



# Site Acceleration Project

## Summary Report

Prepared for

West of England Local Enterprise  
Partnership Infrastructure and Place Group

January 2014





## Contents

	Executive Summary	1
1.0	Introduction	5
2.0	Market Overview	8
3.0	Study Methodology	14
4.0	Site Assessment Summary	16
5.0	Key Themes	18
6.0	Conclusions and Recommendations	27

## Appendices

1	Site Assessment Summaries
2	Site Summary Table

## Executive Summary

- i.i Alder King was instructed by the Housing Delivery Group on behalf of the Local Enterprise Partnership (LEP) Infrastructure and Place Group (IPG) in late August 2013 to assess whether a series of 'stalled' residential sites identified by the IPG could be brought forward for development in an expeditious manner. The study in reviewing and understanding the reasons for the lack of progress / delivery since planning consent was granted on the sites, identifies what actions might have assisted in accelerating progress earlier.
- i.ii ATLAS, the independent advisory service set up by DCLG to support Local Authorities in dealing with large and complex housing-led projects, agreed to carry out a separate investigation into the Redcliff Village site, and this was carried out alongside the study.
- i.iii The study was undertaken in what is a rapidly changing property market, in the region and particularly in the West of England. In general, a positive picture has continued to build over recent months. There is widespread evidence of on-going recovery in the residential sector, with numerous surveys demonstrating stronger activity, improving house price levels and increasing demand
- i.iv Consequently, Alder King found that over half of the sites studied had been the subject of some form of positive activity, through either:
  - ▶ a change in site ownership,
  - ▶ pre-application discussions with the relevant Council,
  - ▶ preparation for the re/submission of planning applications,
  - ▶ marketing for residential development,
  - ▶ start of development on site (or imminent commencement).

- 
- i.v The focus of the study has therefore been twofold:
- ▶ to understand the reasons for the lack of delivery since planning consent was granted and to identify what actions might have assisted in accelerating progress earlier.
  - ▶ to establish if there are any 'interventions' that the UAs or the LEP can make in order to bring sites forward which have yet to see significant activity, and which might apply to 'stalled' sites outside of the study.
- i.vi The assessment of the sites by Alder King, whilst a relatively small study sample size, revealed a number of common key themes. These are described in the report and relevant examples of issues encountered are highlighted.
- ▶ Scheme Viability
  - ▶ Scheme Content / Design
  - ▶ Section 106 Obligations and Planning Conditions
  - ▶ Technical Site Issues
  - ▶ Personal Circumstances
  - ▶ Existing / Current Use
- i.vii The over-arching conclusion to be drawn from the study is that the West of England is not atypical, and that there are no systemic issues existing here that are acting as a brake on development. In fact, current economic and market indicators show that the recovery in the sub-region is ahead of the South West and most areas, outside of Greater London.

## Key Observations

- i.viii Whilst market activity is generally limited to prime and good quality secondary sites in the West of England, economic, employment and market indicators have begun to reflect a consistently positive trend as seen by progress on the study sites.
- ▶ Of the 17 sites assessed, some form of planning or pre-planning or disposal activity has taken place in respect of all but one of the sites, at the time of undertaking the project research (November-December 2013).
  - ▶ In the case of 4 of the sites, on-site preparatory development works are expected to begin in the next 6 months.
  - ▶ Market intelligence, interviews with landowners and developers and the planning activity suggests that development activity should start on all of remaining sites within 6-12 months.
  - ▶ 13 sites (928 units with potential for a further 250) have the potential for future activity in the next six months
  - ▶ 4 sites (50 units) have potential to start on site in the next six months
- i.ix There are encouraging signs for the study sites, the assessment has identified a number of 'lessons to be learned' for the LEP and Unitary Authorities. Some of which will reinforce and confirm that strategies used and approaches to certain types of projects were the right ones to adopt.
- i.x A number of issues and site stalling factors identified suggest that all organisations involved in the development delivery process could work more closely together, adopt different ways of working or make small changes to existing processes in place



## **Summary of Recommendations**

1. The UAs to review their signpost advice, guidance and further information
2. The UAs to review planning processes post consent i.e. the discharge of conditions
3. UAs to consider how to better monitor, collate and review planning intelligence
4. UAs to consider whether engagement with property agents could be improved, and whether the link with 'Invest in Bristol and Bath' could be strengthened
5. UAs to consider whether better use could be made of the LEP Network to monitor and benchmark against similar projects.

## 1.0 Introduction

- 1.1 This report summarises the findings of the Site Acceleration Project (SAP) that has been undertaken by Alder King Property Consultants.
- 1.2 Alder King was instructed by the Housing Delivery Group on behalf of the Local Enterprise Partnership (LEP) Infrastructure and Place Group (IPG) in late August 2013 to assess whether a series of 'stalled' residential sites identified by the IPG could be brought forward for development in an expeditious manner. The study in reviewing and understanding the reasons for the lack of progress / delivery since planning consent was granted on the sites, identifies what actions might have assisted in accelerating progress earlier.
- 1.3 The report highlights a number of measures that the West of England Unitary Authorities (UA) and / or the LEP which could be applied to 'stalled' sites outside of the study.

### **Background**

- 1.4 The LEP identified, in conjunction with the four West of England UAs, that as of April 2012 planning consent was in place for just over 17,000 homes that had yet to be developed.
- 1.5 The four Authorities carried out an assessment of the circa 17,000 undeveloped units, and classified them under the following categories:
  - ▶ Underway and progressing as planned.
  - ▶ Underway, but could be accelerated.
  - ▶ Start expected within the next six months.
  - ▶ Not started but the Council has explored options with developer/agent.
  - ▶ Options still to be explored.

- 1.6 The initial review concluded that the first three categories accounted for approximately 11,500, leaving over 5,000 dwellings in need of further assessment.
- 1.7 The IPG agreed that a study should focus upon a list of key sites where there might be scope for the potential solutions to be applied more widely, and therefore where the findings might help to accelerate other sites. Fifteen sites were identified by IPG and a schedule was issued to Alder King.

### **Site Acceleration Project Sites**

- 1 20 Wilson Street, St Paul's, Bristol
- 2 Royal London Asset Management (Glassfields), Temple, Way, Bristol
- 3 Former Courage Brewery, Finzels Reach, Redcliff, Bristol
- 4 3-5 Bushy Park, Totterdown, Bristol
- 5 Former Star Service Station, 40A Whitleladies Road, Bristol
- 6 Alpha House, Union Road, St Philips, Bristol
- 7 Former Avonmouth Bus Depot, Avonmouth, Bristol
- 8 Sabre Service Station site, Totterdown, Bristol
- 9 Pring and St Hill, Malago Road, Bedminster, Bristol
- 10 Bristol Workshop Services, Bedminster, Bristol
- 11 Corner of Bishop St and Dean Street, St Paul's, Bristol
- 12 Land to the East of Wellsea Grove, Weston-super-Mare, North Somerset
- 13 Kingswood Trading Estate, Kingswood, South Gloucestershire
- 14 Former Lime Works, Itchington, South Gloucestershire
- 15 Dove Lane, St Paul's, Bristol

- 
- 1.8 In addition to the 15 sites, the Homes and Communities Agency's (HCA) Advisory Team for Large Applications (ATLAS) has, on behalf of IPG, assessed the progress of the consented residential schemes at Redcliff Village, Bristol. The ATLAS assessment has been undertaken as a separate 'stand-alone' report.
  - 1.9 In order to provide a site-by-site comparison with the 15 sites above, Alder King has, in liaison with ATLAS, included Redcliff Village as 2 sites (according to land ownership) within the Summary Table at Section 5 and Appendix 2.
  - 1.10 In total therefore 17 sites have been investigated, with potential to deliver just over 1,700 undeveloped homes.

## 2.0 Market Overview

- 2.1 To provide the context within which the SAP has been undertaken an economic and residential summary is provided below. It should be noted that the project has been undertaken in what is a rapidly changing property market, nationally, in the South West and particularly in the West of England.

### **National Picture**

- 2.2 A positive economic climate has emerged in recent months with the announcement and publication of "encouraging" economic growth rates, employment figures and residential indices.

### Economic Indicators

- 2.3 Following a number of positive financial indicators on the fledgling UK recovery in 2012 and 2013, the Organisation for Economic Co-operation and Development (OECD) has lifted its forecast for the UK's economic growth in 2014 and 2015. The upgrade to projected growth of 1.5% in mid-2013 came after stronger-than-expected growth of 0.7% in the second quarter, falling unemployment, and survey evidence suggesting the strongest growth in manufacturing output for almost two decades.
- 2.4 The International Monetary Fund (IMF) has reinforced the OECD's forecasts by recently increasing its UK growth projection. The forecast for UK growth received a significant upgrade to 1.4%, up from July's estimate of 0.9%. The IMF expects UK growth of 1.9% in 2014 up from July's projection of 1.5%.
- 2.5 The IMF's outlook upgrades for the UK are greater than those it made for any other country in its World Economic Outlook - the twice-yearly assessment of the global economy.

- 
- 2.6 The IMF credited recent data indicating higher consumer and business confidence, for the increase. However, there was a cautious welcome for the IMF's report in 2013 with many commentators warning that it will still take years for the UK economy to recover fully from the 2008 financial crisis.

#### Employment

- 2.7 The latest labour market figures continue to show modest improvement, with headline unemployment for the three months to September 2013 down by 48,000 to 2.47 million, and employment up by 16,000. There were 29.95 million people in employment, in September 2013 up 177,000 from April to June 2013 and up 378,000 from a year earlier.

#### Inflation

- 2.8 The Consumer Prices Index (CPI), a measure of inflation fell to 2.1% in July, down from 2.2% in October and was at its lowest point since November 2009, according to the Office for National Statistics.
- 2.9 The fall in inflation marks a shift towards the Bank of England's government-set target of 2%, allowing policy makers more headroom to leave interest rates at their record low and ease the pressure on households.
- 2.10 In response, economic commentators have noted that economy is enjoying a favourable mix of strong growth and low inflation and expect CPI inflation to dip below the 2% target in 2014.



## **Residential**

- 2.11 There is widespread evidence of ongoing recovery in the sector, with numerous surveys attesting to stronger activity, improving house price levels and positive market sentiment, with the UK housing market following the trajectory of the wider economy through 2013, gaining momentum as the year progressed.
- 2.12 The latest figures from the Nationwide Building Society showed that the average monthly increase in house prices rose from 0.4% in the first half of 2013 to 1% in the second half of the year. Overall, prices increased by 8.4% in 2013, though they remain around 5% below the all-time highs recorded in late 2007.
- 2.13 According to Halifax's House Price Index, prices in the final three months of 2013 were 1.9% higher than in the previous three months. This was within the narrow range of 1.8-2.1% for this measure recorded in each of the preceding six months. House prices in the three months to December 2013 were 7.5% higher than in the same three months in 2012.
- 2.14 Commentators have noted that the upturn has become increasingly broad based over the course of 2013. For the second successive quarter, all thirteen UK regions saw positive annual house price growth in the fourth quarter of 2013. In part the reason for the acceleration in house price growth is that the supply side of the market has not kept pace with the upturn in demand, even though buyer numbers remain subdued by historic standards.
- 2.15 It is widely noted that as well the improving economy, low interest rates, and government-backed schemes such as Help to Buy are the key reasons for increased housing market activity.



## **Residential Land Market Summary**

- 2.16 2013 was the most active residential development land market in recent years. House building is at its highest level for a decade with house prices hitting a record high in August, fuelling developer demand for new opportunities.

### Land Values

- 2.17 Fully serviced greenfield land values in the West of England are achieving in excess of £1 million per acre for better locations; formerly un-saleable secondary and tertiary sites are now being sold at reasonable prices.

### Flats/Apartments

- 2.18 After a dearth of any new build and lack of interest in high-density city centre sites, there are signs of house builders re-entering the market. In Bristol there are a number of institutional backed deliverable proposals on city centre sites for high-density (flatted) Private Rental Schemes (PRS Schemes) which are progressing.

### Conversion Activity

- 2.19 Residential development agents in Bristol have experienced a very positive reaction to the Government's relaxation of 'Permitted Development' rights, enabling change of use from existing office buildings to residential.
- 2.20 This activity coupled with strong activity in conversions of office buildings to student accommodation now accounts for at least 1 million sqft of office conversion proposals. Current proposals in Bristol include Westgate, Lewins Place, The Pithay, Froomsgate House, Stonebridge House, Colston 35 and Maxet House.



### Capacity & Materials Shortage

- 2.21 Anecdotally, there have been an increasing number of reports of building materials shortages. Capacity constraints in skilled and semi-skilled building trade labour are anticipated. The pendulum has already swung on build costs with previously falling build prices now beginning to increase. Any direct detrimental impact on land values is likely to be counter balanced by a constraint in supply. The level at which equilibrium is found remains difficult to predict but remains a threat to rising land values.

### **West of England house prices**

- 2.22 The four West of England Local Authorities all saw average house prices rises in 2013, with Bristol City and Bath and North East Somerset recording increases ahead of those in the South West and UK over the past 2 years.
- 2.23 It should be noted that the Average House price figures overleaf appear more benign than the recent figures from Halifax and Nationwide indices, which provide a more positive picture. This is in part due to the time lag that the Land Registry figures take into account between completions and registrations

**Table 1: Average House Prices (Land Registry, 2010 – 2013)**

<b>Year</b>	<b>Average Annual Price</b>	<b>Yearly Average house Price increase / decrease (%)</b>
<b>UK</b>		
November 2010	£162,196	1.8
November 2011	£159,405	-1.7
November 2012	£160,241	0.5
November 2013	£165,411	3.2
<b>South West</b>		
November 2010	£174,140	1.8
November 2011	£171,076	-1.8
November 2012	£171,099	0
November 2013	£174,734	2.1
<b>Bath NES</b>		
November 2010	£227,567	5.5
November 2011	£222,156	-2.4
November 2012	£225,00	1.3
November 2013	£238,258	5.9
<b>North Somerset</b>		
November 2010	£175,404	4.1
November 2011	£171,117	-2.4
November 2012	£174,561	2
November 2013	£175,779	0.7
<b>Bristol City</b>		
November 2010	£171,136	6.1
November 2011	£164,018	-4.2
November 2012	£170,555	3.7
November 2013	£175,888	3.5
<b>South Gloucestershire</b>		
November 2010	£177,553	2.6
November 2011	£172,029	-3.1
November 2012	£177,491	3.2
November 2013	£181,892	2.5

## 3.0 Methodology

3.1 Alder King's assessment of the sites was undertaken between September and November 2013. As part of the study, the following was undertaken:

- ▶ Site Visits
- ▶ Planning Application Review
- ▶ Collation of market Intelligence and relevant site information
- ▶ Engagement and interviews with site owners, consultants, appointed agents and Receivers where practicable

### **Site Visits**

3.2 All fifteen of the sites were inspected and photographs taken to confirm the current 'status' of the properties. A selection of photographs is included within the Site Summaries at Appendix 1.

3.3 Following the site inspections, Alder King were notified that pre-application discussions had commenced between the land owner/applicant in respect of Land East of Wellsea Grove (Site 12) and Dove Lane (Site 15) and were instructed to remove the properties from the site assessment schedule.

3.4 However, in order to inform the study and provide an overview of the sites and the factors which have delayed the delivery of new development, North Somerset and Bristol City Councils provided a brief site review of each.

### **Planning Application Review**

3.5 Alder King's Planning Consultancy team undertook a review of the remaining thirteen sites. The assessment, which included current planning consents, relevant planning history and commentary on planning conditions/S.106 agreements is included within the site summaries at Appendix 1.



### **Market Intelligence and collation of relevant site information**

3.6 In reviewing relevant and available planning documentation, technical, planning, legal and ownership issues were noted. Alder King conducted internal review sessions with the firm's Agency, Development, Investment and Planning teams to gather relevant market intelligence and site specific information.

### **Engagement and interviews with site owners and consultants**

3.7 Alder King's instruction included the identification of landowners, consultants and advisors who could aid and inform the assessment. Engagement with landowners, consultants, agents and LPA Receivers was conducted through a mixture of in-person and telephone interviews.

3.8 Through this process we have been able to assess issues that the landowner perceives have affected the ability to deliver each site. Where possible engagement has been undertaken with landowners at various levels within the organisation to ensure that a full picture is gained prior to reporting.

3.9 It is important to note that Alder King have not solely presented the views of the landowner as being the reasons why sites have not been delivered. In undertaking the assessment we have used our experience and local market intelligence to draw our own conclusions on the deliverability of each site.

3.10 Whilst most landowners and consultants were helpful and willing to speak to or meet with Alder King, a number refused to discuss their site, its recent history and their future plans. In these cases, investigative efforts were focussed upon key consultants and advisors.

## 4.0 Site Assessment Summary

4.1 To ensure a consistent approach to the assessment of the sites, a proforma has been used to provide parameters for the study and guide the interviews with landowners, consultants and advisors.

Primary proforma headings included:

- ▶ Scheme content/design issues
- ▶ Mixed use (where the delay related to a non-residential element)
- ▶ Scheme viability
- ▶ S106 obligations
- ▶ Technical issues
- ▶ Legal and / or ownership issues
- ▶ Personal circumstances
- ▶ Existing use

4.2 Site Assessment Summaries for each site are enclosed at Appendix 1. These are not exhaustive records of all information recorded during the study, but provide an overview of relevant planning information.

4.3 The sites and the total residential units (as indicated within the relevant planning consents) assessed are listed below. Where the sites have a scheme or brand name this has been included in brackets.

### Site Acceleration Project Sites

Ref	Site	Units
1	20 Wilson Street, St Paul's, Bristol	14
2	Royal London Asset Management (Glassfields), Temple, Way, Bristol	45
3	Former Courage Brewery, Finzels Reach, Redcliff, Bristol	398
4	3-5 Bushy Park, Totterdown, Bristol	13
5	Former Star Service Station, 40A Whitleladies Road, Bristol	14
6	Alpha House, Union Road, St Philips, Bristol	13
7	Former Avonmouth Bus Depot, Avonmouth, Bristol	23
8	Sabre Service Station site, Totterdown, Bristol	11
9	Pring and St Hill, Malago Road, Bedminster, Bristol	183
10	Bristol Workshop Services, Bedminster, Bristol	13
11	Corner of Bishop St and Dean Street, St Paul's, Bristol	35
12	Land to the East of Wellsea Grove, Weston-super-Mare, North Somerset	41
13	Kingswood Trading Estate, Kingswood, South Gloucestershire	57
14	Former Lime Works, Itchington, South Gloucestershire	18
15	Dove Lane, St Paul's, Bristol	250
	<b>Total</b>	<b>1,128</b>

## 5.0 Key Themes

- 5.1 The assessment of the thirteen sites by Alder King, whilst a relatively small study sample size, revealed a number of common key themes. These are described below and relevant examples of issues encountered are highlighted.
- 5.2 Some of the themes relate to the scale of development – landowners/developers of the smaller sites encountering difficulties in securing debt finance borrowing at an attractive rate or unable to secure any form of lending. In respect of the larger sites, technical, legal and ownership constraints have hindered the progress.
- 5.3 Whilst delays in the delivery have manifested themselves in a number of different ways, in all cases, the underlying issue is scheme viability. To provide the context within which landowners and developers have sought to progress their sites a summary is provided below of the market and economic conditions between 2008 and 2012.

### **Scheme Viability**

- 5.4 There has been a significant change in the property market since autumn 2007, largely caused by factors emanating from the tightening of credit conditions and the global downturn. Land and property values across virtually all sectors reduced significantly between 2008 and 2010.
- 5.5 The banking sector between 2008 and mid 2011 was in a period of recapitalisation and property finance was particularly difficult for both site/property acquisition and development. The majority of lending institutions in this period were averse to funding property transactions, particularly in development scenarios. The remaining funders sought high rates of return, excessive arrangement fees and are only prepared to lend at much reduced loan-to-value ratios to existing or well proven borrowers.

- 
- 5.6 Development land values were particularly affected. It is generally accepted that values for development land were reduced by the end of 2010 in the order of 30% - 40% from their 2007 peak, dependent upon location and the nature of the proposed scheme. In general, the more established and sought after markets have tended to fare better, with secondary and tertiary locations suffering most.
- 5.7 The market for apartments between 2008-2012 was particularly weak, even in good quality areas in Bristol and its environs, largely as a consequence of tighter lending criteria for this type of property and much reduced 'buy to let' investor demand. This was reflected in limited demand from developers and housing associations for schemes incorporating a high proportion of apartments.
- 5.8 All of the SAP study sites have been affected by these conditions and the impacts upon the viability of the consented development schemes remain.
- 5.9 Whilst some sites have had to 'contend' with a number of technical, legal, planning and other issues, the underlying and 'root' cause of the lack of progress has been the ability of the sites to provide a sufficient return to the landowner, developer and/or funder to enable development to commence.
- 5.10 All but three of the fifteen sites have a high flat content, or are wholly flatted schemes. Due to the funding environment described above, the larger schemes, which in turn attract significant upfront build and infrastructure costs, encountered particular difficulty in attracting development finance.

### **Scheme Content / Design**

- 5.11 Many of the extant planning consents in place for the study sites represent permissions that were granted over 3 years ago and have since been renewed, revised or in the case of outline permissions have been kept 'alive' through the submission of reserved matters.

- 
- 5.12 Scheme content and design has been a contributing factor on many of the sites to the delays in progress, but only within the context that many of the existing schemes have been unviable and do not reflect current market demand – typically containing too many flats or a wholly flatted scheme which in recent years have been difficult to fund.
- 5.13 The delays of two sites in particular have been affected by scheme content and design, albeit in different ways.
- 5.14 At Temple Way, Royal London Asset Management’s Glassfield’s Scheme (Site 3), 45 units residential development forms part of a larger 360,000 sq ft office led scheme.
- 5.15 The Glassfields scheme is one of the largest remaining office consents within Bristol’s City Centre and therefore one of a limited number of sites which could accommodate a significant Head Quarters pre-let. It is understood from the agents that in order to bring forward one of the three office blocks a relatively small pre-let of c.25,000 sq ft is required. This however has yet to be secured.
- 5.16 The 45 unit residential component has been designed to be capable of being developed separately from the office buildings and is not constrained by any physical linkages with the wider scheme or planning restrictions.
- 5.17 However, as an office led development and despite the requirement for a relatively small pre-let to ‘kick-start’ the scheme, it is understood the priority for Royal London Management is to secure a significant Head Quarters letting.
- 5.18 Therefore, the development of the residential element of the scheme, whilst possible in terms of the design of development and consent in place, would reduce the size of the site and thus flexibility to accommodate a headquarters interest. Furthermore, the development of the residential scheme would also mean that the landowner would relinquish control of part of the site which could fetter any future office development and ‘unnecessarily’ introduce complications in a new adjacent use and third party ownerships.

- 
- 5.19 In the case of Malago Road, Bedminster (Site 9), a mixed use development, granted consent in April 2008, comprising 183 flats, the scale and density of development was a major factor in stalling the delivery of new development on site.
- 5.20 The application for 183 flats was submitted in December 2007 and followed the successful pioneering Airpoint development on West Street, Bedminster, which saw the refurbishment of the 160,000 sqft former Mail Marketing building and new build development to provide 225 flats. The subsequent consent granted for the conversion of the Robinson Building on East to provide over 60 flats prior to 2008 also increased confidence in the area, and appeared to demonstrate that there was sufficient demand to justify further large flatted schemes.
- 5.21 By spring 2008, the banking crisis had manifested itself in the withdrawal of 100% mortgages from the UK market affecting new home buyers and a dramatic tightening in the availability of finance for apartment schemes.
- 5.22 The 183 unit consent at Malago Road was granted in April 2008 meant the scheme struggled to gain funding, a victim of timing and scheme content and scale.
- 5.23 Whilst the Malago Road site formed part of a wider portfolio which went into receivership in April 2013 and had been 'monitored' by RBS for some time prior to this, the scale of development and in particular significant number of flats contributed to the scheme not progressing.

#### **Section 106 Obligations and Planning Conditions**

- 5.24 Whilst the cost of S.106 contributions has been a contributing factor to the delay in the delivery of some of the study sites, this is intertwined with the underlying issue of scheme viability.

- 
- 5.25 In undertaking the landowner/developer interviews, the cost of S.106 contributions was raised as an issue more frequently than any other matter. It is considered that this is partly due to the fact that S.106 costs are a tangible factor, a cost which is readily identifiable and one which, once consent is granted, the applicant, other than to seek to alter the planning permission, has little control over.
- 5.26 Whilst viability assessments of the consented schemes have not been undertaken as part of this study, consideration has been given to the development proposals, their scale, content, design and location.
- 5.27 In all the cases reviewed, the S.106 costs appear to be broadly proportionate and appropriate to the development proposed.
- 5.28 In the case of three of the smaller sites (less than 40 units), the landowners also identified the planning conditions to be 'onerous', 'heavy handed' and 'excessive' and a contributing factor to the delay in bringing forward the proposed scheme. However, the planning conditions were found to be standard requirements by Alder King, concerning matters such as the approved material samples, provision of a contamination land assessment and highway works prior to the commencement of development.
- 5.29 The nature of the planning conditions in these three cases was not considered onerous and appropriate to the development proposed.
- 5.30 Whilst the planning conditions were cited by the land owners as 'frustrating', the delivery of development, in two cases there had been a gap of at least 12-18 months where no activity had taken place prior to discharge the planning conditions.
- 5.31 In a separate case, the former Star Service Station, Whiteladies Road, Bristol (Site 5), a site owned by Tesco Foodstores, it is understood that following a 2-3 year review period where Tesco's small mixed use developments across the country were not progressed, a decision was taken in February 2013 to proceed with the scheme.

- 
- 5.32 In interviews with Tesco's project team, delays of over four months in discharging planning conditions were identified. It is understood that, in particular, conditions regarding the linkages between the proposed development, an adjacent listed building and the siting of refuse bin storage contributed to delays.
- 5.33 Larger development sites, such as the former Courage Brewery, now known as Finzel's Reach (Site 3), inevitably attracted significant S.106 costs. The consent for the mixed use scheme which includes 398 flats, of which 198 remain undeveloped, includes affordable housing, infrastructure costs (£1.7m 'Mobius' pedestrian bridge) and contributions including education, health, highways and labour training totalling c.£200,000.
- 5.34 The viability of the scheme, due to the complexity and scale of development and 100% flat content has been at best been 'marginal' since 2008.
- 5.35 The planning history of the site confirms that a number of attempts have been made by previous owners of the site and their consultancy team to enhance the viability of the overall scheme and individual components.
- 5.36 Bristol City Council has responded by agreeing to revisions to planning obligations set out within the S.106 agreement. Concessions include the waiver of educational legible city, highways and public art contributions. Furthermore, the Council agreed to delay the requirement to construct the Mobius Bridge and affordable housing provision waived, subject to 'viability testing exercise'.
- 5.37 In short, the planning documents reviewed and initial engagement with the agents of the new owners of the former Brewery site show that the Council's planning team have adopted an enabling and flexible approach to one of the City's key development sites.
- 5.38 It is understood that a fresh set of pre-application discussions took place between the agents for the scheme and City Council in December 2013.

## **Technical Site Issues**

- 5.39 Generally, in a buoyant property market and on viable sites, development issues which increase scheme costs such as ground conditions, listed building refurbishment/conversion or matters which affect scheme design such as ecologically important habitats or access rights are overcome as the proposed scheme is able to accommodate additional costs. The viability of the project means that funds are available to instruct a consultant to find a design or alternative site solution to mitigate costs/increase scheme value, or the costs are 'passed-on' to the landowner from whom the site is being purchased and a reduced purchase price negotiated.
- 5.40 In the case of several of the study sites, landowners and their consultancy teams have encountered matters ranging from legal landownership disputes, rights of way issues, abnormal ground conditions and difficulties drainage design.
- 5.41 On some of the sites, particularly the smaller schemes in secondary and tertiary locations, the prospects of achieving a viable development were for several years, remote. In this situation, the onus of finding a technical solution has not been pressing as will have incurred consultancy, legal and site preparation costs with no immediate prospect of achieving a viable and deliverable scheme. Progress therefore has been purposefully slow or efforts have been halted altogether.
- 5.42 On one of the sites, legal disputes with adjacent landowners have delayed the delivery of development. In this case, the expectations of the negotiating parties of land values varied significantly, causing a lengthy impasse.

## **Ownership**

- 5.43 The study did reveal a common theme in respect of ownership which generally accorded with the scale of development. Two of the smaller sites have been within the ownership of a consortium of individuals since the current planning was granted. In both cases, it is understood from interviews with the landowners and their consultants that disputes within the consortia have been the primary cause of delays in bringing the sites forward for



development. Issues debated by the landowners have included of scheme design, planning strategy and most significantly, the timing of site disposal/the commencement of construction.

5.44 On one of the sites, prior to 2008 and changes to the economic climate, the landowners debated when the site should be sold to a developer to maximise their site value. No decision was taken, market circumstances significantly altered in 2008 and the site was rendered unviable as a development proposition.

5.45 In respect of the larger sites, most notably the former Courage Brewery (Site 3) and Malago Road (Site 9) the appointment of Receivers has delayed progress as a period of due diligence assessment and strategy review has been undertaken, and in the case of Malago Road, consideration given to a complex lending situation and a wider property portfolio.

### **Personal Circumstances**

5.46 Some of the smaller sites are owned by individuals whose personal circumstances influence, and in some cases, guide the decision making process in terms of their disposal and delivery strategies.

5.47 In respect of Wilson Street, St Pauls (Site 1), the sole trading landowner/developer has, in recent years following the grant of consent for a 14 flat scheme in mid-2011, and due to the market downturn, no immediate prospect of developing the site, let out the existing properties to a commercial occupier and a church group. As is the case on two other study sites, the lettings have ensured that the mortgage payments and property maintenance costs are 'covered'.

5.48 In recent years, the landowner has occasionally reviewed the viability of the consented scheme. However, it is understood that this has not been undertaken in any detail or in an effort to try to amend the scheme design or reduce development costs so as to produce a viable and, potentially deliverable project. The property has been producing sufficient income



for the landowner not to be concerned about seeking to realise residential development value through site disposal or the sale of the built scheme or individual units.

- 5.49 The landowner, who is seeking to retire in the next 2-3 years did not wish to renew the extant residential consents, nor wait for market improvements to 'build out' the scheme or dispose of the site. In November 2013 he agreed with the Church group a 3 year option to purchase the entire property. At the time of interview, the landowner expected the Church to exercise the option in 2014/2015.

### **Existing / Current Use**

- 5.50 As identified at Wilson Street (Site 1), on smaller sites where a landowner has been able to let the property, in whole or in part and 'cover their costs', the incentive to dispose of their site or commence development has become greatly reduced. It is the case that in recent years in secondary and tertiary locations, any disposal will have led to the landowners accepting a lower value than the acquisition price and fees expended.
- 5.51 In all cases, the consented development has not been a viable development proposition for much of the past 5-6 years. The landowners are currently monitoring market conditions and expect to revisit the planning permissions in place in 2014.
- 5.52 At Bristol Workshop Services, St Francis Road, Bedminster (Site 10) it is understood that the relocation of the existing business was a key factor in the delay in the disposal of the site to a residential developer. This study has not been able to establish whether the delay was due to the lack of appropriate relocation sites, the approach the business and/or purchaser undertook in identifying potential sites, their search criteria (location, size and acquisition terms) and the judge efforts made to select and acquire/let a site.

## 6.0 Conclusions and Recommendations

- 6.1 The purpose of this study is to provide a 'snapshot' review of fifteen development sites within the West of England and assessment of the factors which have contributed to delays in the delivery of the consented residential schemes. The study has been undertaken at a time when rapid changes in the market sentiment and activity have taken place. The separate study by ATLAS has taken place alongside.
- 6.2 As illustrated in the Summary Table below, progress in the form of planning activity or physical construction is evident on all of the sites. Notwithstanding this, there are lessons to be learned and actions that could be undertaken to assist in unlocking other stalled sites and help bring sites forward more quickly.
- 6.3 Inevitably, a study of this nature provides an overview analysis of each site. The study does not assess in detail the history to date of each site, the scheme design unit by unit, nor assess the viability of the existing consent 'forensically' or suggest scheme design changes which would enhance its viability. On many of the sites this work is currently being undertaken or will be soon initiated by the landowners, developers and/or their consultancy teams.
- 6.4 The over-arching conclusion to be drawn from the study is that the West of England is not atypical, and that there are no systemic issues existing here that are acting as a brake on development. In fact, current economic and market indicators show that the recovery in the sub-region is ahead of the South West and most areas, outside of Greater London.
- 6.5 The West of England according to a number of market commentators and house price indices is expected to see the sharpest rise in house prices in the country outside of London over the next five years.
- 6.6 In general, the reasons why sites are not progressing are specific to each individual site, and are being overcome as the market conditions improve.



### **Site Summary Table**

- 6.7 The Summary Table below has been created to provide a means of easily and quickly reviewing the key issues relevant to each site and their relative importance.
- 6.8 The table also provides an immediate visual indication of the potential timescales in which activity may occur. This primarily relates to planning activity, be it pre-application engagement, revisions to extant consents or any activity which indicates that progress is being made towards the delivery of new development.
- 6.9 Similarly, 'On Site Delivery Status' is an estimate of when development will re/commence. The table below provides a key to the 'traffic light' colour coding which has been adopted.

### Key Observations

- ▶ Of the 17 sites assessed, some form of planning or pre-planning or disposal activity has taken place in respect of all but one of the sites (Wilson Street – Site 1), at the time of undertaking the project research (November-December 2013).
- ▶ In the case of 4 of the sites, on-site preparatory development works are expected to begin in the next 6 months.
- ▶ Market intelligence, interviews with landowners and developers and the planning activity suggests that development activity should start on all of remaining sites within 6-12 months.
- ▶ 13 sites (928 units with potential for a further 250) have the potential for future activity in the next six months
- ▶ 4 sites (50 units) have potential to start on site in the next six months



**Table 2- Site Summary Table Key**

Site / Factors	Significant Factor	Contributing Factor	Not Applicable
Future Activity	Over 6 months / unknown	Within 6 – 12 months	Activity commenced / to commence within 6 months
On Site Delivery Status	Over 6 months / unknown	Within 6 - 12 months	Development commenced / to commence within 6 months

**Table3 - Site Summary**

Site / Factors	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Scheme Content / Design	Yellow	Red	Yellow	Grey	Yellow	Grey	Yellow	Grey	Red	Grey	Yellow	Yellow	Yellow	Grey	Yellow	Yellow	Yellow
Mixed Use Scheme	Grey	Red	Yellow	Grey	Grey	Grey	Yellow	Grey	Yellow	Grey	Grey	Grey	Grey	Grey	Yellow	Yellow	Yellow
Scheme Viability	Yellow	Yellow	Red	Yellow	Yellow	Red	Red	Yellow	Red	Yellow	Red	Yellow	Red	Grey	Yellow	Yellow	Red
Section 106 Obligations	Yellow	Yellow	Red	Grey	Grey	Red	Red	Yellow	Red	Grey	Red	Yellow	Red	Yellow	Yellow	Yellow	Yellow
Technical Issues	Red	Grey	Red	Grey	Yellow	Yellow	Yellow	Grey	Red	Grey	Yellow	Yellow	Grey	Red	Grey	Grey	Yellow
Legal / Ownership	Grey	Grey	Red	Red	Yellow	Grey	Grey	Yellow	Red	Red	Grey	Grey	Grey	Red	Grey	Grey	Red
Personal	Red	Grey	Grey	Red	Yellow	Yellow	Grey	Red	Red	Red	Grey	Red	Grey	Yellow	Grey	Grey	Grey
Existing / Current Use	Red	Grey	Yellow	Yellow	Grey	Grey	Yellow	Red	Grey	Red	Grey	Grey	Grey	Yellow	Yellow	Yellow	Yellow
Future Activity	Red	Yellow	Green	Green	Green	Green	Green	Yellow	Green	Green	Green	Green	Green	Green	Green	Green	Red
On Site Delivery Status	Red	Yellow	Yellow	Yellow	Green	Yellow	Green	Yellow	Yellow	Green	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Red
	Wilson St	Temple Way	Brewery	Bushy Park	Whiteladies	Alpha House	Bus Depot	Totterdown	Malago Rd	Francis Rd	Bishop St	Wellssea Gr	Kingswood	Itchington	Dove Lane	Redcliff (Mid)	Redcliff (Car)





6.10 Whilst market activity is generally limited to prime and good quality secondary sites in the West of England, economic, employment and market indicators have begun to reflect a consistently positive trend as seen by progress on the study sites.

6.11 There are encouraging signs for all of the study sites, and the assessment has identified a number of ‘lessons to be learned’ for the LEP and Unitary Authorities. Some of which will reinforce and confirm that strategies used and approaches to certain types of projects were the right ones to adopt. A number of issues and site stalling factors identified suggest that all organisations involved in the development delivery process could work more closely together, adopt different ways of working or make small changes to existing processes and strategies in place.

### **Viability**

6.12 All of the large development sites assessed have in place an ‘in-house’ team or consultants advising the landowner/developer upon planning, technical and legal strategies to bring forward the development schemes. This group of landowners are typically very experienced in terms of development viability and have expert advisors on hand to provide guidance and inform financial development assessments.

6.13 It became apparent however that some smaller landowner/developers were surprisingly unfamiliar with standard approaches to testing scheme viability, or the process and means of applying to a Local Planning Authority to put forward a case to reduce affordable housing provision and/or S.106 contributors on grounds of scheme viability.

6.14 It is considered that the Local Planning Authorities could more prominently ‘signpost’ their own guidance in terms of the assessment of development viability and other industry advice, databases and information. Available sources of information and programmes include:

- 
- ▶ RICS advice, most notably the guidance note ‘Financial Viability in Planning’.
  - ▶ Building Cost Information Service (BCIS) database. The BCIS is the leading provider of cost and price information and part of the RICS.
  - ▶ HCA’s free Development Appraisal Toolkit (DAT) which is available from their website and is accompanied by a user manual and is widely used by local planning authorities and their advisors.

6.15 As part of this study, a review of viability guidance produced by the West of England UAs, its ease of use and the user-friendliness of relevant web pages has not been undertaken. It is recommended that this would be a relatively straightforward exercise and a means by which the Local Planning authority, who play a pivotal role in the development process, could act to ‘signpost’ further guidance via their website or through planning offices.

### **Planning Conditions**

6.16 Whilst only one of the fifteen site assessments highlighted that developers had encountered delays in the discharge of planning conditions, due to the small site sample size and the possibility that this is not an isolated case it is recommended that the application is reviewed to ensure that any similar delays are avoided if possible.

### **Enabling or Grant/Gap Funding Development**

6.17 It is considered that there are no obvious candidates within the fifteen sites which would have benefitted from some form of grant or gap funding. The one scheme due to its size and elements of significant infrastructure which might have attracted such aid is the Former Courage Brewery (site 3).

6.18 However, despite the enabling and flexible approach taken by Bristol City Council to reduce the cost burdens upon the development the scheme was unable to progress.



6.19 Whilst an assessment has not been undertaken, in our opinion it is doubtful that a form of infrastructure grant to fund the construction of the bridge would have enabled the development of any of the residential plots.

6.20 Most forms of available infrastructure funding would have required a 'pay-back' mechanism to be put in place which would not have greatly improved the viability of the scheme over and above the concessions made by the Council.

### **Existing Use**

6.21 Where the development of a residential site is dependent upon the relocation of an existing business, it is not the role of the LEP or Unitary Authority to coordinate or take a significant role in the process. However, it is considered that the Councils, as planning authorities and an organisation tasked with promoting economic development and investment and a landowner in conjunction with the LEP should review the systems in place for sharing property intelligence, monitoring potential 'enabling' cases where a coordinated approach and possible intervention could unlock development sites and a review process where implemented actions are assessed.

6.22 Whilst we would not wish to recommend and place any additional administrative burden upon the planning teams across the West of England, a straightforward informal proforma whereby potential notifications to the Council's economic development teams are recorded and actioned could provide a simple solution to the collation and reporting of possible 'leads'.

### **Promotion of the West of England**

6.23 It is not within the scope of this study to assess the strategies and actions of the four West of England Unitary Authorities and the LEP to promote the region. However, interviews with Bristol based property agents, particularly in relation to mixed use schemes revealed that engagement and co-ordination the LEP and UAs and Bristol's property community has notably reduced.



6.24 Whilst the LEP and 'Bristol and Bath' City Region websites set out various initiatives, further information about the area and links to other organisations, it is understood that market intelligence 'on the ground' from local commercial and residential agents is not being regularly sought, systematically collated or used to inform region wide strategies.

**Monitor, Benchmark and Re-assess**

6.25 The objective of promoting local economic priorities and growth is one that is shared by LEP's across the country. Whilst this study has not reviewed the efforts and initiatives of other LEPS, it is apparent that the LEP network could be used more actively to understand what projects such as the Site Acceleration Study, have been undertaken, are in progress or are to be commissioned, and share best practice and knowledge.

6.26 Whilst the LEPs will have a varied project schedule and are tackling a diverse range of issues the LEP Network encourages Partnerships to 'discuss issues of shared importance' and conducts an annual benchmarking exercise of LEP area economies.

6.27 It is considered that a review of projects similar to the Site Acceleration Study across the LEP Network could yield some useful lessons, innovative approaches and closer cross-LEP engagement.



## **Summary of Recommendations**

1. UAs to review signpost advice, guidance and further information
2. UAs to review planning processes post consent i.e. the discharge of conditions
3. UAs to consider how to better monitor, collate and review planning intelligence
4. UAs to consider whether engagement with property agents could be improved, and whether the link with 'Invest in Bristol and Bath' could be strengthened
5. UAs to consider whether better use could be made of the LEP Network to monitor and benchmark against similar projects.



# Appendix 1

## Site Assessment Summaries



# Appendix 2

## Site Summary Table

Site / Factors	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Scheme Content / Design	Yellow	Red	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Mixed Use Scheme	Grey	Red	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Scheme Viability	Yellow	Yellow	Red	Yellow	Yellow	Red	Red	Yellow	Red	Yellow	Red	Yellow	Red	Yellow	Yellow	Yellow	Red
Section 106 Obligations	Yellow	Yellow	Red	Yellow	Yellow	Red	Red	Yellow	Red	Yellow	Red	Yellow	Red	Yellow	Yellow	Yellow	Yellow
Technical Issues	Red	Grey	Red	Grey	Yellow	Yellow	Yellow	Grey	Red	Grey	Yellow	Yellow	Grey	Red	Yellow	Yellow	Yellow
Legal / Ownership	Grey	Grey	Red	Red	Yellow	Yellow	Yellow	Yellow	Red	Red	Red	Red	Red	Red	Red	Red	Red
Personal	Red	Grey	Grey	Red	Yellow	Yellow	Yellow	Yellow	Red	Red	Red	Red	Red	Red	Red	Red	Red
Existing / Current Use	Red	Grey	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Future Activity	Red	Yellow	Green	Green	Green	Green	Green	Yellow	Green	Green	Green	Green	Green	Green	Green	Green	Green
On Site Delivery Status	Red	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
	Wilson St	Temple Way	Brewery	Bushy Park	Whiteladies	Alpha House	Bus Depot	Totterdown	Malago Rd	Francis Rd	Bishop St	Wellsea Gr	Kingswood	Itchington	Dove Lane	Redcliff (Mid)	Redcliff (Car)