

## Housing Infrastructure Fund – Otterpool Park, Shepway

Bid Details	Primary Local Authority	Kent County
	Project Type	Forward Funding

Organisation	Kent County
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Scheme Details	Scheme Name	Otterpool Park Garden Town, Shepway, Kent
	Scheme Description	Otterpool Park is a new garden town between Folkestone and Ashford in Kent. It will deliver long term housing and jobs growth over several planning periods to meet Shipway District Council's (SDC) identified need for over 14,500 homes to 2037. Up to 12,000 additional, quality and technologically smart continuing beyond the plan period. The new town will include rail services to London, ultrafast broadband, employment, schools, shops, health and recreational facilities. SDC is a major landowner alongside Cozumel Estates. Otterpool Park's masterplan and planning application demonstrates an exceptional opportunity to enable accelerated major growth in quality homes and jobs in a positively planned manner in a truly green setting, helping to address the demonstrable housing crisis in Kent and the wider South East.
	Physical Infrastructure	Road/Highway, Bridge, Education, Rail, Power Supply, Health facilities, Electricity / Gas connections, Flood defence, Public realm works, Land Assembly, Land Remediation, Water Works, Digital infrastructure, Other
	Physical Infrastructure (Other)	Strategic landscaping and a business innovation centre

Delivery milestones	Planning status	None
	Planning permission target date	01/12/2019
		01/12/2019
	Infrastructure – dev partner identified	30/09/2018
	Infrastructure – dev partner appointed	01/12/2018
	Housing – dev partner identified	30/09/2018
	Housing – dev partner appointed	31/01/2019
	Start of infrastructure works	02/01/2019
Completion of infrastructure works	31/01/2022	

Financials	Funding amount	£281,230,000
	2017/2018	£250,000
	2018/2019	£51,040,000
	2019/2020	£119,215,000
	2020/2021	£110,725,000
	Total	£281,230,000

Previous Funding Application	Yes
Previous Funding Application Details	In November 2016 Shepway District Council (SDC) received Garden Town status for the development of proposals for Otterpool Park from DCLG. As part of a package of support DCLG provided capacity funding of £750,000 to the council and in March 2017 SDC received a further £345,000 from DCLG. Total funding received £1,100,000.
Local Authority Investment (inc. LGF funding)	Total: £10,525,000 Secured: £7,875,000
Indicative public sector	74%
Aim to recover funding	Yes
How intend to recycle	A tariff mechanism, details of which will be agreed by SDC, KCC and DCLG, will be used to recover the upfront physical infrastructure costs from housebuilders. This will be subject to viability assessments at the point of delivery and therefore it is anticipated will increase throughout the life of the development.

Development Profile	Number of sites	1
	Total size of sites	617 ha
	Area on brownfield	5 ha

Local Authority	Number of Homes
Shepway	12000
Total number of homes	12,000

Full / Detailed	0
Outline	0
Planning in principle	0
Allocated	0
None	12,000

Profile up to 2020	25
Profile 2021 – 2025	1,225
Profile 2026 – 2030	2,250
Profile 2031 – 2035	2,250
Profile future years	6,250

Homes delivered if without funding	12,000
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Explanation for numbers delivered	With HIF the rate of house building is 3 times that of a scenario without HIF funding. Up to 2022, 425 high quality homes can be delivered with HIF but without HIF only 140 homes can be built. Only 4300 homes can be delivered up to 2041/42 without HIF compared to up to 8500 with HIF. The remainder of the 12000 will be built post 2042. HIF enables the early provision of physical infrastructure and negates lengthy S106 negotiations allowing higher quality development to be accelerated at pace.
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Options appraisal	Problem being addressed	Meeting the long-term need for housing and employment growth in the district in a planning way, and attracting more people of working age to rebalance the age demographic in the district, which has an above average percentage of older people. Shepway District Council has been successful in delivering a relatively high rate of brownfield sites in recent years with expansions to existing settlements, but such opportunities are now very limited and existing facilities at capacity. A new community allows infrastructure to be planned without putting pressure on already strained services. However, while this is an excellent location for development it will require Significant investment up front in a new and untested market for developer. This will have
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significant cash flow problems for any development partner. HIF funding would help overcome this and provide confidence to the market.

Options Considered

1. Do nothing: housing need is unmet; sites delivered in a reactive way through speculative planning applications. No opportunity for employment growth (shepway has very limited employment land available to meet modern standards). 2. Alternative development strategy for district: incremental growth across all towns and villages. This would put increased pressure on existing facilities without generating enough contributions, or providing enough land to build new ones. 3. Allocation of land in this location for marketing delivery. This would result in incremental development by housebuilders, each delivering its own infrastructure. Would not create coherent place; employment of any scale would be hard to deliver. 4. Garden Town: allows proper planning, timely provision of infrastructure, and capturing uplift in values. Existing local communities can benefit from the development, which cannot be achieved through other options.

If funding not secured

KCC and SDC do not have the borrowing capacity to forward fund infrastructure to the scale required. The alternative is selling the site in parcels to housebuilders; each would meet its own infrastructure need, which would lag behind housing as cash flow would not allow for up-front investment. Such a model would be slower to start due to longer timescales to negotiate S106 agreements, resulting in a much-reduced rate of housing that can take place without significant investment in infrastructure. With HIF the rate of house building is 3 times that of a scenario without HIF funding. Up to 2022, 425 high quality homes can be delivered with HIF but without HIF only 130 homes can be built. Only 4300 homes can be delivered up to 2041/42 without HIF compared to up to 8500 with HIF. The remainder of the 12000 homes will be delivered post 2042 with HIF funding.

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Strategic approach

Demonstrate strong local leadership

SDC has demonstrated its ambition for housing growth by making land available at Otterpool Park for housing over a 30+ year time horizon, covering multiple Local Plan periods and beyond existing housing need. It has shown leadership in buying land to help deliver housing and controlling its quality, to create a legacy. KCC and SDC have worked closely together from the start, both politically and operationally, with strong political support and leadership from both KCC and SDC. The councils are working closely together on the planning and service delivery for the site, and have jointly signed a planning performance agreement with the promoter to demonstrate this commitment. Otterpool Park brings forward homes at a greater pace than would otherwise be achieved. As SDC already has a NPPF-Complaint Core Strategy Local plan (CSLP) adopted in 2013 it did not need to review its plan at this stage, but its early review demonstrates the ambition for long term planning and promoting housing growth. Annual housing trajectory will therefore increase from 350 – 400 homes in the existing CSLP to 633 (based on latest SHMA figures). The LPA will not be relying on Otterpool Park alone for housing delivery; it has identified other sites in the localities in Sellindge and Lympe in addition to its draft places and policies local plan (Submission draft currently being prepared) allocates small and medium sized sites for development in the short to medium term. KCC has an authority partners to secure more land to enable the plan led delivery of additional housing throughout the county and will seek to use any recycled funds from the HIF for these purposes and repeat the success of the garden town model.

Demonstrate unlocking new & better homes

To attract new residents and business to a new location Otterpool Park must offer a high quality of life, good quality housing and an attractive and well-designed new town. A crucial aspect of this will be ensuring infrastructure and community facilities are in place early on. The existing housing market within Shepway district is not strong by Kent Standards, with new build homes valued at £250-£300 per sq. ft. With the right investment up front early on Otterpool Park can raise values and create its own housing market,

		attracting new developers to the area. It can meet the gap in supply for 3 and 4 bed family homes in the area. Otterpool Park can also demonstrate land value capture through reinvestment by SDC in the new Community and its proposals for long term stewardship. Investment through HIF releases funds to meet objectives for raising design quality across all housing and public buildings.
	Demonstrate diversifying housebuilding market	The guiding Principles for Otterpool Park include a commitment to delivery of self and custom build homes. SDC has begun developing its strategy for facilitating self/custom build and it's currently looking at use of the community housing fund to support this. KCC supports the principles of the social value act throughout its procurement processes. This project would sign up to these principles as a minimum in demonstrating support for local initiatives and the local supply chain. SDC's control of the land will help to ensure the delivery of this. SDC is looking at off site manufacture where this can demonstrate speed of delivery and a high quality product. Housebuilding in this area in recent years has been limited to a few major housebuilders and some smaller local ones due to perceived marginal values in east Kent. This scheme will help stimulate an interest in the area.
	All supporting Local Authorities	Yes Shepway District Council letter of support for Otterpool (file: SDC Letter of Support.pdf)
	Dev partner(s) (Infrastructure)	No Kent County Council is working in partnership with Shepway District Council and a private sector partner Cozumel Estates. These organisations are direct delivery partners and the procurement of the infrastructure provider will commence in 2018.
	Dev partner(s) (housing)	No Kent County Council is working in partnership with Shepway District Council and a private sector partner Cozumel Estates. These organisations are direct delivery partners and the procurement of the housing development partners will commence in 2018.
Plan Status	Plan adopted or submitted How funding will help	Yes SDC has acted quickly to commence work on a review of the adopted Core Strategy (2013) to provide a policy allocation for a new settlement. Its published SHMA (2016) identifies additional housing need for the period 2014-2037 beyond that planned for in the adopted Core Strategy. The Local Plan will be published for consultation (Reg. 18 and 19) in 2018, with Submission in March 2019 and a target adoption date by the end of 2019, which will align with the submissions and determination of the planning application. The infrastructure works will commence prior to the end of 2019, demonstrating commitment from key partners and confidence to the community and other stakeholders.
Approach to delivery	Plans to deliver infrastructure	SDC and Cozumel will sign a collaboration agreement as a precursor to entering into a joint venture (JV) with a developer partner for Otterpool Park. This JV will work with KCC as accountable body to coordinate all infrastructure delivery. The Local Authority delivery team who will lead on the delivery of the infrastructure will be KCC and their partner Local Authority, Shepway District Council. Kent County Council has extensive previous experience of enabling residential and commercial development across the county and delivering large physical infrastructure projects of a similar scale to that required at Otterpool Park. The ambitious programme for infrastructure is types of infrastructure that can be procured concurrently under separate work streams.
	Link between infrastructure and homes	On a Garden Town proposal of this scale, major investment is required in the early stages to unlock and accelerate the delivery of the homes. Currently, Otterpool Park is a largely

undeveloped greenfield site with no currently provision for utilities, inadequate transport infrastructure and a lack of capacity in local schools and healthcare provision. In order to deliver the homes, multiple packages of work will need to be undertaken up front and in a comprehensively planned manner. The delivery of up to 12,000 new homes relies upon the provision of new water electricity and gas supply, wastewater treatment, broadband, new access roads, upgrades to the strategic road network, upgraded railway station, new primary schools and secondary provision, healthcare centre, commercial and employment space and parks and recreational facilities. We have demonstrated that the early provision of the physical infrastructure will triple the rate of the delivery of new homes.

#### Delivery partners working together

SDC and Cozumel as joint landowners have a signed collaboration agreement. The project is currently run through a collaboration board. KCC and SDC have jointly signed a planning performance agreement with the promoter and there is an established working group that meets monthly. KCC will also lead on the establishment of governance arrangements for the infrastructure scheme, building on successful relationships with key partners including Highways England and Network Rail. Evidence of the effectiveness of the partnership is shown by the level of progress made to date. This has been extensive and rapid with most of the land acquired, stage 1 feasibility and master planning nearing completion, public engagement well advanced, local preparation accelerated and the development of the outline planning application well underway and is due for submission in March 2018.

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