if acquisitions were undertaken through the Compulsory Purchase route and in accordance with the Statutory Compensation Code. Such sums relate to potential Loss Payments, Disturbance and Professional Fees.

The estimated cost of constructing the highway is based on the CRF cost estimates of circa. £33 million.

To the above are added professional fees @ 15%, CPO costs of £500,000, legal fees of £500,000 and including a 5% contingency fee of circa. £2 million.

The model shows a resultant gross development cost of £41,637,278 excluding interest which would add a further £15,552,748 assuming an interest rate of 6% costs and 2% return on accruals.

7.2 Scheme Income

In this model, the only form of income shown is that of those CIL contributions arising from the scheme itself. This shows over all phases a total income of circa £12,225,975. This

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sum takes account all those CIL contributions anticipated to arise from the market housing delivered through all phases on the basis of £100 per sq.m.. These assumptions are in accordance with SSDC's draft IDP. It is possible that some additional CIL contributions might arise through any retail element of the scheme, however these have not been included as there is less certainty that this will be delivered.

The model shows that the scheme would only be achievable, with an anticipated overall contribution by the public sector of circa. £29,411,303 . The maximum cash flow deficit at anyone time is shown by the appraisal excluding finance costs at £32,932,803. These sums assume that only CIL contributions from within the Development phases around Chard would be utilised whereas CIL contributions from development elsewhere might be utilised to support the Chard regeneration scheme. Also New Homes Bonus might also be utilised to assist funding. Market variations would have the potential to increase or decrease the rate at which CIL contributions would become receivable.

This model shows that for SSDC to proceed in this manner would result in a considerable public sector expenditure commitment and it is understood that this would most likely not be supported by members at this stage.

Hence the approach has been adopted to assess the deliverability of the earliest phases and in this regard, CRF and the draft Core Strategy identify the necessity to deliver the Millfield Link, which comprises phases 2b and 2c as the most important initial phase and which would provide considerable benefit in delivering development on around 9.23 hectares (23 acres). The following section examines this option in somewhat greater detail.

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8.0 BUILDING MILLFIELDS

8.1 Introduction

The CRF proposes a phased approach to the development of the growth area to the East of Chard. The main aim of this is to direct growth to positive place making which is proposed to both regenerate the town centre and build neighbourhood centres, of which four are proposed to the Eastern side of Chard. The four neighbourhood centres are referred in the Regeneration Plan as Avishayes, Stop Line Slopes, Millfields and Holbear.

The phasing proposed seeks to minimise significant upfront investment and maintain, where possible, a positive cash flow. It will also provide for feasibility which should permit delivery of development incrementally, responding to the social, economic and environmental drivers to the development of the town.

The LDA work shows the initial phases of the proposed development to be likely to account for the most significant element of public sector funding required, to support that infrastructure creating the initial capacity for growth. Whilst phase 3 also shows a funding shortfall, the latter development phases are of sufficient scale to generate value to pay for infrastructure requirements and also to contribute through CIL to the earlier phases.

The creation of the “Millfield Link” is identified as the first phase (2b) in delivering scope for significant growth to the east side of Chard. Earlier phases predominately relate to the town centre plus delivery of employment space to the north of the town (phase 1) and Convent Road Junction improvements (phase 2a). Phase 1 is well underway with a developer partner anticipated to be selected in January 2012 in respect of the key Town Centre site identified. Funding has also been agreed and works commissioned in respect of the Convent Junction “MOVA” signal enhancements.

The Millfield Link comprises phase 2b and requires the greatest level of public sector funding assistance but potentially removes one of the greatest obstacles to delivery of the latter phases as well as immediately releasing land for the delivery of homes and employment space as set out below;

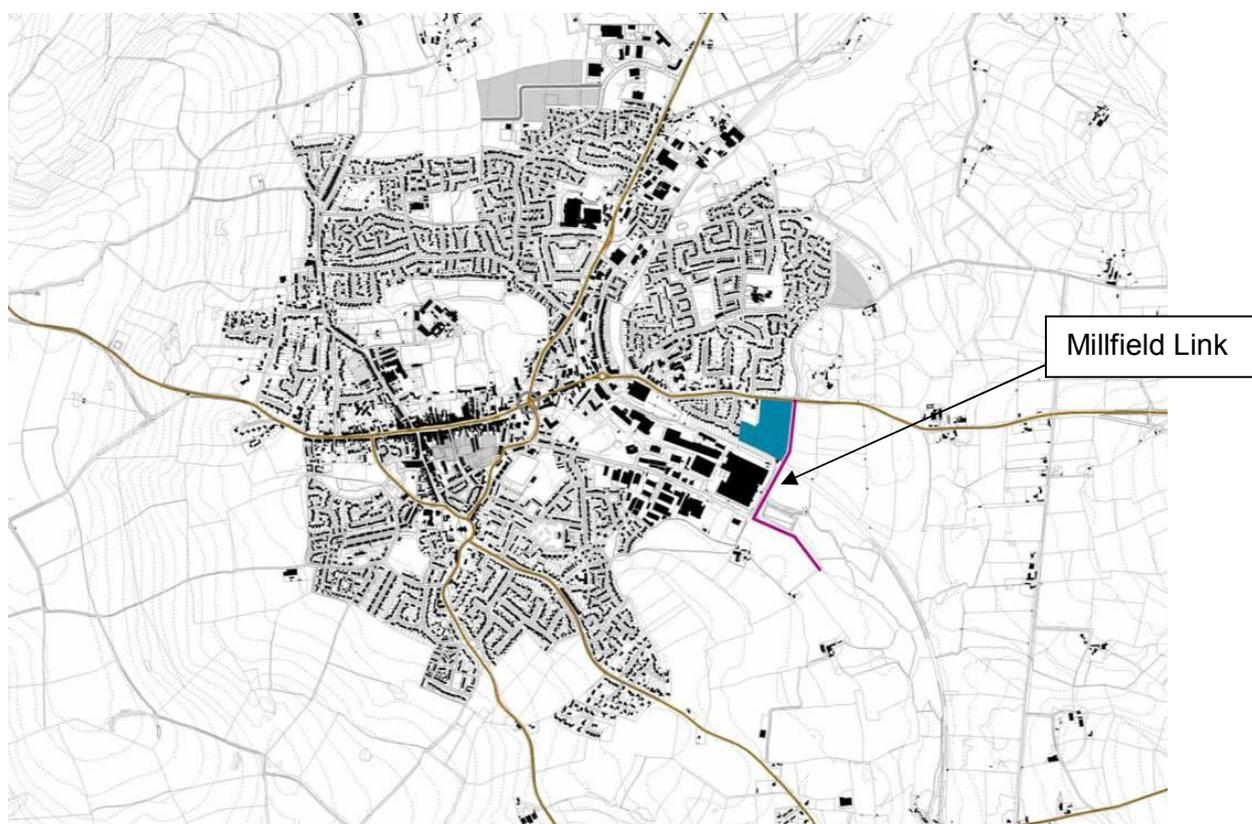
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8.2 Millfields Proposals

The main proposal forming the backbone of this and latter phases as set out in the CRF, is the creation of a link road between the A30 Crewkerne Road and Millfield. This releases land capable of providing 87 homes and facilitates the commencement of the phase 4b residential element at the Stop Line Slopes.

The route of the highways infrastructure is set out below in an extract from the CRF. This plan also shows the location of the initial housing phase identified with the building of Millfields, bounded by Nursery Gardens to the west, the Numatic factory to the south, Millfield Link to the east and the A30 Crewkerne Road to the north.

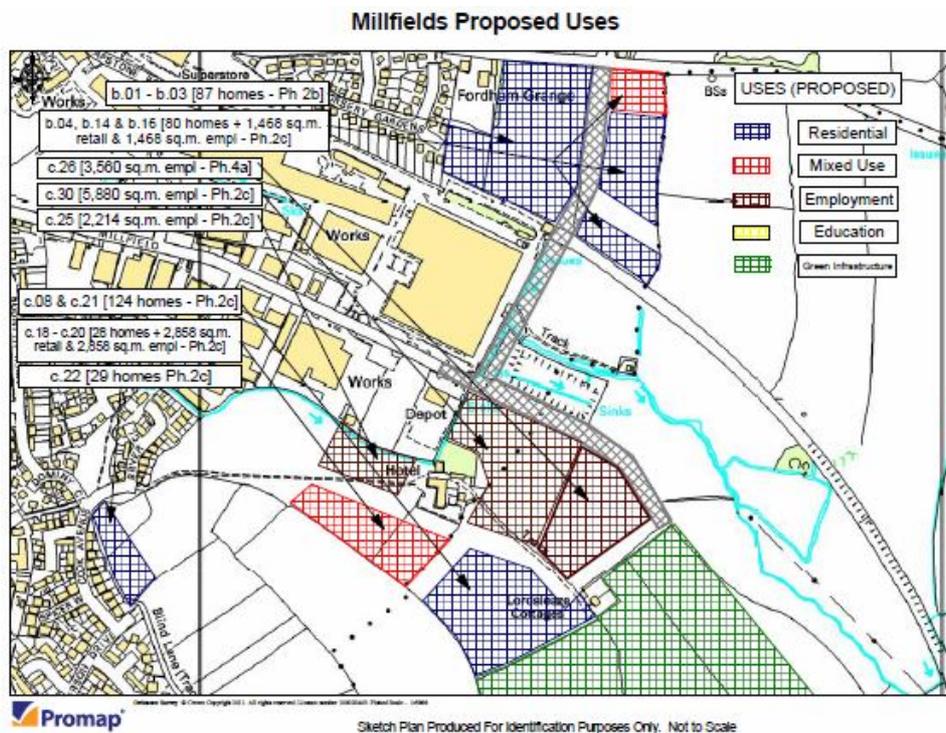


It will be noted that the key linkage identified is between Millfield and the A30, but that it also extends Millfield to the east which provides immediate access to employment land to the

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south. This link also provides access to significant elements of the proposed phase 2c as well as additional employment land forming part of 4a. The following plan identifies the areas of land and development uses which the Millfield Link potentially facilitates:-



Based on LDA Design CRF Proposals

The following table sets out the quantum of development potential released through the Millfield Link proposals as confirmed by LDA Design in August 2010:-

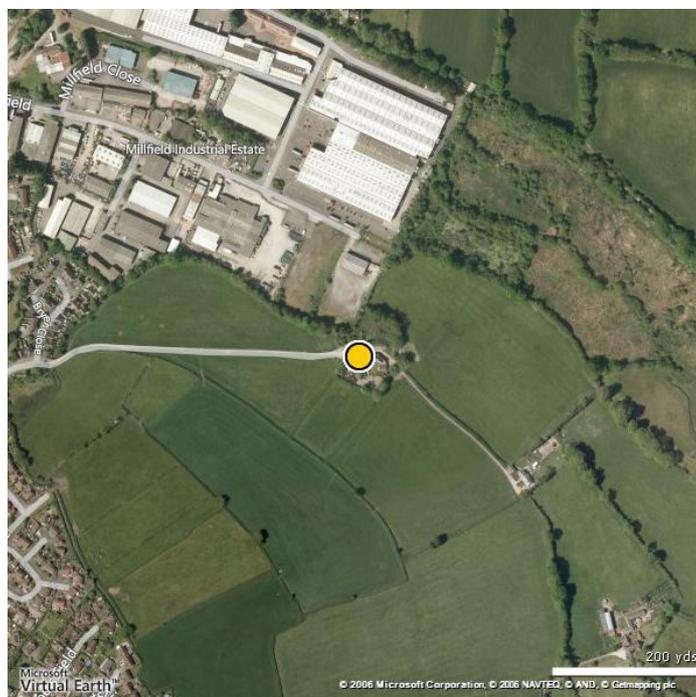
Type/Quantum	Location
Residential Units:	
167 dwellings	South of A30 Crewkerne Road
29 dwellings	North of Hudson Drive off Cook Avenue
153 dwellings	South east of Millfield Industrial Estate
97 dwellings	Town Centre
1.242 hectares Employment Land	East of Millfield Industrial Estate
0.4326 hectares Retail Land	East of Millfield Industrial Estate

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8.3 Existing Land Uses and Ownership

The character of the Millfields area is currently predominantly agricultural in nature with adjoining uses including residential and employment space, the latter being focussed around Millfield. It is noted that the Lordleaze Hotel is located to the south of Millfield and accessed off Henderson Drive. It is also noted that there is a floodplain and operational underground reservoir located to the east of Millfield. The following aerial photograph, derived from a CoStar Focus report and using Microsoft Visual Earth imagery which is centred upon the Lordleaze Hotel, shows the nature of the area.



The area is in mixed ownership, with developers including Somerfield, Charles Bishop Limited, Persimmon and Abbey Manor having either ownership or control through option agreements of the majority of the land proposed for development.

Abbey Manor's land holding is strategic rather than having any significant development potential in its own right. This area comprises a small narrow strip of land located at the end

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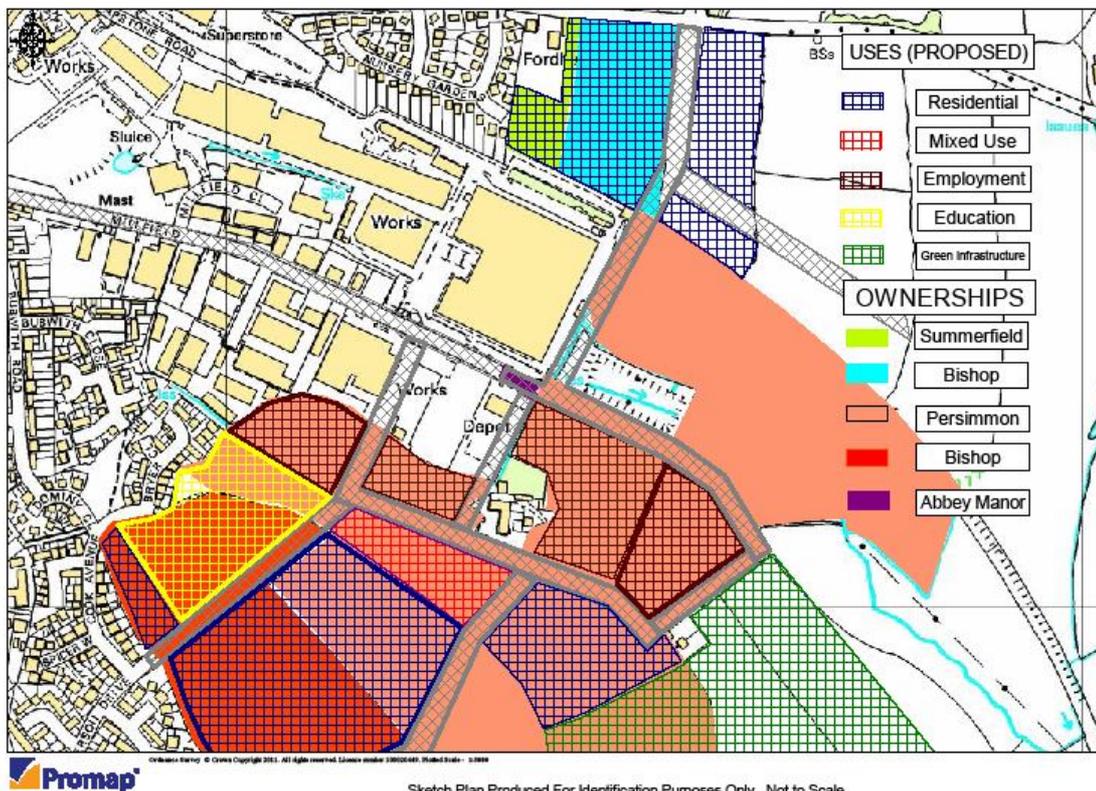
of Millfield and held with a view to achieving value from the potential for development to the east beyond.

Wessex Water own the operational reservoir located to the east of the Numatic factory to the northern end of Millfield.

T.T. Investments interest is presumed and has not been possible to confirm as no contact attempts have been reciprocated (as at September 2011).

A plan showing the entirety of those proposed land uses and various ownerships within Millfields follows:-

Proposed Highways, Ownerships and Allocations, Millfields Chard



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8.4 Issues Arising and the Case for CPO

Attempts to bring forward the Millfield Link have thus far been unable to progress through a number of issues as identified below:-

a. Fragmented/Multiple Ownership

The overall area proposed to come forward for development is within the control of a number of developers/landowners as identified in 8.3 above. These various owners whilst largely supportive of proposals have different aspirations as to phasing and values. In addition to the above, one of the owners holds a perceived ransom strip and is presently not seeking to actively progress negotiations with any party.

Another of the owners has thus far failed to respond to any attempts to communicate, although it is noted that a land registry entry suggests a caution having been placed on the title relating to a developer option. Whether any such interest remains is unknown but does suggest historic interest in transacting for the benefit of development.

It is also noted that Wessex Water own the reservoir to the east of Numatic Limited's interest. Wessex Water is a Statutory Authority and advises that the reservoir is operational such that any developments which affect this interest might not be easily accommodated. It is therefore essential that an early conclusion is derived as to whether it is viable to run the Millfield Link over the presently shown route, or whether a suitable alternative needs to be considered.

Various consortia of landowners have previously been loosely formed but no development to the east of Chard has yet been facilitated despite allocation for over 20 years.

b. Viability

It is evident, as previously referred and set out within the LDA Design work previously undertaken, that the Millfield Link is not viable to be brought forwards without some form of public sector funding support.

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With identified capital costs for the Millfield Link within the LDA Design work of £3,290,600 (including engineering, environmental impact assessment and design fees of £444,600) and the extent of land value generated from the Millfield Link identified at £2,323,750, it is clear that the scheme is not viable. To actually meet the target viability threshold of £200,000 per acre (as set out within LDA's methodology) would require public sector investment of circa £2 million.

Potential funding mechanisms are now emerging and proposed such as the adoption of CIL as well as the scope for use of the New Homes Bonus, the Growing Places Fund and a number of other initiatives recently announced by the coalition Government. Whilst one or more of these could be employed to assist viability and the scope for the scheme to be brought forwards by the private sector, it is considered highly unlikely that any consortia would emerge to take matters forward on this basis. These are further explored in Section 9.0.

c. Owners Aspirations and Present Market Conditions

Individual owners aspirations and market conditions have been set out in an earlier section of this report.

Whilst most individual owners/developers are supportive of the principals of the Eastern Development Area, in present market conditions, there is likely to be a significant preference to pursue and progress those most straightforward of sites within a developers portfolio. Without the Millfield Link road being provided, CEDA does not fall into this category, although it is clear that some of the developers within the area including Persimmon, Bellway and Charles Bishop could be interested in pursuing sites within their own control in isolation, albeit this would be in clear contravention of the phasing and infrastructure constraints and proposals set out within the CRF.

d. The Case for CPO

It is clear from the above and other sections within this report that without SSDC providing support to the CEDA, that the scheme will not be brought forwards due to

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viability issues, conflicting owner/developer aspirations and the requirement for significant infrastructure enhancements.

Whilst CIL and other funding contributions might be available, it is considered unlikely that the availability of funding assistance alone will deliver the necessary infrastructure. In the circumstances in order to provide certainty that Millfields as an initial phase can be delivered, there is little doubt that both Compulsory Acquisition of the land required to deliver highways infrastructure and the subsequent provision of that infrastructure will be required. This would provide a structured solution to:-

- Mixed Ownerships – Assuming CPO to be available there would be no need for a consensus/consortia agreement to be negotiated. Consultation and negotiations would of course be undertaken prior to and within the CPO preparation process and the background potential for CPO should render agreement with individual owners possible.
- Property Value Aspirations – A CPO would remove absolute necessity to agree valuation issues in advance of the scheme progressing and provide a statutory basis for compensation issues to be resolved.
- Negotiations with Disinterested Parties – Assuming all reasonable attempts are made to negotiate through the process, CPO would provide a mechanism to take ownership of land held by disinterested parties such that the scheme might proceed.
- Bring the process of construction of the required infrastructure within the control of SSDC – In the absence of this control, a structured consortia of owners/developers would be required and this is considered an unlikely prospect in this instance.

8.5 Site Acquisition Costs

The basis upon which land values will be assessed will be determined by those planning and other assumptions to be taken into account. It is clear from the CRF that the existing highways infrastructure within Chard is at capacity and that without infrastructure enhancements there is very limited scope to bring forward development of any scale and no

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scope to deliver significant development. Hence, at present, without accompanying infrastructure enhancements, no development potential exists.

The cost of infrastructure requirements places a considerable strain on viability which together with those additional issues as set out earlier, relating to ownership and differing aspirations renders no scheme likely to come forwards without a highways infrastructure scheme led by either SSDC or SCC.

If there were any opportunity otherwise, then surely during one of the property “peaks” over the course of the last 20 years that residential allocations over this land has existed, then development could already have been delivered.

Hence, the basis of valuation assumptions for site acquisition is that within a “no scheme world” there is no value attributed to alternative uses that would increase pressure on the existing highways infrastructure.

All the land required to facilitate the Millfield Link road comprising predominately agricultural land or floodplain amenity land has been assumed at an average rate of £10,000 per acre (£24,700 per hectare).

Land take, i.e. that land required in order to facilitate construction of the highways infrastructure, has been calculated based upon a 12 metre width for new roads. The LDA Design work assumes an 800 metre length of new road to be required, which at a width of 12 metres provides a total land requirement of circa. 9,600 sq.m.. To this sum is added a 10% contingency, making a total requirement of 1.06 hectares which takes into account those additional areas required for creation of junctions and other potentially required highway infrastructure.

Applying a rate of £10,000 per acre and then taking into account statutory compensation heads of claim including a contingency of 25% on land value, basic loss at 10%, disturbance at 100% and fees at 20% would provide an initial estimate for budget purposes of £100,137.

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8.6 Scheme Construction Costs

Construction costs in respect of the Millfields Link highway infrastructure have been assessed on the basis of that cost plan produced by Gardiner & Theobald in July 2010 for the CRF. This provides a cost estimate of £2,846,000 including construction profit and preliminaries.

To this figure is added 10% Engineering Design fees, Urban Design fees of say £60,000 and an Environmental Impact Assessment of say £100,000, providing a total of £3,290,600.

Additional provision is then made for professional fees at 5% costs associated with running this small scale CPO – around £100,000, legal fees of £100,000 and a 5% contingency on all the above (including land acquisition).

A total scheme cost (Gross Development Cost) of £3,942,369 is derived (excluding VAT and finance).

8.7 Development Potential Released and Financial Contributions

The scale of development that might be facilitated by the Millfield Link road has previously been set out within this report.

The SSDC CIL proposals as set out in the draft IPD provide for a rate of £100 per sq.m. of market housing and retail space to be adopted and hence the following table provides a summary of the scale of development facilitated by the Millfield Link which might provide CIL contributions;

SITE DESCRIPTION	AREA	MARKET UNIT NOS	CIL CONTRIBUTION
Land off Nursery Gardens	2.89 ha	57 units	£518,100
Land off Cook Avenue	0.42 ha	11 units	£ 88,100
Land South Crewkerne Road	1.31 ha	29 units	£233,300
Land off Millfields Link	0.97 ha	31 units	£238,900
Land South Crewkerne Road	2.49 ha	81 units	£624,200
Land South of Millfields Link	1.14 ha	18 units	£138,800

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SITE DESCRIPTION	AREA	MARKET UNIT NOS	CIL CONTRIBUTION
Town Centre Residential Units		63 units	£315,575
Retail Site Ref: C18	0.26 ha	642 sq.m.	£ 64,200
Retail Site Ref: C19	0.40 ha	1,000 sq.m.	£100,000
Retail Site Ref: C20	0.49 ha	1,215 sq.m.	£121,500
Retail Site Ref: B16	0.59 ha	1,468 sq.m.	£146,800

It should be noted that there is some uncertainty as to the scale of retail provision that might be generated and hence for viability calculation purposes, retail CIL contributions are excluded but might be available, the scale of which would be dependent upon detailed design and market conditions.

On this basis a total potential contribution to the scheme from CIL receipts is estimated at circa. £2.16 million, but might be anticipated to lie between circa £1.83m & £2.39m dependant upon unit mix and affordable/market housing ratio (see appraisals in Section 8.8.2. This sum and the timing of receipts will also be dependent upon market conditions.

The above table only takes account of CIL contributions arising direct from the deliverable areas outlined. CIL contributions from across the District could also contribute to this scheme and additional funding sources also identified.

8.8 Viability Appraisals

8.8.1 Infrastructure Appraisals

A summary appraisal which relates to the Millfield Link infrastructure provision is provided below which pulls together all those issues, costs and values referred to above in respect of Millfield Link road.

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CLIENT :	South Somerset District Council					
JOB :	Chard Regeneration Area : Millfield Viability Analysis Incl CIL Contributions					
REF :	TL 716b	Millfield Link				
COST				TOTAL		
Land Acquisitions	ph 2b	1.06 ha	100.00% allocation to Millfield	£100,137	Mar-12	Sep-13
For Road						
Road Construction	ph 2b	£3,290,000	100.00% allocation to Millfield	£3,290,000	Oct-14	Jan-15
Professional Fees			5.00%	£164,500		
CPO Costs				£100,000	Jan-12	Jun-13
Legal fees				£100,000	Jan-13	Sep-13
Contingency			5.00%	£187,732		
Gross Development Cost				£3,942,369		
INCOME	market for sale homes			TOTAL		
Residential Sites						
Land off Nursery Gardens		2.89 ha	57 units	£518,100	Apr-15	Apr-15
Land off Cook Avenue		0.42 ha	11 units	£88,500	Apr-16	Apr-16
Land South Crewkerne Road		1.31 ha	29 units	£233,300	Apr-16	Apr-16
Land off Millfields Link		0.97 ha	31 units	£238,900	Apr-16	Apr-16
Land South Crewkerne Road		2.49 ha	81 units	£624,200	Apr-16	Apr-16
Land South of Millfields Link		1.14 ha	18 units	£138,800	Apr-16	Apr-16
		9.23 ha	227 units			
Town Centre Residential Units			63 units	£315,575	Apr-16	Apr-20
Commercial Sites						
TOTAL CIL CONTRIBUTIONS				£2,157,375		
Development Costs Shortfall				-£1,784,994		
Max cashflow deficit excluding finance				-£3,942,369		
Development Costs NPV				-£1,737,409		
Max cashflow deficit NPV				-£3,601,033		

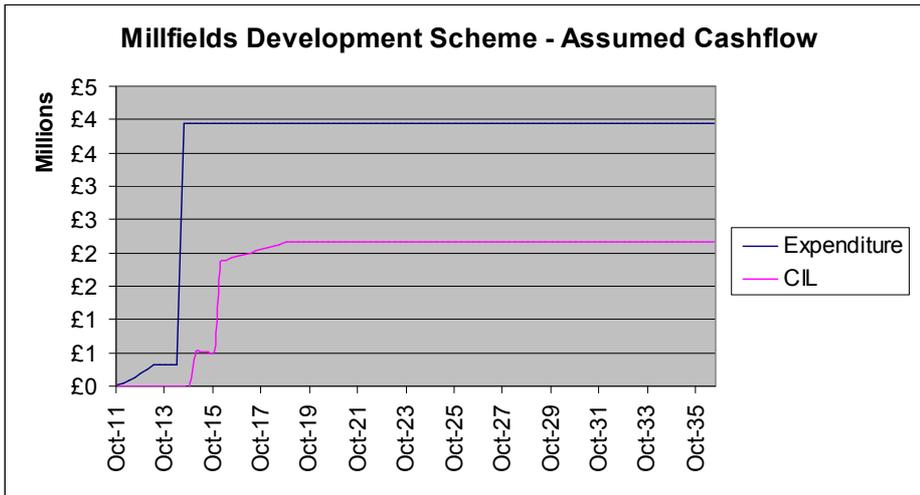
It will be noted that Land Acquisitions are assumed to commence March 2012 and to continue through to September 2013, reflecting likely CPO timescales of circa. 18 months.

CIL income is assumed to be received at commencement of development (consent implementation) upon each site, commencing April 2015.

A funding shortfall of circa. £1.785 million is identified with a maximum anticipated deficit at any one time of £3.94 million (excluding finance). This is illustrated within the following graph;

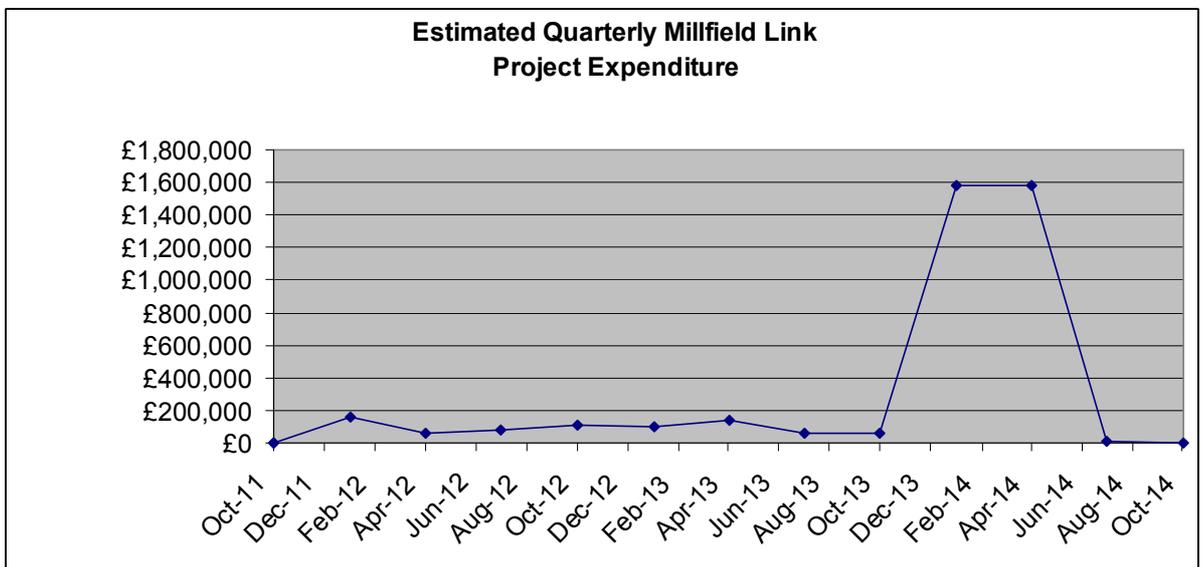
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The Net Present Value of these sums i.e. the current cost/value of the envisaged cashflows assuming a 3.5% discount rate which is that rate most commonly used by the public sector for appraisals of this nature, provides a funding shortfall of circa. £1.74 million and a maximum anticipated deficit at any one time of circa. £3.6 million.

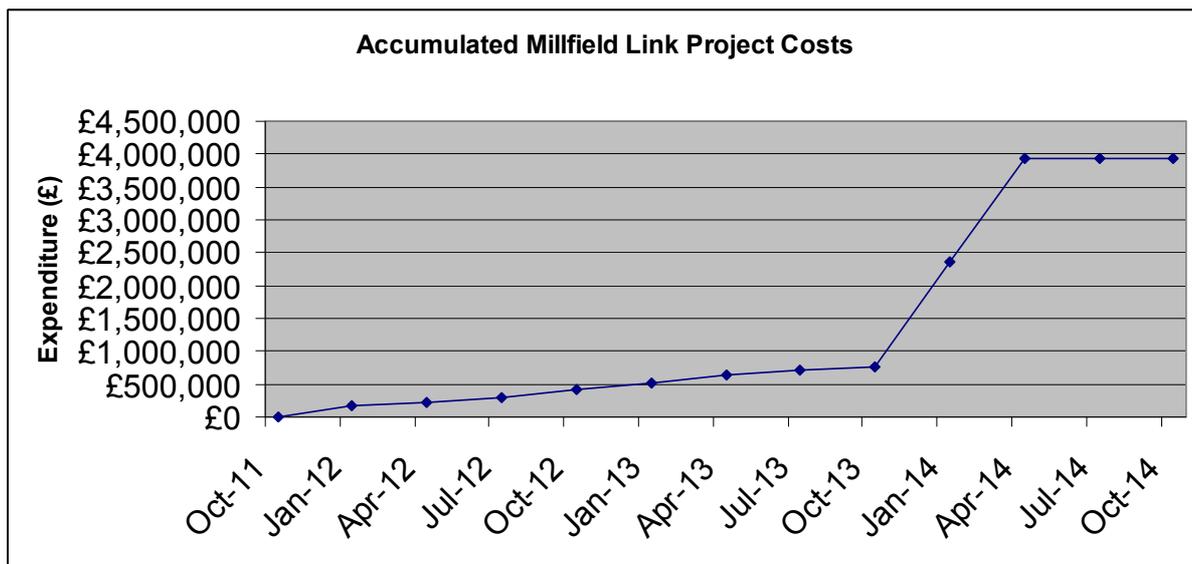
The anticipated overall project costs are set out in a little more detail within the following graph:



The estimated accumulated costs over the same timescale are shown below:

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8.8.2 Residential Appraisals

The appraisal in section 8.8.1 relates to the provision of the highways infrastructure required to facilitate the proposed development.

There would however be no benefit in providing this infrastructure if any scheme proposed to be facilitated were subsequently found not to be viable and hence most unlikely to be brought forward.

In the circumstances, separate summary development appraisals have been prepared in respect of that land identified as having potential to be brought forward as phase 2 within the CRF.

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CLIENT :		South Somerset District Council								
JOB :		Notional Residential Development Value - Residual Appraisal						35% affordable		
REF :		Plot B1 , B2, B3, B4, B14, B16, C8, C18-22, C25, C26, C30						START DATE Mar-12		
COST					TOTAL					
Land Value	9.23 ha	22.8 acres	£206,932 per acre		£4,717,657	Mar-12	Jun-17			
Acquisition Costs			5.75%		£271,265					
Site Remediation	0.0 acres	£0	included in Construction Costs		£0	Apr-12	Jun-12			
Infrastructure	0.0 acres	£0	included in Construction Costs		£0	May-12	Jul-12			
	No. of Units	Average Size Unit	Cost (per sq.ft)							
Market Houses	171 units	934 sq ft	159,714 sq ft		£75.00	Jul-12	Apr-18			
Market Flats	55 units	684 sq ft	37,620 sq ft		£85.00	Jul-12	Apr-18			
Affordable Houses	92 units	934 sq ft	85,928 sq ft		£75.00	Jul-12	Apr-18			
Affordable Flats	30 units	684 sq ft	20,520 sq ft		£85.00	Jul-12	Apr-18			
	349 units	28,221 m2	303,782 sq ft		28,221 m2					
Uplift for Code for Sustainable Homes post 2016		115 units	99,814 sq ft		£25 psf	Jan-16	Apr-18			
Professional Fees					£1,680,926					
Contingency					£1,377,066					
Statutory Costs					£80,000	Apr-12	Apr-12			
S106			per market unit		£10,036	Jul-12	Apr-18			
NHBC			per unit		£650	Jul-12	Apr-18			
Funding Costs					£119,069	Apr-12	May-12			
Sale Agents Fees					£575,060					
Sale Legal Fees					£238,137					
Residential Marketing			per market unit		£1,500	Jul-12	Sep-18			
CIL Contribution			per m2 built private for sale space		£100	Jul-12	Sep-18			
					£1,833,233					
					£39,586,763					
Value	Net	Area	35% affordable		Capital Value	purchasers costs 0.00%				
Market Houses	100%	159,714 sq ft			£205.00	£32,741,370	Jan-13 Oct-18			
Market Flats	85%	31,977 sq ft			£175.00	£5,595,975	Jan-13 Oct-18			
Affordable Houses SR	100%	57,572 sq ft	40.00% of mv		£82.00	£4,720,884	Oct-12 Jul-18			
Affordable Flats SR	85%	11,686 sq ft	40.00% of mv		£70.00	£818,030	Oct-12 Jul-18			
Affordable Houses Int	100%	28,356 sq ft	55.00% of mv		£112.75	£3,197,166	Oct-12 Jul-18			
Affordable Flats Int	85%	5,756 sq ft	55.00% of mv		£96.25	£554,002	Oct-12 Jul-18			
		295,061 sq ft	£27,703			£47,627,427				
Interest	on debt	7.00%			£82,335	Land Value Analysis				
	on accruals	2.00%				£206,932	Per Acre			
Profit on cost		22.50%	on spec		£7,184,553	£13,518	Per Unit			
		10.00%	on affordable		£773,775					
	NB equates	18.74%	profit on value (market)							
		8.33%	profit on value (affordable)							
Total Cost (exc land)					£42,909,770	£15.53	Per Gross Built Sq Ft			
Total Income					£47,627,427	£15.99	Per Net Built Sq Ft			
Residual Sum					£4,988,922	9.91%	As a proportion of Sales			
Land Value					£4,717,657					

This appraisal shows the sites facilitated by the Millfield Link to provide both CIL contributions of £1,833,233 based on a rate of £100 per sq.m. for market housing (assuming affordable content at 35% provision) and Section 106 contributions of £2,268,097 relating to current policy requirements in respect of Community Health, Leisure and Education and produces an anticipated residential land value of circa. £4.7 million, representing £207,000 per acre, which whilst considerably less than the currently identified land value of circa. £550,000-£600,000 within the Market Assessment section of this report, does nonetheless produce sufficient uplift in value from existing agricultural land values and current option level values understood to be in the region of £200,000 per acre, to remain (marginally) viable. It should

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however be noted that there may be other abnormal site conditions or costs associated with the sites that have not been taken into account.

The IDP suggests that for housing to be viable within CEDA, that a reduced Affordable Housing requirement of 15% should be applied. The following appraisal applies this proposed reduced affordable housing requirement and derives a land value of circa. £7.7 million equating around £336,000 per acre. In this instance, due to the higher proportion of market units, CIL contributions are increased to circa £2,393,454.

CLIENT :		South Somerset District Council						
JOB :		Notional Residential Development Value - Residual Appraisal				15% affordable		
REF :		Plot B1 , B2, B3, B4, B14, B16, C8, C18-22, C25, C26, C30				START DATE Mar-12		
COST						TOTAL		
Land Value	9.23 ha	22.8 acres	£336,578 per acre		£7,673,333	Mar-12	Jun-17	
Acquisition Costs			5.75%		£441,217			
Site Remediation	0.0 acres	£0	included in Construction Costs		£0	Apr-12	Jun-12	
Infrastructure	0.0 acres	£0	included in Construction Costs		£0	May-12	Jul-12	
	No. of Units	Average Size Unit		Cost (per sq.ft)				
Market Houses	223 units	934 sq ft	208,282 sq ft	£75.00	£15,621,150	Jul-12	Apr-18	
Market Flats	72 units	684 sq ft	49,248 sq ft	£85.00	£4,186,080	Jul-12	Apr-18	
Affordable Houses	40 units	934 sq ft	37,360 sq ft	£75.00	£2,802,000	Jul-12	Apr-18	
Affordable Flats	13 units	684 sq ft	8,892 sq ft	£85.00	£755,820	Jul-12	Apr-18	
	349 units	28,221 m2	303,782 sq ft	28,221 m2				
Uplift for Code for Sustainable Homes post 2016		115 units	99,814 sq ft	£25 psf	£2,495,352	Jan-16	Apr-18	
Professional Fees				6.50%	£1,680,926			
Contingency				5.00%	£1,377,066			
Statutory Costs					£80,000	Apr-12	Apr-12	
S106			per market unit	£10,036	£2,960,569	Jul-12	Apr-18	
NHBC			per unit	£650	£226,850	Jul-12	Apr-18	
Funding Costs				0.25%	£135,152	Apr-12	May-12	
Sale Agents Fees				1.50%	£750,352			
Sale Legal Fees				0.50%	£270,303			
Residential Marketing			per market unit	£1,500	£442,500	Jul-12	Sep-18	
CIL Contribution			per m2 built private for sale space	£100	£2,392,454	Jul-12	Sep-18	
					£44,291,124			
Value	Net	Area	15% affordable	Capital Value	purchasers costs 0.00%			
Market Houses	100%	208,282 sq ft		£205.00	£42,697,810	Jan-13	Oct-18	
Market Flats	85%	41,861 sq ft		£175.00	£7,325,640	Jan-13	Oct-18	
Affordable Houses SR	100%	25,031 sq ft	40.00% of mv	£82.00	£2,052,558	Oct-12	Jul-18	
Affordable Flats SR	85%	5,064 sq ft	40.00% of mv	£70.00	£354,480	Oct-12	Jul-18	
Affordable Houses Int	100%	12,329 sq ft	55.00% of mv	£112.75	£1,390,072	Oct-12	Jul-18	
Affordable Flats Int	85%	2,494 sq ft	55.00% of mv	£96.25	£240,067	Oct-12	Jul-18	
		295,061 sq ft	£12,038		£54,060,628			
Interest	on debt	7.00%		£178,874	Land Value Analysis			
	on accruals	2.00%			£336,578	Per Acre		
Profit on cost		22.50%	on spec	£9,258,533	£21,987	Per Unit		
		10.00%	on affordable	£332,096				
	NB equates	18.51%	profit on value (market)		£25.26	Per Gross Built Sq Ft		
		8.23%	profit on value (affordable)		£26.01	Per Net Built Sq Ft		
Total Cost (exc land)				£46,387,294				
Total Income				£54,060,628				
Residual Sum				£8,114,550	14.19%	As a proportion of Sales		
Land Value				£7,673,333				

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In addition to residential value released through the provision of the Millfield Link infrastructure there are a number of employment sites identified within the phase totalling circa. 1.24 hectares (3.06 acres) which would release a land value of circa. £460,000 assuming a rate of £150,000 per acre (current market sentiment), although the scope to bring these forward might be considered limited in present market conditions. It is however understood that Numatic are actively seeking scope to expand production facilities which might well provide opportunity for a pre-sale/let hence rendering the opportunity at least partially realisable.

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9.0 FUNDING OPPORTUNITIES

CEDA has been identified within the Somerset Local Investment Plan (LIP) as a priority scheme for investment. The LIP is a document that has been agreed between Local Authorities in Somerset and their partners, including the HCA, as a means of ensuring a comprehensive and coordinated approach to managing investment.

Whilst identification as one of a number of priorities on the LIP does not guarantee funding provision coming forwards, it will be a useful tool and assist the case in seeking funding from the HCA or other potential funding sources.

A number of funding opportunities are identified below and it is noted that the Government is currently keen to be seen to be providing support to those projects that might deliver economic and housing growth.

9.1 Community Infrastructure Levy

As previously outlined, a general presumption had been made throughout this report that one of the major potential funding sources to assist in delivery of Millfields/CEDA is that of the Community Infrastructure Levy (CIL).

An Infrastructure Delivery Plan (IDP) is at its draft stage and is proposed to be adopted forming part of the overall LDF for SSDC.

This IDP identifies the CEDA as an area requiring infrastructure investment.

The development proposed within CEDA will, assuming adoption of the proposed CIL policy, produce CIL contributions which could be utilised to assist in the provision of infrastructure requirements. Other residential and retail developments around the District will also all contribute to the CIL funds collected by SSDC and be allocated accordingly. It will be a matter for Members to agree as to how such CIL income might be apportioned between the various priorities which includes the Yeovil Urban Area, Yeovil Urban Extension, Chard,

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Ilminster and Castle Cary and Arisford as projects with critical funding requirements in order to deliver development over the plan period.

9.2 New Homes Bonus (NHB)

The New Homes Bonus scheme commenced in 2011/12. NHB is intended as a simple mechanism to incentivise housing growth. It is based on the Council Tax of additional homes and those brought back into use, with a premium amount paid for affordable homes. It is proposed to be paid over a 6 year period commencing April 2011. Under the scheme each new home (Band D) earns the Council payments of about £9,000 with an additional £2,100 more for each affordable home.

It is understood that SSDC received for the current year £601,146 based on new homes delivered in 2009/10.

Unless the scheme is extended beyond 2015, it is considered that CEDA will contribute little towards SSDC NHB receipts, however Members may decide that receipts from elsewhere might be utilised to support CEDA.

9.3 Regional Growth Fund

The RGF is a £1.4 billion fund operating across England between 2011 to 2014, with the aim of rebalancing the economy in areas currently heavily reliant on the public sector. It supports projects and programmes that lever private sector investment creating economic growth and sustainable employment; assisting the transition to sustainable private sector led growth and prosperity.

It is anticipated that it would not be easy to make the case for the RGF to assist in delivery of CEDA, albeit some case might be made if one of the major employers in the area sought to expand into CEDA.

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9.4 Growing Places Fund (GPF)

The Growing Places Fund aims to help address those funding constraints relating to physical infrastructure required to realise housing and economic growth. The idea is to provide targeted investment in pieces of infrastructure which unlock development, allowing places to realise development values which can be recycled to provide a longer term solution to infrastructure provision. Proposals for the current funding tranche needed to be submitted by respective LEPs prior to 20th December 2011. It is uncertain whether further tranches will be made available.

9.5 Homes & Communities Agency (HCA)

It is noted that whilst the HCA has thus far been unable to commit to providing significant financial support to CEDA, due to its present funding position, the HCA has recently taken over previous RDA assets including an interest in the Chard Town Centre Boden Mill/ACI site. It is possible that this sale shall produce a capital receipt which will be apportioned between SSDC and the HCA on a pro rata basis according to the value of capital inputs into the scheme.

It is possible that both SSDC and the HCA might wish to see any such capital receipt reinvested into the Chard area, helping to bring forwards the residential and employment regeneration that CRF promoted and particularly the Millfield Link as an initial phase.

The HCA also promotes a number of initiatives from time to time including the “Get Britain Building” programme. Timescales are often tight and the availability of such a programme at an appropriate time cannot be guaranteed. Such programmes are also more likely to support development through loans and shared equity arrangements than grants.

9.6 Prudential Borrowing

SSDC might wish to consider the use of Prudential Borrowing as a means to assist capital investment into CEDA assuming it to be demonstratable that the investment was prudent, affordable and sustainable.

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9.7 Section 106 Contributions

Whilst Section 106 contributions will continue to be sought from developments around and within CEDA, the scope of such payments will be reduced so as to cover local site mitigation and affordable housing contributions, with that infrastructure required to support growth now being proposed to be supported through the CIL mechanism.

9.8 Tax Incremental Financing (TIF)

Whilst Tax Incremental Financing schemes provide the opportunity for Local Authorities to retain growth through increases in business rates provided within an area to support substantial infrastructure costs which facilitate employment growth, there is considered insufficient scale of opportunity within CEDA to render this a viable proposition.

9.9 Regional Infrastructure Fund (RIF)

The South West RIF has supported a number of schemes throughout the South West, however original funds are understood to have been committed and it is unlikely that any recycled funds will be available in the short term.

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10.0 CONCLUSIONS

Development proposals for the Eastern side of Chard have been on the planning agenda for over 20 years.

Consideration has previously been given to delivery of a Distributor Road to facilitate growth in Chard. This is the proposal contained in the adopted Local Plan.

CRF provides the basis for proposals contained within the proposed Core Strategy forming part of the draft LDF. A Traffic Assessment prepared as part of the CRF confirms that Chard's highway network is at capacity and that no new significant development can be brought forwards in the town without accompanying highway infrastructure enhancements.

CRF proposes as part of preferred option 3 the provision of up to around:

- 3,207 dwellings
- 17 hectares of Employment Land
- 2 primary schools
- 4 neighbourhood centres
- Highway infrastructure improvements
- Sports and open space provision

Delivery of identified development is proposed within the CRF to be delivered in incremental phases with each phase minimising those infrastructure costs associated with delivery of each phase through the offset of development delivered and use of an equalisation strategy such that those elements of the development capable of financially supporting other elements do so. Within this proposal, earlier phases bear the greatest share of infrastructure costs, which renders delivery of these early phases unviable without some form of public sector assistance. CIL proposals are identified as one of a number of options to assist funding for infrastructure.

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Market Assessment work undertaken as part of this Feasibility Report suggests that residential development in the eastern area of Chard should be viable taking into account both CIL and Section 106 contributions/requirements. This position is further supported through appraisal work undertaken. Studies undertaken as part of the IDP in support of CIL provides reservation as to whether development within CEDA might be able to both contribute to CIL and deliver the full affordable housing requirement, such that a reduced rate of 15% is proposed.

Consultation with landowners and developers holding an interest in land within CEDA suggests a high level of support in principle with the reallocation proposals, use of CIL to deliver infrastructure and confirms delivery to be viable if major infrastructure is provided. Aspirations for respective sites and phasing reservations however suggest it unlikely that any consortia that SSDC could work with is likely to be forthcoming in the short term particularly in present market conditions.

The CRF and draft Core Strategy clearly identify the Millfield Link as one of the earliest priority phases of development to be brought forwards. This would provide the capacity to delivery approximately:-

- 349 dwellings (+97 within town centre)
- 1.24 hectares of employment land
- 0.43 hectares of retail land
- 8.92 hectares of green infrastructure

Delivery of the Millfield Link will require SSDC input both in terms of providing a strategic approach, funding and physical completion of infrastructure works.

The clearest mechanism by which SSDC might take delivery of the Millfield Link forward, with least risk attached as to ultimate delivery, would be to acquire the land required to provide the highways infrastructure and ultimately to procure the construction direct. This would most likely require a Compulsory Purchase Order to be pursued in order to satisfactorily negotiate all those necessary interests to progress the scheme. It is considered that such an approach would have an overall cost in the order of £3.94 million but potentially offset in part through CIL contributions directly brought about within CEDA of

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circa. £2.16 million. The remaining deficit might be recovered as part of the District wide CIL mechanism with additional contributions through such schemes as the New Homes Bonus for example.

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11.0 RECOMMENDATIONS/WAY FORWARD

It is clear that SSDC needs to take a leading role in delivery of CEDA.

The most significant and appropriate means of providing confidence, assistance and real momentum to the scheme would be to seek to deliver the highways infrastructure identified as the Millfield Link.

SSDC/SCC have the statutory powers available to progress acquisition of the land required to provide the road, funding mechanism(s) have been identified to fund both acquisition and construction of the scheme, albeit requiring initial upfront expenditure which would then be recoverable in stages as development progresses.

Furthermore most of the affected owners/developers have expressed support in principle of reallocation as set out in the CRF and to apportionment of costs based on a CIL contribution. Also, the viability of the residential elements appears positive, and a significant local employer is understood to be seeking expansion space. Hence, if the Highway Infrastructure is provided, then the development opportunity should be realisable.

In the circumstances, it is recommended that authority be sought from members to confirm ;

1. The principle of SSDC seeking to deliver the Millfield Link, through acquisition of those interests necessary to provide the highways infrastructure. Whether the acquiring authority would be SCC or SSDC would depend upon the final decision as to the most appropriate enabling powers to be pursued.
2. Detailed research and investigations be carried out to confirm the viability and anticipated costs associated with construction of the Millfield Link in the location and design as identified in the CRF. The responsibility for this area of work would likely be the SCC in partnership with SSDC, highways design perhaps being provided by SCC but any Environmental Impact Assessment work for example being the responsibility of SSDC.

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3. Ensure that budgetary provision is made to procure an Environmental Impact Assessment, secure the necessary land, obtain planning consent and procure construction of the highways infrastructure.
4. The principle of utilising those funding mechanisms available to offset initial expenditure most likely to be in the form of CIL contributions but with potential contributions from other sources such as New Homes Bonus or other funding such as the Growing Places Fund.
5. Seek to progress land acquisitions through negotiated settlements.
6. Seek to progress acquisition through the Compulsory Acquisition process in the event that negotiated settlements are not achievable within a reasonable timescale.



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Date:6th January 2012.....

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