

TOWN AND COUNTRY PLANNING ACT 1990

**MAIDSTONE BOROUGH LOCAL PLAN
EXAMINATION**

**SESSION 8 – WEDNESDAY 9TH 2016
EMPLOYMENT POLICIES
AND ALLOCATIONS**

**REPRESENTATIONS
ON BEHALF OF**

LONDON AND CAMBRIDGE PROPERTIES LIMITED

D2 Planning Ref: 040/16

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APPENDICIES

1. Details of the previous planning permission granted in March 2005
2. Report on the Office Market in Maidstone prepared by Bishop Whitehead
Chartered Surveyors

Issue (ii) Whether the Mote Road allocation is deliverable with or without a medication of the Policy

Question 8.6: How much Residential Development would MBC accept on this site?

1. Paragraph 154 of the NPPF states:-

“Local Plans should be aspirational but realistic. They should address the spatial implications of economic, social and environmental change. Local Plans should set out the opportunities for development and clear policies on what will or will not be permitted and where. Only policies that provide a clear indication of how a decision maker should react to a development proposal should be included in the plan.”
2. Furthermore, one of the bullet points included under paragraph 157 of the NPPF is that Local Plans should:

“Allocate sites to promote development and flexible use of land, bringing forward new land where necessary and provide detail on form, scale, access and quantum of development where appropriate”
3. Policy EMP 1 (1) as amended does not provide any detail as to the quantum of residential development that Maidstone Borough Council (MBC) would accept on the site. Accordingly, it provides uncertainty to the landowner/developer and has not been positively prepared. It does not provide a clear indication as to how a decision maker should react to a development proposal. The policy simply indicates that the residential aspect should be ‘secondary, supporting use’. Therefore, as amended, Policy EMP 1 (1) is not sound.
4. However, the landowner, London and Cambridge Properties (LCP) who have controlled all of the allocated land at Mote Road since 2001 consider that an allocation for an 8,000 sqm office building at 27 Mote Road, even with a secondary supporting use of residential development, would be unviable and thus undeliverable.

5. LCP would comment that for the site to be developed, any proposed use would need to produce a return greater than that currently generated by its use as a car park. In the plan period, the schemes most likely to be viable would be either a 100% residential scheme or a mixed use scheme involving predominately residential development on the upper floors with a commercial element (retail, leisure or offices) below.

Question 8.7: How much Residential Development is needed for a viable mixed use development?

6. Paragraph 173 of the NPPF states that
“Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.”
7. The site at No.27 Mote Road extends to 0.97 acre and planning permission was granted in March 2005 for an 8,300 sqm, 9 storey office building. Details of this consent are attached as Appendix 1.
8. Before, during and after planning permission was granted, the proposed office accommodation was actively marketed. It is worth noting that the site was being marketed at a time (2004-2010) of economic prosperity, before the recession.
9. The only interest was received from Maidstone Borough Council, who were at the time, considering options to relocate from dated buildings in Tonbridge Road and

London Road, and from ACE Insurance who occupied a large part of Kent House and were looking for more modern space and to relocate staff from London.

10. Maidstone Borough Council shortlisted the site for potential occupation but instead moved to Stoneborough House (now renamed Maidstone House) whilst ACE decided instead to close its Maidstone operation entirely. No further interest was received from any other parties and the planning permission lapsed in 2010. The site is currently operated as a car park.
11. GVA's Qualitative Employment Site Assessment Report of September 2014 highlights that in identifying sites for economic development those sites need to be "suitable, available and achievable" In other words there is no point in a site being designated for office development if in reality there is no reasonable prospect of it being built.
12. Paragraph 22 of the NPPF states:-

"Planning policies should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose. Land allocations should be regularly reviewed. Where there is no reasonable prospect of a site being used for the allocated employment use, applications for alternative uses of land or buildings should be treated on their merits having regard to market signals and the relative need for different land uses to support sustainable local communities."
13. The quantum of office floorspace now proposed by Policy EMP1 (1) is very similar to that granted planning permission in 2005. The fact that LCP did not seek to either implement the 2005 consent or renew the 2005 planning permission demonstrates very clearly that the office scheme was not considered viable in 2010. It should therefore not be considered viable in 2016 and should not be allocated for predominately office use in a Local Plan which runs until 2031.
14. The NPPF is clear that planning policies should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose. This is clearly the case at Mote Road.

15. For any office development to be viable there must be an identifiable demand for the proposed space. Bishop Whitehead Chartered Surveyors have prepared a report on the office market in Maidstone (Appendix 2). They have stated that where a scheme is able to be built in phases it is sometimes viable to develop buildings speculatively but unless there is a booming economy and a huge amount of inherent demand, the larger the buildings the less likely they are to be built on this basis. For this reason individual buildings of perhaps 465 sqm like those at Hermitage Court at J5 M20 have been built speculatively even during the recession but larger buildings such as those consented at Eclipse Park (the two sites have the same owner) have not.
16. If it has not been viable to develop a 1,395 sqm building speculatively at Eclipse Park it is plainly not viable to build 8,300 sqm speculatively in the Town Centre. In the opinion of Bishop Whitehead, in order to be fundable and therefore financially viable, at least three quarters of the building, if not all of it, would need to be pre let on institutionally acceptable terms i.e. for a minimum lease of 15 years without breaks and at a rent in excess of £215 per sqm. Whilst it is conceivable that rents for new space will increase above £215 per sqm and that a hypothetical tenant for 6,225 sqm might commit for 15 years, the commercial reality is that a hypothetical tenant will remain just that - hypothetical. The need for a substantial pre-let is reflected in paragraph 5.34 of the submitted Local Plan, which states:

“New 100% office development is unlikely to be viable in the current market and would not proceed without a substantial pre-let”.

17. As demonstrated in the appended report prepared by Bishop Whitehead (Appendix 2), demand for space in Maidstone has been weak for many years and dominated by occupiers requiring less than 185 sqm. There have been few requirements for over 465 sqm in the last five years and only one letting in the Town Centre of more than 930 sqm. With the exception of Maidstone Borough Council’s relocation, the last letting of 1,860 sqm in the Town Centre took place in 2004. With Maidstone no longer being a target town for occupiers with a regional requirement, this pattern of demand is set to continue in the foreseeable future and accordingly. Bishop

Whitehead concludes that there is no prospect of securing such a pre-let and therefore no prospect of an 8,300 sqm building ever being developed.

18. Theoretically it is conceivable that a smaller office scheme could be developed on the site perhaps in a number of buildings. The difficulty however is it would still need to be viable. As an office location, the site is not easily accessible by car due to its position on the one way system and although it is near the Bus Terminal in the Mall Shopping Centre it is on the opposite side of the town centre to the railway station. As well as having to compete with Eclipse Park and Paul Sandy Court at Turkey Mill its location within the town centre is inferior to the existing good quality office space available at both Priory Gate and County Gate. More importantly, in order to be viable any scheme on the site would need to produce a return on capital greater than that currently produced by the existing car park use. In the opinion of Bishop Whitehead, a small scale office scheme could not produce the economies of scale necessary to meet these criteria.
19. In the plan period the most likely schemes to make development viable would be either a residential scheme or a mixed use scheme involving residential on the upper floors with a commercial element (be it retail, leisure or offices) at ground and perhaps first floors.

Question 8.8: What would be the implications for the amount of office floorspace?

20. Bishop Whitehead Chartered Surveyors have also looked in to the office market of Maidstone (Appendix 2). The stock of available office space in Maidstone is currently about 12,550 sqm in a range of sizes and with a range of specifications. In addition to the existing space, there is designated land available at Eclipse Park and Turkey Mill able to provide a total of 7,245 sqm in a number of buildings and in a range of sizes. These sites are suitable, available and achievable.
21. If it can be demonstrated that land should be specifically designated for office development in the Town Centre, the report by Bishop Whitehead has demonstrated that there are alternative sites more likely to be suitable, available and achievable. In particular consideration should be given to making an allocation at

the King Street Car Park site, which is owned by Maidstone Borough Council where offices could be ancillary to a ground floor retail parade or at Maidstone East where a mixed use scheme not reliant on the office element being the driving force would be entirely appropriate.

22. With regards to the amount of office floorspace at Mote Road, as already stated, the most viable schemes would be either a residential scheme or a mixed use scheme involving residential on the upper floors with a commercial element (be it retail, leisure or offices) at ground and perhaps first floors. It is considered that the report prepared by Bishop Whitehead has demonstrated that the allocation of the site at Mote Road is not the most appropriate strategy when considered against the reasonable alternatives available in Maidstone to deliver additional office floorspace. Therefore, the implications for the amount of office space to be delivered at the Mote Road site is that the amount of B1a floorspace would be significantly reduced.
23. In view of the above, it is therefore considered that Mote Road is de-allocated as an employment site. Any level of offices which could be provided would be a secondary use to a predominately residential development on the site in order to make any development on the site viable and thus deliverable.

Question 8.9: If office development would be dependent on cross subsidy from Residential Development, would that justify a reduced affordable housing target for development on this site and, if so, what should that target be?

24. Paragraph 173 of the NPPF states that
“To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.”

25. The report by Bishop Whitehead has clearly demonstrated that the allocation of an 8,000 sqm office building at Mote Road would not be suitable or achievable. Importantly, the office development envisaged by Policy EMP1 (1) would not be viable.
26. Maidstone Urban Area, which includes the Mote Road site, is currently expected to deliver 30% affordable housing. The exception to this is the Strategic Urban Brownfield Allocation at Springfield (H1) (11). The Springfield residential site allocation is to accommodate a rate of 20% affordable housing which allows for an appropriate balance of affordable housing with the need to provide for necessary supporting infrastructure, with the associated site constraints.
27. Clearly, a brownfield, town centre redevelopment such as Mote Road will come with its associated costs. The Maidstone Borough Council Revised Plan and CIL Viability Study tested various scenarios with regards to Brownfield Sites and differing % of Affordable Housing. 60 flatted units on a Brownfield site in an Urban Area was considered to be just about viable at 30% (Table 6.2 of the Maidstone Borough Council Revised Plan and CIL Viability Study). Anything higher (35% or 40%), it would be unviable.
28. The Viability study has also concluded that it would be not be viable to charge CIL for Office and other Commercial B-Class development. The only type of non-residential development that would be able to accommodate a CIL charge would be retail.
29. However, the CIL Viability Study has not tested a scenario which would include a possible mixed use development. Therefore, there is the potential if the site were to deliver a mixed use development, with 30% Affordable Housing, that development of the site would be unviable.
30. Whilst there is no objection in principle to the provision of Affordable Housing, it is considered that a lower proportion of affordable homes should be considered for larger brownfield market housing developments. This will ensure schemes will be viable and will be deliverable and achievable.

Question 8.10 Does the Policy require modification for it to be certain and effective and, if so, what wording would achieve that?

31. Paragraph 160 of the NPPF states:-

“Local planning authorities should have a clear understanding of business needs within the economic markets operating in and across their area. To achieve this, they should:

- work together with county and neighboring authorities and with Local Enterprise Partnerships to prepare and maintain a robust evidence base to understand both existing business needs and likely changes in the market; and**
- work closely with the business community to understand their changing needs and identify and address barriers to investment, including a lack of housing, infrastructure or viability.”**

32. LCP is one of the UK’s largest private owners of industrial and retail property managing a portfolio in excess of 14 million square feet which is predominantly held for long term investment purposes. The Council in their allocation of the site for predominately employment purposes have clearly not listened to the business community (i.e. LCP), as advocated by the NPPF.

33. It has been demonstrated that the Council have in essence allocated the site at Mote Road for employment purposes which they know is not viable and is unlikely to be delivered. This has been demonstrated through the non-implementation of the previous 2005 consent (Appendix 1), as well as an analysis of the existing office market in Maidstone (Appendix 2). There is currently no pre-let in place for the site and it is unlikely to attract a substantial pre-let during the plan period and therefore, this severely questions the deliverability of a predominately office allocation at Mote Road. This is clearly not consistent with National Policy.

34. The only way for development and delivery of the site to be ‘certain and effective’ is delete the employment allocation as it currently stands and to allocate the Mote Road site as a mixed use, residential led development allocation instead. London and Cambridge Properties Limited are currently in the process of drawing up a

mixed use development scheme. In the plan period, the most likely schemes to make development viable would be either a residential scheme or a mixed use scheme involving residential on the upper floors with a commercial element (be it retail, leisure or offices) at ground and perhaps first floors.

Summary

35. It has been demonstrated that the allocation at Mote Road for up to 8,000sqm of office development under Policy EMP 1 (1), even with an element of residential development as a secondary supporting use, would not be viable. It is considered that it has also been demonstrated that the allocation of the site at Mote Road is not the most appropriate strategy when considered against the reasonable alternatives available in Maidstone to deliver additional office floorspace.
36. Furthermore, as the previous consent on the site demonstrates, the expectation of the site to deliver 8,000sqm of office floorspace would not be deliverable over the plan period.
37. Therefore, the allocation would not be consistent with National Policy and allocation EMP1 (1) should therefore be deleted.