

Committee:	Environment Committee	Agenda Item
Date:	17 March 2009	7
Title:	Eco Towns	
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Summary

The report seeks Members' approval for the Council's response to the Government consultation on Eco-Towns.

Recommendations

That the Committee approve the analysis in this report to complete the draft PPS consultation questions as the Council's response to the Government consultation on eco-towns.

Background Papers

Draft Planning Policy Statement: Eco-towns – Consultation

Eco-towns Sustainability Appraisal and Habitats Regulations Assessment of the Draft Eco-Towns Planning Policy Statement and the Eco-towns Programme (Non technical summary)

Assessment of the Eco-towns Programme – North East Elsenham

Financial viability study of the eco-towns programme.

Impact

Communication/Consultation	Consultation on and Sustainability Appraisal of new plans, policies and programmes is a statutory responsibility. An application for Judicial Review of the Government's Green Paper consultation was unsuccessful
Community Safety	N/A
Equalities	Consultation being undertaken in accordance with the Government's Code of Practice.

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Finance	N/A
Human Rights	N/A
Legal implications	N/A
Sustainability	Sustainability Impacts are assessed as integral part of the process.
Ward-specific impacts	Elsenham, with potential transportation impacts over wider area.
Workforce/Workplace	N/A

Situation

1. Members previously considered this at the meeting of the Environment Committee on 18 November 2008. At the meeting Members welcomed the change from the previous consultation which would allow the LPA to decide through the LDF process whether a shortlisted eco-town was the most appropriate way of providing homes within the district. The eco standards were generally supported but Members were concerned to make sure that these standards could be delivered and what the impacts might be. At the time a viability assessment being carried out on behalf of the Government by consultants Price Waterhouse Cooper was still awaited, this has now been received. The full report is some 277 pages and it is available on the CLG website at:
<http://www.communities.gov.uk/publications/housing/financialviabilitystudy>
Section 3.8 which deals specifically with the Elsenham site is appended to this report for information.

Comments on Financial Viability Report

2. Much of the content of the assessment report is based on information provided by the developer. The assessment of whether a scheme is viable includes whether the scheme has reasonable potential to deliver, albeit with a range of risks and uncertainties associated with the higher sustainability standards expected in an eco-town, without requiring additional public subsidy. The assessment takes into account infrastructure, provision to meet the draft PPS standards and the potential to address through appropriate mitigation any issues identified in the sustainability appraisal. Where promoters have provided assumptions their reasonableness has been tested based on industry standards and benchmark data. The report concedes that there is large degree of uncertainty involved in assessing the flow of costs and revenues over the long timescales and at this early stage in the development process. These uncertainties include local and national market conditions - one of the general assumptions is that over the next 25 years the functioning of the property and housing development and financing market will continue in a similar way to pre "credit crunch" situation, it is not clear at the present time whether this is likely to

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be the case. Other uncertainties include: cost inflation, the timing of reinforcing infrastructure and utilities and the costs involved, deliverability and viability of proposed revenue generating “eco-infrastructure” and the extent of social infrastructure investment needed to offset the impact of the scheme. More detail on the key issues, assumptions and limitations of the assessment work are set out in Appendix B of the report.

3. The conclusion from the outline financial assessment in relation to Elsenham is “that the development proposal has the potential to generate sufficient value to cover the direct and indirect costs of delivering the scheme without recourse to public subsidy” and further that “the proposal has the potential to generate a surplus (contingency) over and above the estimated direct and indirect costs of delivering the scheme, even after taking account of the uncertainties detailed above”

4. The range and scale of possible S106 obligations are material considerations in the assessment of the potential viability of the schemes. Promoters and local planning authorities have, in most cases, engaged in a series of technical meetings to begin to develop their thinking on their respective potential s106 requirements. The results of this work are included in Appendix C of the report. In relation to Elsenham, this represents some of the key issues raised by the District and County Council officers in their discussions at the technical meetings. But it should be stressed that this is for the purpose on informing the viability assessment, and would not fetter the formal consideration of proposals should that be necessary. For example, at the moment there are no requirements set out in the LPA’s column under affordable housing but clearly the Council would expect the development to deliver appropriate levels and types of affordable housing in accordance with needs identified by the Strategic Housing Market Assessment.

Comments on the Draft PPS and Sustainability Appraisal

5. Generally the eco town standards are supported but there are concerns about their deliverability. It is not clear from the draft PSS what safeguards are in place and what measures might be available to a Local Planning Authority to make sure the standards are achieved and the benefits are delivered throughout the lifetime of the development. It is essential that if the obligations do not deliver the expected outcomes in terms carbon gas emissions, trip generation, employment, self sufficiency and containment, robust enforceable mechanisms would be available to bring back the effects on track.

6. The following comments relate to some of the more detailed standards in the PPS:

7. The draft PPS (para 4.1) states eco towns are most appropriate when they are separate and distinct but well-connected to existing higher order centres, with their retail and leisure and social facilities like hospitals. However they should be of sufficient size and have the necessary services to establish their own character and identity and so have the critical mass necessary to deliver much higher standards of sustainability. Members may feel that exclusion of urban extensions to such higher order centres as eco town locations is a missed opportunity by the

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draft PPS. The European exemplar schemes in the Green Paper included developments that have managed to achieve the necessary distinctiveness and self containment as sustainable neighbourhoods without separation from large urban areas.

8. The Council's energy efficiency surveyor has looked at the standards for achieving zero carbon and carbon mitigation (paras 4.3 to 4.10). While agreeing that eco-towns and all new development should achieve the maximum possible carbon reduction, the definition of zero carbon for the site and the individual dwelling standards of 70% improvement on Part L 2006 would seem to leave room for use of fossil fuel for heating in the eco-town, provided that this is offset by exports of zero-carbon electricity or heat. This potential for at least partial fossil fuel reliance seems a little at odds with the 'Eco-town' concept. Also, to achieve the standard, there will be a need for large amount of renewable electricity to be supplied on-site, and possibly biomass fuelled heat plant. In the absence of technological breakthroughs, this raises the question of viability of proposals/sites relating to physical limitations of:
 - a) accommodating enough photovoltaic panel area
 - b) accommodating large wind turbines/having great enough wind speeds
 - c) biomass supply in the area
9. As the new DEFRA consultation on Zero-Carbon indicates, the government is seeking to include greater flexibility for off-site solutions to achieve a net-zero carbon standard in new dwellings by 2016 and all buildings by 2019. It is important to set a higher standard for eco-towns of achieving zero-carbon fully on-site, for all buildings, potentially ahead of the national schedule. However, the fact that there is a national timetable for all built environment to be zero-carbon does reduce the significance of eco-towns in this regard, and therefore increases the importance of eco-towns' other objectives (reducing transport emissions, quantity and quality of green space, community facilities and affordable housing).
10. In relation to carbon mitigation there appears to be a contradiction and it is not clear whether or not off-site solutions are going to be allowed. 'Off-site' suggests any carbon saving device or measure which is not directly within or connected to the town. As mentioned above if the zero-carbon standard for built environment in eco-towns is the same as the national standard, it begs the question what is special about eco-towns in terms of energy efficiency, and turns the focus onto their other qualities.
11. Transport (paragraphs 4.12 to 4.16) is an important issue in relation to the Elsenham site. The Highways Agency and Essex County Council are still discussing the transport assessment with consultants acting for the Fairfield Partnership and reaching agreement on the trip generation assumptions, network flows and effect of mitigation measures. Further work, including agreement on the necessary sensitivity testing, is required to show that Elsenham can meet the standards required.
12. While the standards in paragraphs 4.18 - 4.21 relating to green infrastructure and biodiversity are supported, experience on other large scale developments within the district suggests that the amount of green space in the final development is often less than that shown in the original master plan as the development evolves

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and subsequent revisions are made. The statement in Para 4.31 of the draft PPS that there should be a presumption in favour of the original master plan should therefore be supported.

13. Making a development as water efficient as possible and reducing flood risk to a minimum should be a key element of the eco-towns programme (paras 4.22-4.28). Water efficiency and flood reduction measures will need to be embedded in the concept of the development from the start. However, requiring the development to be water neutral will be challenging. Uttlesford is an area of water stress and has high levels of household water consumption which may, in part, be due to the relative affluence of the population. The means required to achieve water neutrality within the development are likely to involve the use of new technologies and approaches which may reduce the appeal of the homes to future purchasers, therefore affecting viability. The success of this also relies on the retrofitting of water efficient products in existing buildings and other measures within the water resource zone. These measures are only likely to be carried out if the water companies can secure funding through their programme plans and it is unlikely that this will be achieved, certainly not in the short term.
14. In the November report to committee officers questioned some technical points in the sustainability appraisal relating to water resources. Further information is now available and the Environment Agency has advised that it will be making similar representations. It is not clear why there is reference to numbers of homes in Braintree district when Elsenham is within Uttlesford District. It appears that the Elsenham site might have been assigned to the wrong catchment. Uttlesford is supplied by Three Valleys Water but Colchester and Braintree are located within the Anglia Water Supply area. Work that the Council has done so far on the water resource implications of a large scale development to the North East of Elsenham has not indicated any link with the Ardleigh Reservoir and the Colchester Sewage Treatment Works and has therefore not identified any potential impact on the Colne Estuary or Essex Estuaries SAC. This is unlikely to be a favoured supply option because of the distance that the water would need to be pumped and other potential environmental implications. The assessment needs to consider all options and this option may have been included because **if** it were to be considered it **may** have an impact on a European site. It may, alternatively, have been included in error, so this needs to be clarified.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
That the assumptions on which the viability assessment are made prove to be unrealistic making the development	3	3 Delivery of homes within the district could be delayed.... leading to pressure to	Officers to continue to track DCLG assessment process

Response to Government consultation on Eco Towns Planning Policy Statement

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unviable at the eco standards		dilute eco standards in order to speed up delivery	
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1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.