

Comment

Consultee	Mr Richard Dodson (996349)
Email Address	r.c.dodson@dorsetcc.gov.uk
Company / Organisation	Dorset County Council
Address	County Hall Dorchester DT1 1XJ
Event Name	Community Infrastructure Levy Draft Charging Schedule
Comment by	Dorset County Council (Mr Richard Dodson - 996349)
Comment ID	DCS2
Response Date	29/11/18 12:44
Status	Processed
Submission Type	Web
Version	0.1

Please note that the Inspector will decide if a public hearing session is required as part of the examination process. You may choose to request to appear at a public hearing to clarify your comments, but you must communicate this to the Council before the close of the consultation. If you do not wish to be heard at the examination, your written representations will carry the same weight as those made by respondents who appear and give oral evidence in support of their representations.

Do you wish to be heard in support of your representations at any Public Examination of the Draft Charging Schedule 2018? No

Please tick as appropriate:

I wish to be notified when

- the Council submits the CIL Draft Charging Schedule for independent examination
- the inspector's report is published
- the Council approves the Schedule

Do you support or oppose the proposed rates in the Draft Charging Schedule? Support

Please explain your reasoning for supporting or not supporting the proposed CIL rates, and provide any relevant evidence in support of your case.

Whilst I have indicated support for the DCS care should be taken to ensure that appropriate viability headroom is applied to ensure there is sufficient CIL being accrued to contribute towards supporting infrastructure. This appears to be particular issue in Upton. A concern here is that the headroom is

too high. This is highlighted, for example on the District / Poole boundary where there appears to be significantly different rates within the same postcode simply due to a Local Government Boundary.

Comment

Consultee	Martin Hiles (1195972)
Address	unspecified unspecified unspecified
Event Name	Community Infrastructure Levy Draft Charging Schedule
Comment by	Martin Hiles (1195972)
Comment ID	DCS14
Response Date	08/01/19 10:51
Status	Processed
Submission Type	Letter
Version	0.3

Please tick as appropriate:

I wish to be notified when

Please explain your reasoning for supporting or not supporting the proposed CIL rates, and provide any relevant evidence in support of your case.

The proposals will result is less CIL money being passed to the community and diminish the ability of the local community to influence and use CIL funding.

Sue Bellamy

From: Bridget Downton
Sent: 03 December 2018 10:01
To: richard.drax.mp@parliament.uk
Cc: Libby Hodd; Sue Bellamy
Subject: Martin Hiles

Dear Richard,

I am emailing in response to your letter dated 28th November that I received on the 30th November. You enclosed an email from Martin Hiles about the Council's consultation in relation to its Community Infrastructure Levy (CIL) charging schedule. Mr Hiles asked if you would be responding to the consultation – obviously I don't know the answer to that but I have attempted to respond to his other points below.

In the email, Mr Hiles expressed his concerns about the proposals that would reduce the amount of CIL being passed to the community in Wool and the fact that this would diminish the ability of the local community to influence and use CIL funding. As you know, where a council charges CIL for development, the local parish council receives 15 per cent of the CIL collected in its area to spend on local infrastructure (or 25 per cent if there is an adopted neighbourhood plan in place).

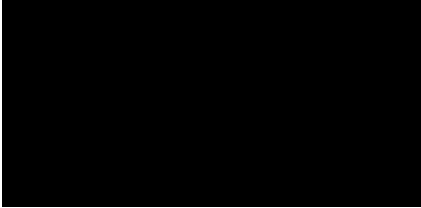
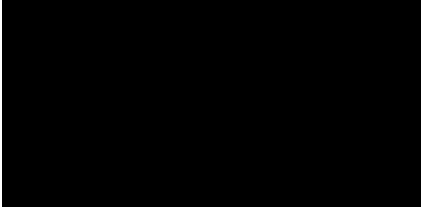
In the proposals that the Council is currently consulting on, large developments over 200 homes would not attract CIL. But it is important to point out that they would still be expected to provide infrastructure required as part of the development but this would be provided through a S106 agreement. This is to ensure that the resources available are spent specifically in relation to that development. This is in contrast to CIL which would be spent across the district and not directly related to the specific development. So the proposals should ensure that more resources will be available to be spent in Wool in relation to the sites proposed in the current pre-submission draft of the Local Plan. The best way to influence how that money is spent is to work alongside the developers to discuss this. I know that the Neighbourhood Plan Group has already had some dialogue with the developers and I would hope that this will continue. This will be a good way of ensuring that the community can influence what community benefits can result from the development.

I do appreciate that the proposals would reduce the amount of money passed directly to the parish council to spend locally but our view is that it would in fact increase the resources that will be spent in Wool.

Please do not hesitate to contact me if you would like any further information.
Yours sincerely

Bridget Downton
General Manager, Planning and Community Services
Purbeck District Council | Westport House | Worgret Road | Wareham | Dorset | BH20 4PP
email BridgetDownton@purbeck-dc.gov.uk
direct line 01929 557268
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www.dorsetforyou.com/purbeck

Comment

Consultee	Mr Rob Holden (1189740)
Email Address	
Address	
Event Name	Community Infrastructure Levy Draft Charging Schedule
Comment by	Mr Rob Holden (1189740)
Comment ID	DCS6
Response Date	03/12/18 11:32
Status	Processed
Submission Type	Web
Version	0.1

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Do you wish to be heard in support of your representations at any Public Examination of the Draft Charging Schedule 2018? No

Please tick as appropriate:

I wish to be notified when the inspector's report is published

Do you support or oppose the proposed rates in the Draft Charging Schedule? Support

Please explain your reasoning for supporting or not supporting the proposed CIL rates, and provide any relevant evidence in support of your case.

This representation is simply to identify a typo or drafting error. The area map shows the area known as Purbeck -Centre labelled as "Purbeck". This is very confusing to have the whole area of Purbeck and a sub-set area called Purbeck. The legend should be amended to "Purbeck Centre". Also if adjustments are being made, then please adjust the opacity of the legend colour boxes to the same opacity as has been used on the map. Currently it looks like the map opacity is set to 50% and the legend opacity is zero, so the colours are a poor match.

Comment

Consultee	Mr Paul Tomlinson (996556)
Email Address	[REDACTED]
Company / Organisation	Local Access Forum
Address	[REDACTED]
Event Name	Community Infrastructure Levy Draft Charging Schedule
Comment by	Local Access Forum (Mr Paul Tomlinson - 996556)
Comment ID	DCS12
Response Date	26/11/18 15:41
Status	Processed
Submission Type	Letter
Version	0.4
Files	local-access-forum.pdf

Please note that the Inspector will decide if a public hearing session is required as part of the examination process. You may choose to request to appear at a public hearing to clarify your comments, but you must communicate this to the Council before the close of the consultation. If you do not wish to be heard at the examination, your written representations will carry the same weight as those made by respondents who appear and give oral evidence in support of their representations.

Do you wish to be heard in support of your representations at any Public Examination of the Draft Charging Schedule 2018? No

Please tick as appropriate:

I wish to be notified when

- . the Council submits the CIL Draft Charging Schedule for independent examination
- . the inspector's report is published
- . the Council approves the Schedule

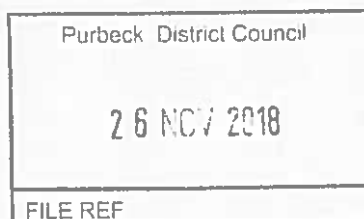
local-access-forum.pdf

The Dorset Local Access Forum



23rd November 2018

FAO Sue Bellamy
Purbeck District Council Planning Team
Westport House, Worgret Road
WAREHAM
Dorset BH20 4PP



Dear Ms Bellamy

Community Infrastructure Levy Draft Charging Schedule and Priorities for Spending

I have been asked to write to you on behalf of the Dorset, Bournemouth and Poole Local Access Forum in response to the consultation on this issue described in your letter of 22nd October. As you will be aware the Forum is a statutory consultative body, established under the Countryside and Rights of Way Act, with a remit to encourage greater public use of our countryside. We have a duty to offer appropriate advice to our S94 bodies, which include your Council.

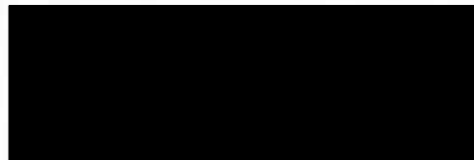
In earlier correspondence we have emphasised the desirability of some of the Council's CIL funds being used to support access improvement projects: the public health benefits [both physical and mental] of getting out into the countryside are well documented. We have also previously sought assurances that the Heathland Mitigation project will be managed so as to minimise the impact on legitimate public access to the Heaths. We suggest that these two threads could be taken forwards together by including within the Reg 123 list an allocation of the Council's CIL funding to completing and promoting the circular cycling route element of the long running Poole Harbour Trail project – the great bulk of which lies within Purbeck DC's territory. Essentially this would require filling in the current "missing link" section parallel to the Holton Heath industrial park and Rockley Pier, part of which runs along the old military railway.

Our understanding from earlier exchanges with Natural England is that a major concern within the Heathland Mitigation project is abuse of the heaths by off-road cyclists, with attendant disruption of wildlife and degradation of sand dunes etc. A good way of addressing this issue would be to create an attractive cycle route around Poole Harbour to relieve pressure on the Heathlands. In addition to increasing recreational usage, completion of this

missing section would also provide a good cycle to work route in and around the Holton Heath industrial park, and thence reduce both atmospheric pollution and traffic congestion on the A351 through Sandford and Holton Heath. It would further benefit residents of Sandford and Holton Lea by providing improved access to the harbour frontage. Our understanding is that the major landowner has no objection to public use of the existing track, but funds will be needed to mitigate the flooding on the track, and to improve the bridge across the railway.

The LAF considers that this project would be fully consistent with the stated objectives of the CIL scheme, and would be an excellent way of using a portion of Purbeck DC's CIL income.

Yours sincerely,



Paul N Tomlinson

Chairman, Dorset Bournemouth and Poole Local Access Forum

Comment

Agent	Mr Andrew Fido (1190690)
Email Address	afido@savills.com
Company / Organisation	Savills
Address	Wessex House Wimborne BH21 1PB
Consultee	(1190693)
Company / Organisation	Lulworth Estate, Redwood Partnership, Mr A.Jackson
Address	c/o Planning Savills Wimborne BH21 1PB
Event Name	Community Infrastructure Levy Draft Charging Schedule
Comment by	Lulworth Estate, Redwood Partnership, Mr A.Jackson (- 1190693)
Comment ID	DCS10
Response Date	03/12/18 17:59
Status	Processed
Submission Type	Web
Version	0.1
Files	letter-report-vision-plans (2)

Please note that the Inspector will decide if a public hearing session is required as part of the examination process. You may choose to request to appear at a public hearing to clarify your comments, but you must communicate this to the Council before the close of the consultation. If you do not wish to be heard at the examination, your written representations will carry the same weight as those made by respondents who appear and give oral evidence in support of their representations.

Do you wish to be heard in support of your representations at any Public Examination of the Draft Charging Schedule 2018? Yes

Please tick as appropriate:

I wish to be notified when

- the Council submits the CIL Draft Charging Schedule for independent examination
- the inspector's report is published
- the Council approves the Schedule

Do you support or oppose the proposed rates in the Draft Charging Schedule? Oppose

Please explain your reasoning for supporting or not supporting the proposed CIL rates, and provide any relevant evidence in support of your case.

Our clients support the confirmation that the Wool allocation under policy H5 (as an allocated residential site in the Wareham & Purbeck Rural Centre of 200 or more dwellings) is proposed to be 'nil rated' for CIL. However, they wish to ensure that the section in the Draft Charging Schedule entitled 'Infrastructure projects to be funded at least in part by the CIL' (the Regulation 123 list) is further clarified to ensure that there are appropriate references of infrastructure intended to be funded by S106 for nil-rated sites to avoid double counting. It is important that any future section 106 obligations for the policy H5 site meet the relevant tests of Regulation 122 and 123 of the CIL Regulations. The Regulation 123 list should therefore require that certain infrastructure projects relevant to the development of Wool (emerging PLP Policy H5) (and the other zero rated CIL sites) will be funded by section 106 contributions.

Do you have any comments on the identified priorities for spending?

No comment

letter-report-vision-plans (2)
letter-report-vision-plans

3 December 2018
WOOL R19 -COVERING LETTER-FINAL-03.12.18



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Dear Sir or Madam,

REPRESENTATIONS ON BEHALF OF THE LULWORTH ESTATE, REDWOOD PARTNERSHIP AND MR ANDREW JACKSON

PURBECK LOCAL PLAN PRESUBMISSION PUBLICATION DRAFT

Introduction

The following representations are submitted on behalf of The Lulworth Estate, Redwood Partnership and Mr Andrew Jackson (hereafter 'our clients') in respect of their land interests at Wool. Together these form the basis of land identified in the Purbeck Local Plan Pre-submission Publication Draft (hereafter 'emerging PLP') for a residential led allocation of 470 homes, a 65 bed care home, community facilities and supporting infrastructure under Draft Policy H5:Wool.

Previous representations were (most recently) submitted to the Council's 'New Homes for Purbeck' Consultation (March 2018). These were accompanied by supplementary information including a site specific 'Wool Concept Framework', a Heritage Appraisal and a Flood Risk and Surface Water Drainage technical overview, all confirming the appropriateness of their landholdings to accommodate up to 1,000 houses.

Our clients support the allocation of their land at Wool (hereafter 'the Site'), and recognise and support the Local Plan evidence base which confirms this as an appropriate deliverable and developable housing allocation on account of it being:

- A sustainable location for housing – An urban extension to the settlement of Wool (which occupies the second tier of the settlement hierarchy) which contains existing education and health care facilities that can be expanded, and other facilities to meet day to day needs. It is also accessible to Wool mainline railway station which provides connections to nearby major towns (and onward services to London Waterloo and Weymouth) and adjoins the Dorset Innovation Park (Dorset's only Enterprise Zone), which offers current and future employment opportunities accessible by sustainable transport options.
- Within a less environmentally constrained part of the District – The allocation is outside of the Dorset Heathlands SPA/SAC/Ramsar/SSSI nature conservation designations and buffer which covers approximately 36% of the District; the Dorset Green Belt which covers approximately 25% of the District; the Dorset AONB which covers approximately 60% of the District; and other designations applicable to other parts of the District such as the Jurassic Coast World Heritage Site and land within Flood Zones 2 and 3 (i.e. at a medium or higher probability of flooding from rivers and the sea).

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- Able to deliver the required Suitable Alternative Natural Greenspace. This is capable of being delivered on nearby adjoining land under our clients control, in a form and location that has already been agreed, in principle, with Natural England and the District Council.

Wool

The Wool housing allocation represents an inherently sustainable location for future housing development, close to education and other existing community facilities within Wool and adjacent to the existing settlement boundary. It is a unique opportunity in a location with access to a range of services and facilities including the employment opportunities at Dorset Innovation Park (Enterprise Zone) and the sustainable transport option of the nearby mainline railway station.

It is also considered to represent an exciting opportunity to work in collaboration with Purbeck DC to deliver a high quality, integrated and inclusive new community which respects its landscape and heritage setting, provides new homes to meet the varied needs of the community, includes open space, SANG and SUDS facilities, and offers routes to encourage walking, cycling and the use of public transport.

We enclose an indicative masterplan, which has been updated to accord with the requirements of Draft Policy H5, and which demonstrates how 470 homes, a 65 bed care home and the other required elements, including large areas of public open space and sustainable drainage, can be delivered on the Site. We also enclose a version which demonstrates how 650 homes, plus the other requirements, could be delivered on the Site which supports our representations to Policy H2: the housing land supply. As highlighted above, previous representations confirm the opportunity for 800 plus homes (the upper figure in the Council's New Homes for Purbeck Consultation (March 2018)).

Summary of Representations

Overall, our clients welcome the direction of the emerging Local Plan and consider that this represents a positive step in planning for the long term growth and development of Purbeck District. In particular, our clients strongly support the identification of Wool for a housing led development as fully supported by the Council's evidence base.

Our clients' observations and comments do, however, include the identification of some areas of the emerging PLP that should be amended to ensure that the emerging PLP is found sound at Examination.

These comments are set out with regards to matters of soundness, (in detail), on the enclosed Representation Response Forms, which provide specific responses to each relevant policy and are summarised as follows.

- 1) **Paragraph 9 evidence base/viability** – Whilst supportive of the overall approach to viability set out in the PDC evidence base of the Dixon Searle Partnership 'Viability Update Report 2018' (hereafter the 'DSP viability appraisal'), our clients particularly note the overall conclusion that the 40% affordable housing target is '*challenging*' for Wool under some assumptions (para 3.3.5 and 3.3.8) and the various uncertainties identified by this '*high level review*' (para 2.10). These include that: '*with, not unusually, a range of unknowns at this stage it is not possible to say exactly what level and detailed make up of planning requirements and obligations packages will ultimately be supported at these locations*' (para 3.3.9) and '*changes in assumptions, even if apparently small e.g. owing to unidentified abnormal costs/potentially negative viability outcomes from development or any necessary land value flex – can have an impact on the overall results*' (3.3.10). In that regard our clients have a number of comments on some of the assumptions used in the DSP viability assessment and the minor inconsistencies between infrastructure requirements set out in emerging PLP Policy H5, the PDC Infrastructure Delivery Plan and the viability assessment that are set out in the enclosed representation form and the supporting Savills Report 'Representations on the Viability Evidence Base' which we request are addressed.

Our clients' (high level) analysis supports the conclusion that a 40% affordable housing target is 'challenging', but indicates that between 30% - 40% affordable housing could be a more realistic expectation for the Site, depending on the precise costs, Section 106 assumptions, and assuming a housing tenure mix of 10% social rent, 20% affordable rent and 70% shared ownership. With the further clarifications requested, greater confidence as to an appropriate figure within this range can be confirmed. This will be important in relation to Soundness and ensure that the emerging PLP's policies and the communities aspirations for delivery are realistic and deliverable.

Overall, given the apparent inconsistencies and acknowledged limitations of the evidence base, it is considered necessary and appropriate for relevant policies of the emerging PLP relating to providing housing at Wool (Policy H5; Policy H3 new housing requirements; Policy H9 housing mix, Policy H10 Part M of the Building Regulations; Policy H11 affordable housing; and Policy I1 developer contributions to deliver Purbeck's infrastructure) to retain the current wording which provides an opportunity for a viability assessment to be submitted by the applicant at the planning application stage to set out any justification for any changes from the viability assessment undertaken at the Local Plan stage. However, at this stage and in order for this element of the policy to be effective and comply with the NPPF and PPG, it is necessary for the assumptions behind the DSP viability assessment to be more clearly and transparently specified.

Our clients anticipate that further ongoing discussions with PDC and their consultants DSP will resolve a number of such matters in time for the Examination.

- 2) **Policy E12: Design** – whilst in broad support of this policy our clients have some concerns regarding the references in the supporting text (emerging PLP, para 104) to the use and applicability of Supplementary Planning Documents (SPDs) including the Wool Townscape Appraisal (2012). Our clients do not believe the use of these SPDs is justified given their dated nature, the current context of the emerging PLP and the absence of clear and applicable development management guidance within the SPD.
- 3) **Policy H2: The housing land supply** – whilst in broad support of this policy, our clients have some concerns that there may be a potential over reliance on the delivery of 933 homes over the plan period through unidentified 'small sites next to existing settlements' (270 homes) and 'windfall within existing settlements' (663 homes). As there is an acknowledged additional capacity at Wool for more than the current allocation of 470 houses (as confirmed by the Council's Homes for Purbeck Consultation (2018) and the Housing Paper), it is suggested that at least 650 homes could be delivered at Wool without an unacceptable impact arising.
- 4) **Policy H3 – New housing development requirements** – whilst in broad support of this policy, our clients have some concerns regarding some of the wording and believe it would benefit from some minor amendments regarding the references to charging points for electrical vehicles and transport impacts. Our comments regarding the viability evidence base (as set out above) are also relevant.
- 5) **Policy H5: Wool**– whilst our clients strongly support this policy, we consider that the wording would benefit from minor amendments. This includes setting the housing target as a minimum rather than a maximum, and ensuring that the identified infrastructure requirements are reasonably related to the proposed development, and are correctly sought as financial contributions towards provision rather than actual physical delivery and are consistent with the PDC Infrastructure Delivery Plan (Appendix 4 – Infrastructure Delivery Plan Schedule). Our client's representations to the viability evidence base; policy H2 (relating to the potential for at least 650 homes at Wool); policy H11 affordable housing and policy I1 developer contributions are also relevant.
- 6) **Policy H11: Affordable housing** –our clients recognise and support the capability of the Wool allocation to provide a high level of affordable housing commensurate with its greenfield status. However, in light of their representations on the viability evidence base set out above it is considered

that this policy is not currently sufficiently evidenced and therefore not fully consistent with National Policy.

However, once our clients' comments on some of the assumptions used in the viability assessment are addressed and the minor inconsistencies between infrastructure requirements set out in PLP policy, the IDP and the viability assessment are resolved (as set out in the enclosed representation form and the enclosed report which our clients request are addressed) a revised affordable housing target can be set with sufficient confidence. This could be in the range of 30-40%, depending on the precise costs, Section 106 assumptions, and assuming a housing tenure mix of 10% social rent, 20% affordable rent and 70% shared ownership.

In any event, our clients fully support the current wording which provides an opportunity for a viability assessment to be submitted at the planning application stage to set out any justification for any changes from the viability assessment undertaken at the Local Plan Stage. However in order for this element of the policy to be effective, and in order to comply with the NPPF and PPG, it is necessary for the assumptions behind the DSP viability appraisal to be more clearly and transparently specified and subject to consultation.

- 7) **Policy I1: Developer contributions to deliver Purbeck's infrastructure** - our clients recognise and support the capability of the Wool allocation to make proportionate contributions to infrastructure that are: necessary to make the development acceptable in planning terms; directly related to the development; and fairly and reasonably related in scale and kind to the development.

With regards to the level of education contributions set out in Policy I1, our client's representations to the emerging PLP viability evidence base (set out above) are relevant, which request further clarifications as to the assumptions used and raise other specific questions. Following the requested further detail, clarifications and consultation; greater confidence can be gained as to whether the emerging PLP's policies are realistic and deliverable, which will be important in relation to Soundness.

In any event, our clients fully support the current wording which provides an opportunity for a viability assessment to be submitted at the planning application stage to set out any justification for any changes from the viability assessment undertaken at the Local Plan Stage. However in order for this element of the policy to be effective, and in order to comply with the NPPF and PPG, it is necessary for the assumptions behind the DSP viability appraisal to be more clearly and transparently specified and subject to consultation.

- 8) **Proposals Map** – our clients note some small inconsistencies between the Purbeck 'Wool proposals map' and the plan accompanying Policy H5: Wool on page 56.
- 9) **Community Infrastructure Levy Draft Charging Schedule** – our clients support the confirmation that the Wool allocation under policy H5 (as an allocated residential site in the Wareham & Purbeck Rural Centre of 200 or more dwellings) is proposed to be 'nil rated' for CIL. However, they wish to ensure that the section in the Draft Charging Schedule entitled '*Infrastructure projects to be funded at least in part by the CIL*' is further clarified to ensure that there are no references to infrastructure intended to be funded by CIL to avoid double counting. It is important that any future section 106 obligations for the policy H5 site meet the relevant tests of Regulation 122 and 123 of the CIL Regulations.

We would welcome the opportunity to continue the process of engagement with the Council and to appear at the Examination to inform the Examiner's consideration of the emerging PLP, as appropriate.

Yours sincerely



Andrew Fido
Associate Director

cc: Mr J. Weld, Lulworth Estate; Mr V. Dominey, Redwood Partnership; Mr A. Jackson
Enc: Completed representation forms plus supplementary comparison table referred to in representations
Savills Report 'Representations on the Viability Evidence Base;
Indicative 470 home and 650 home Wool Vision Plans

Regulation 19 Representations to the Purbeck Local Plan:
Savills on behalf of the Wool Urban Extension Landowners

December 2018

Appendix 1: Separate representation forms



Offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East..

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Regulation 19 Representations to the Purbeck Local Plan:
Savills on behalf of the Wool Urban Extension Landowners

December 2018

Representations to the Viability Evidence Base/para 8-9

Supplementary comparison table referred to in viability representations

For ease of reference, a summary and comparison of the IDP (appendix 4) requirements and the DSP viability appraisal S106 assumptions are provided in the following table:

IDP Appendix 4: Essential Infrastructure type	IDP Appendix 4: Wool – ‘developer contributions’ and ‘cost’ columns	Costs appearing in DSP Viability Appraisal for Wool*
Heathland mitigation	S106 – cost N/A provided as part of the development	SANGS £1,500 / unit @ 466 units = £699,000
Nitrogen neutrality	S106 – cost N/A provided as part of the development	Nitrogen £300,000
Fields in trust play requirements	TBC	Play equipment £100,000
Contribution to educational costs	TBC phased S106 - £6161 per qualifying dwelling	Education £6161/unit @331 units = £2,039,291
Travel plan for new residential development	S106 - £10,000 (with a ?)	Travel Plan - £10,000
Improvements to transport hub, e.g. additional secure cycle parking.	S106 - TBC	Transport £200,000
Additional changes in signing to encourage traffic travelling to Wool away from the A351 and on to the A35/C6 to include online safety improvements along the C6 through Bere Regis if the transport assessment shows this development is likely to increase traffic flows on the A351.	S106 – TBC	
Electric vehicle charging points in new development, at station and Dorset Innovation park (DIP)	S106 and DLEP- £5000 each plus installation	£500/unit @ 466 units = £233,000
No entry	No entry	GP surgery £80 unit @ 466 units = £37,280

*source: Updated Viability Study to Support Purbeck District Council’s Draft Local Plan and Revised Community Infrastructure Levy 2018, DSP - Appendix IIc, Allocated Sites Summary Results for Wool Development Appraisal Summary, ‘Construction Costs’ heading

Note: this table is enclosed as a separate appendix owing to potential formatting issues potentially apparent from the PDC Reg 19 Consultation Portal. I

Purbeck District Council's Submission Draft Local Plan: Representations on the Viability Evidence Base

Consultation response on behalf of the Lulworth Estate, Redwood Partnership and Andrew Jackson

Draft Local Plan and Revised CIL

Consultation response on behalf of the Lulworth Estate, Redwood Partnership and Andrew Jackson



Contents

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Draft Local Plan and Revised CIL

Consultation response on behalf of the Lulworth Estate, Redwood Partnership and Andrew Jackson



1. Introduction

Draft Local Plan and Revised CIL

Consultation response on behalf of the Lulworth Estate, Redwood Partnership and Andrew Jackson



Introduction

This representation has been prepared by Savills (UK) Limited (hereafter “Savills”) on behalf of the Lulworth Estate, Redwood Partnership and Andrew Jackson (hereafter ‘Landowners’) in respect of their land interests at Wool which are identified in Purbeck District Council’s (hereafter “the Council”) Purbeck Local Plan Pre-submission Publication Draft (hereafter “PLP”) for a residential led allocation of 470 homes, a 65 bed care home, community facilities and supporting infrastructure including a requirement for a SANG under policy H5:Wool.

Overall, our clients welcome the direction of the emerging PLP and consider that this emerging document represents a positive step for planning in Purbeck District. In particular our clients strongly support the identification of Wool for a housing led development as fully supported by the Council’s evidence base.

Whilst supportive of the overall approach to viability assessment set out in PDC’s evidence base of the Dixon Searle Partnership (hereafter ‘DSP’) *Updated Viability Study to Support Purbeck District Council’s Draft Local Plan and Revised Community Infrastructure Levy 2018* (hereafter ‘ DSP viability appraisal’) we have a number of comments on some of the detailed assumptions used in the DSP viability appraisal and also highlight other minor inconsistencies between infrastructure requirements set out in PLP policy, the PLP Infrastructure Delivery Plan (hereafter ‘IDP’) and the DEP viability appraisal that we request are addressed.

This representation therefore explores whether PDC has presented appropriate evidence, come to reasonable conclusions and accords with the Government’s viability guidance set out in the Planning Practice Guidance (July 2018), namely that:

‘Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan’.

We anticipate that further ongoing discussions with PDC and their consultants DSP will resolve a number of matters in time for the Examination.

Draft Local Plan and Revised CIL

Consultation response on behalf of the Lulworth Estate, Redwood Partnership and Andrew Jackson



2. Viability Assumptions

Draft Local Plan and Revised CIL

Consultation response on behalf of the Lulworth Estate, Redwood Partnership and Andrew Jackson



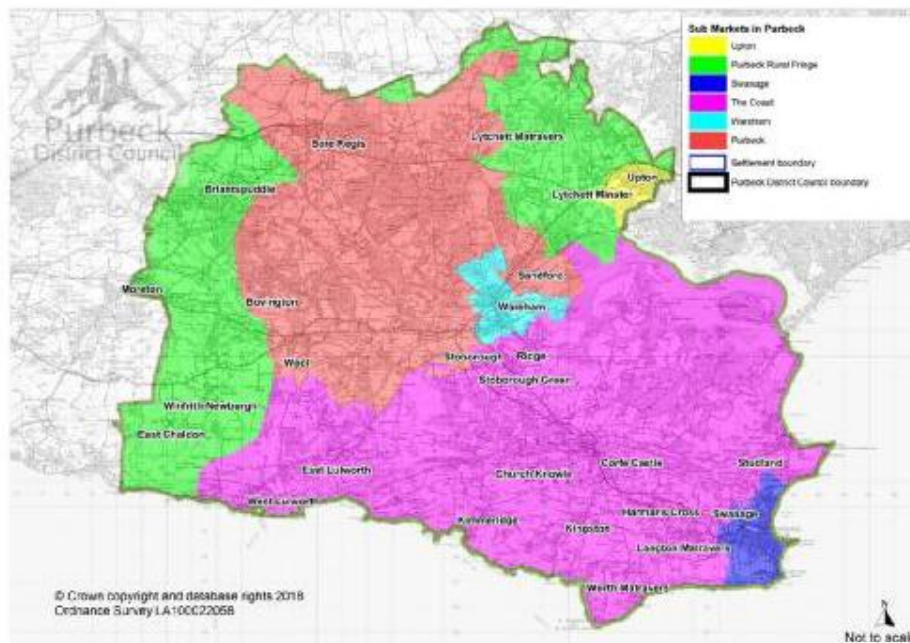
Viability Assumptions

Introduction

Dixon Searle Partnership (DSP) were commissioned by Purbeck District Council ('the Council') to produce a Local Plan Viability Study (the DSP Viability Appraisal) to support the Purbeck Local Plan 2018 – 2034 Pre Submission Draft and Revised CIL. The consultation closes on 3rd December 2018.

The DSP Viability Appraisal is a desk based study based on information provided by the Council and a number of viability assumptions made by DSP. The viability assessments are based on a series of residual valuation scenarios that model the gross development value achievable from different uses, in different areas within the Borough, and discounts development costs, including the cost of policy compliance and section 106 contributions, interest costs and developer's profit. The residual sum that is left is then compared on a price per Ha basis with varying Benchmark Land Values (BLV's).

The subject site falls within the Purbeck sub market and as an allocated residential Site of over 200 units would be nil rated under the proposed levy. A map showing a visual representation of the proposed Charging Zones can be seen below:



Area Wide Map of the CIL Charging Zones

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As a nil rated CIL site, appropriate and proportionate developer contributions to infrastructure are therefore to be sourced from section 106 contributions. These and other obligations/requirements are set out in both PLP site specific and topic specific policies (namely the site specific policy H5; H3 new housing requirements; H9 housing mix, H10 Part M of the Building Regulations; H11 affordable housing; and I1 developer contributions to deliver Purbeck's infrastructure), and are supported by the evidence base of the Infrastructure Delivery Plan (IDP), with Appendix 4 of the IDP setting out an IDP schedule specific to the site allocations, including Wool. The likely policy requirements and obligations are quantified by DSP in consultation with PDC and used in the DSP Viability Assessment.

Sensitivity Testing

DSP have undertaken modelling for the draft allocation of 466 no. dwellings on the following bases:

- No sheltered housing & 20% developer's margin & £0 CIL;
- No sheltered housing & 17.5% developer's margin & £0 CIL;
- 20% Sheltered housing & 20% developer's margin & £0 CIL;
- 17.5% Sheltered housing & 20% developer's margin & £0 CIL.

The above has been set against two value Tiers, 'Lower Value' and 'Typical Values'. More detail is provided on these later in this report. The results of the Residual Land Values (RLVs) are then compared with a Benchmark Land Value.

Benchmark Land Values (BLV's):

BLV's form a fundamental input within viability testing and as such it is vital that methodology and assumptions are clearly set out and supported with evidence. From our review of the commentary within the DSP Appraisal (page 37), it would appear that the following BLV's have been adopted for the draft allocation in Wool:

- £250,000 per gross Ha (£100,000 per gross acre);

DSP state that the minimum prices agreed within Option Agreements are typically £250,000 - £370,000 per gross Ha (£100,000 - £150,000 per gross). This is based on an EUV multiple approach utilising EUV's of £20,000 - £50,000 per gross Ha. We can see from Appendix IIC that an EUV of £25,000 per gross Ha (£10,117 per gross acre) has been chosen for the subject site in Wool. It is unclear why DSP are applying the lowest multiple of 10 which provides for a surprising low BLV for Greenfield sites in the District. By way of a comparison, adjoining Local Authority Borough of Poole have relied upon an EUV multiple approach utilising a multiple of 20.

Furthermore, Savills has reviewed the DSP Viability Appraisal and the accompanying appendices. However, no evidence has been provided by DSP to support the EUV's and resultant BLV for Greenfield sites.

DSP state that they have relied upon additional sources of information to inform their views on EUV's and BLV's, although it is not explicitly stated where supporting evidence may be found within additional documentation. We

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would urge that any supporting evidence relied upon by DSP from additional sources is summarised and tabulated within consultation documentation with the source and date of document clearly stated.

Viability Buffer

No explicit allowance has been made for a viability buffer. DSP state that “*where the result of an appraisal reaches a higher value than the BLV then we have a positive viability scenario. If all planning obligations and policy costs are already included within the appraisal then the surplus acts as an additional buffer*” (page 13 DSP Viability Appraisal). We would disagree with this approach and ask that a viability buffer of no lower than 30% is included within all modelling explicitly and applied to the BLV as an additional fixed cost. This would increase the BLV from £250,000 per gross Ha to £357,142 per gross Ha. This is the common approach adopted in other local authority areas when determining the viability of CIL.

Revenues

Open Market

New build sales values on a £ per sq m basis will vary depending on location, specification, size of the dwelling and the scale of development within which the dwellings sits. 11 no. value tiers have been tested from £2,500 - £5,900 per sq m across the Charging Area. An allowance of £3,300 per sq m (£307 per sq ft) VL3 has been allowed for the draft strategic allocation in Wool, which sits towards the lower range when compared to the wider borough.

Strategic sites of this size will usually be marketed by releasing phased development parcels, often there are several house builders on site actively marketing separate phases at one given period creating a diluted market. Therefore, we would expect to see some form of discount to the open market values applied to reflect this. For the purposes of determining viability the outputs when adopting the typical values should be disregarded and we support the use of the lower range of values as a more realistic benchmark.

Grounds Rents

An allowance of £315,000 has been included within the appraisals for the subject draft allocation. The Government published a press release on 21 December 2017 titled “Crackdown on unfair leasehold practices” following a consultation paper issued in the summer last year. They have now announced new measures to cut out unfair and abusive practices within the leasehold system, including changes so that ground rents on new long leases – for both houses and flats – are set to zero.

A consultation paper was released on 15th October 2018. This includes introducing a standard cap for future ground rents on new build apartments and houses at £10 per annum. It is expected that the earliest date for relevant legislation to take effect will be late-2020, and likely not until beyond then. The paper states ‘should our proposals be taken forward in 2019, any legislation would unlikely complete its passage until mid-2020 at the earliest’. It is therefore proposed that a cap on ground rents should come into force three months after the commencement of the Act.

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Given the draft allocation status, it is highly likely that legislative measures will be in place and have been in place for some time before the construction and sale of individual leasehold interests. We therefore consider that the associated revenue is removed.

Affordable Housing Revenue

Affordable housing is a key component of CIL and local plan viability testing. It is therefore of paramount importance that the affordable housing assumptions are realistic and reflective of current market conditions and planning policy. For wider testing, DSP state that they have tested between 20 - 50% onsite affordable, on the assumption that 65% is affordable rent, 10% social rent and 25% shared ownership. A 40% onsite allowance has been made for the draft allocation at Wool on the basis of the tenure mix stated. The following value have been adopted for the subject site £790 - £1,236 per sq m for social rent, £1,410 - £1,800 and £2,145 per sq m for shared ownership.

The inclusion of 10% social rent on site has a detrimental effect on viability and is undeliverable without the use of grant funding. The affordable rented tenure was created to move RPs away from capital subsidised delivery and to a long term revenue supported model by allowing a higher rent to be charged. We would suggest that for the purposes of larger scale strategic sites that a more balance tenure is required to support higher levels of affordable housing.

Construction and Sales Timescales

Construction and sales timescales, in addition to cash flow assumptions within modelling, will have a detrimental impact on the apparent viability of a development site, and is of particular relevance to larger sites where phasing is relevant.

A construction period of 48 months has been assumed for the 466 no. dwelling typology. This reflects a delivery of 9.7 dwellings per month which, even when assuming two outlets, is considered to be too short. We would ask DSP to revise this assumption to 72 months, reflecting around 60 private sales per annumh.

In addition, of concern is that there is no mention of the sales periods adopted. We seek clarification as to this point and suggest that a rate of 0.65 private sale per week per outlet is applied, which is the average sales rate in the area.

Development Costs

Baseline Construction Costs

It is vital that the baseline build cost data accurately reflects current market sentiment and is reflective of the actual costs incurred by developers. This is important as the build cost data forms the basis of other development costs within the DSP Appraisal such as professional fees, finance and contingency.

Following our review of the DSP Viability Appraisal we note that DSP have utilised current, 'Median' BCIS figures have been adopted which goes against advice from BCIS which advocates that the 'Mean' figure should be used to determine average build costs. We would therefore ask DSP to amend their assumptions.

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We note that DSP have applied a rate of £1,210 psm to both houses and flats and a separate rate for the sheltered accommodation of £1,458 psm, which is not listed in assumptions within Appendix 1. We would expect to find a separate rate for houses and flats. The cost has been listed within their assumptions, £1,378 psm but has not been applied to the flats within the notional unit mix in the appraisals.

We have reviewed the BCIS tender price indices, and compare the latest figures against those applied to the viability appraisals:

Build Cost	DSP Report	BCIS Sept 18	Cost inflation	BCIS Sept 18 "Mean"
Estate Housing Generally	£1,210	£1,252	3.47%	£1,291
Flats Generally	£1,378	£1,458	5.81%	£1,528
Sheltered Housing Generally	£1,458	£1,538	5.49%	£1,649

This indicates that there has been substantial growth over the short period of time between the start of the viability review and its publication or that the wrong data set has been applied. We have reviewed and applied the above costs to the Wool 466 unit appraisal with no sheltered housing. The difference in cost when applying the Mean of the latest costs and applying the appropriate rate to the flats is £4,044,878. This demonstrates that there is a greater need for the viability buffer of 30% to allow for cost inflation.

External Works

It is normal practice to apply an allowance for external costs ("externals") to development appraisals. This is applied to the base build to allow for plot specific costs, such as soft and hard landscaping, such as pathways, hedgerows, trees and planting and car parking provision. We note that this has not been applied to the larger allocations within the appraisals. This is not infrastructure cost, which we outline in the proceeding section and is the cost applied within the serviced parcel.

External costs will vary from site to site and can usually only be accurately determined when the likely built form is known. We note that DSP have mentioned that they will apply an allowance for externals within the assumptions set out in Appendix 1 but these seem to have been excluded from the appraisals in Appendix 2. We agree with the allowance for externals of 10 – 15% as an addition to BCIS baseline build costs within modelling. We suggest that DSP follows their assumption and apply external costs to their based build cost.

Based on the latest cost indices this would mean that the base build cost including externals is £62,354,432, so potentially up to £11.5m higher than the assumption applied in the Wool appraisal with no sheltered accommodation.

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Infrastructure Costs

An allowance of £23,000 per dwelling has been made by DSP, this is based on the range recommended within the Harman Report 2012 (£17,000 - £23,000 per dwelling). No evidence has been provided to substantiate the infrastructure costs adopted.

On site infrastructure costs cover the provision of drainage, services and utilities, to deliver the required infrastructure to deliver a serviced housing parcel. This is not to be applied in lieu of the external works costs. Such costs will have a fundamental impact to local plan viability and it is vital that any cost assumptions are supported by a robust evidence base, or in the absence of this, are based on available guidance.

We outline in the proceeding table more detailed information on site works / infrastructure costs. This is drawn from a number of development sites across the Country, which are predominantly Greenfield large scale developments in excess of 200 units. This shows a range in infrastructure costs from £7,000 to £39,879 per plot, providing an overall average of £20,821 per plot. Site specifics determine the level of infrastructure, which account for the significant variance. Therefore, it is important that the Local Plan's viability study does not misrepresent deliverability by understating infrastructure costs.

We include below our nationwide evidence for infrastructure costs:

Savills Evidence on Infrastructure / Site Works

Number	Region	Local Authority	£ per unit		
			Scheme Enabling & Abnormals	Scheme Mitigation (S. 106)	Total Site Works
200 – 500 Dwellings					
1	SW	Exeter City Council	£22,302	£6,854	£29,156
2	SW	South Hams District Council	£16,738	£5,225	£21,963
3	WM	Wychavon	£25,823	£3,288	£29,111
4	SE	Basingstoke & Deane	£17,571	£18,606	£36,177
5	EE	Babergh District Council	£30,743	£11,337	£42,080
6	WM	Stafford Borough Council	£7,000	£7,190	£14,190
AVERAGE			£20,029	£8,750	£28,779
501 – 1,000 Dwellings					
7	SE	Hart District Council	£17,630	£10,213	£27,843
8	SE	Horsham District Council	£30,145	£18,127	£48,272
AVERAGE			£23,888	£14,170	£38,058
1,001+ Dwellings					

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9	EE	Daventry District Council	£22,163	£14,977	£37,140
10	EE	Peterborough City Council	£18,476	£17,097	£35,573
11	SW	Taunton Deane Borough Council	£39,879	£2,715	£42,594
12	EE	Cambridge City Council	£10,104	£17,741	£27,845
13	SE	Cherwell District Council	£14,628	£16,679	£31,307
14	EE	Chelmsford City Council	£16,645	£28,594	£45,239
15	SE	Winchester City Council	£22,476	£18,844	£41,320
AVERAGE			£20,624	£16,664	£37,288
AVERAGE (ALL)			£20,821	£13,166	£33,987

It is unclear if indexation has been applied to bring such costs in line with today. The indexed range is £23,000 - £32,000 per dwelling. We would therefore advocate that a higher allowance of £30,000 per dwelling is made.

Developer's Contingency

A 3% contingency has been allowed within modelling, however, it has only been applied to the construction costs. No contingency has been applied to other development costs such as fees, servicing and infrastructure. We would strongly disagree with this approach and advocate that a contingency is applied to wider development costs, inclusive of infrastructure.

It is also noted that the assumptions set out in table in Appendix 1 suggest that a 5% contingency is appropriate. We would suggest that given the scale and nature of the proposed development at Wool a 5% contingency is applied.

Developer's Profit

DSP state that 20% of Gross Development Value (GDV) for open market housing and 6% of GDV for the affordable has been adopted. However, from our review of Appendix IIC, it is clear that additional modelling at 17.5% profit has been undertaken. No justification has been provided as to why a developer's profit lower than 20% on private sale has been included. We would suggest that this test is disregarded as it does not reflect the realities of a large multi-phase and potentially multi cycle strategic development site.

We would advocate than a minimum allowance of between 20 – 25% of GDV is assumed for private and 6% for the affordable. This range is reflective of the complexity of the project, scale and embedded sales risk and we consider this to be reasonable and is supported by a number of appeal precedents.

Planning Promotion Costs

The cost of promoting a site through the planning process can be considerable, especially for sites of some 400 - 500 dwellings. It is vital that the promotion costs accurately reflect the actual costs incurred associated with promoting a site through the planning process through to delivery. This will include professional planning consultancy fees, application fees and Appeal costs.

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We note that these fees have been reduced from their suggested assumption in Appendix 1 of 10% to 7% in the appraisals for the large strategic allocations. On this basis, we would ask DSP to adopt the figure recommended by the Harman Report (2012) which states professional fees can rise to 20% for more complex multi – phase sites.

Section 106 Costs

The PLP sets out various requirements for the Wool allocation, including those to be delivered through section 106 obligations through the site specific policy H5 and other policies including, but not limited to; H3 new housing requirements and I1 developer contributions to deliver Purbeck's infrastructure. These are more clearly quantified in the PLP evidence base of the Infrastructure Delivery Plan (IDP), with Appendix 4 of the IDP setting out an IDP schedule specific to all large site allocations, including Wool.

In terms of the uncertainties associated with the above, we particularly note those acknowledged within the DSP viability appraisal including the following: *'with, not unusually, a range of unknowns at this stage it is not possible to say exactly what level and detailed make up of planning requirements and obligations packages will ultimately be supported at this location'* (para 3.3.6).

We also note some uncertainty arising from the IDP, particularly Appendix 4: IDP Schedule, where items of infrastructure confirmed as 'essential' by PDC are specified as coming from developer section 106 contributions, but the relevant cost is not specified in all cases (see summary table below). There is also some inconsistency in wording between the site specific policy H5 requirements and the wording used in the IDP, with a need for the H5 requirements to more closely reflect the IDP wording which sets more specific and focussed requirements.

Whilst we note that some largely appropriate figures have been adopted by DSP for section 106 costs in their high level viability assessment (see summary table below) these costs are not currently sufficiently specified and/or the related key assumptions are not clear, nor have they previously been consulted on. These inconsistencies must be resolved and clarifications provided in order to confirm they form an appropriate basis for the viability assessment. In particular, the assumptions behind the costs attributed to Habitat Regulations mitigation (SANGS and Nitrogen Neutrality – see DSP para ref 2.9.7 and 2.9.8) and transport/electric vehicle charging points need to be more fully understood.

For ease of reference, a summary and comparison of the IDP requirements against the viability report s106 assumptions are provided in the following table (overleaf):

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IDP Appendix 4: Essential Infrastructure type	IDP Appendix 4: Wool – ‘developer contributions’ and ‘cost’ columns	Costs appearing in DSP Viability Appraisal for Wool*
Heathland mitigation	S106 – cost N/A provided as part of the development	SANGS £1,500 / unit @ 466 units = £699,000
Nitrogen neutrality	S106 – cost N/A provided as part of the development	Nitrogen £300,000
Fields in trust play requirements	TBC	Play equipment £100,000
Contribution to educational costs	TBC phased S106 - £6161 per qualifying dwelling	Education £6161/unit @ 331 units = £2,039,291
Travel plan for new residential development	S106 - £10,000 (with a ?)	Travel Plan - £10,000
Improvements to transport hub, e.g. additional secure cycle parking.	S106 - TBC	Transport £200,000
Additional changes in signing to encourage traffic travelling to Wool away from the A351 and on to the A35/C6 to include online safety improvements along the C6 through Bere Regis if the transport assessment shows this development is likely to increase traffic flows on the A351.	S106 – TBC	
Electric vehicle charging points in new development, at station and Dorset Innovation park (DIP)	S106 and DLEP- £5000 each plus installation	£500/unit @ 466 units = £233,000
No entry	No entry	GP surgery £80 unit @ 466 units = £37,280

*source: Updated Viability Study to Support Purbeck District Council’s Draft Local Plan and Revised Community Infrastructure Levy 2018, DSP - Appendix IIc, Allocated Sites Summary Results for Wool Development Appraisal Summary, ‘Construction Costs’ heading

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3. Conclusion

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Conclusion

There are a number of assumptions made within the DSP Viability Appraisal that cause concern and there a number of areas that require clarification. On behalf of the landowners, we would advocate that the following points are addressed:

- No evidence has been provided to support both the Existing Use Values and Benchmark Land Values adopted by DSP;
- An adequate viability buffer has not been included;
- Build costs have not been applied in line with the assumptions
- No evidence has been provided to support the infrastructure costs adopted;
- No allowance has been made for external works;
- Developer's contingency has not been applied to all costs;
- No allowance has been made for promotion costs;
- Section 106 costs require clarification.

On the basis of the above, we would urge that all of the above points are addressed. In summary, the landowners need to understand more about the assumptions made and the subsequent evidence base relied upon by DSP before they can provide more detailed comments.

We therefore anticipate that further ongoing discussions will be completed with PDC and their consultants DSP in order to resolve a number of matters in time for the Examination.

Please note that the advice provided on values is informal and given purely as guidance. Our views on price are not intended as a formal valuation and should not be relied upon as such. They are given in the course of our estate agency role. Any advice in this report or the attached documents is not in accordance with RICS Valuation – Global Standards 2017, or any subsequent edition and neither Savills nor the author can accept any responsibility to any third party who may seek to rely upon it, as a whole or any part as such.

Wool Vision Vision Plan - 470 homes



Approximate Total no. of new dwellings:	470 homes
Total housing area:	13.22ha

title | Wool Vision Plan - 470 homes
 project | Wool Masterplan
 client | Weld Estate/Redwood Partnership
 job no | WPL 425429
 drawing no | MP001
 revision | -
 date | 03 December 2018
 drawn by | SM
 checked by | RB

- Land reserved for future school, if required
- Neighbourhood Equipped Area for Play
- Local Equipped Area for Play
- Public open space
- SuDS basin/public open space
- SuDS swale
- Existing public right of way
- Proposed pedestrian and cycle link to wider countryside/rights of way
- Site Boundary
- Scale 1:5000 @A3

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Approximate Total no. of new dwellings:	650 homes
Total housing area:	18.15ha

title | Wool Vision Plan - 650 homes
 project | Wool Masterplan
 client | Weld Estate/Redwood Partnership
 job no | WPL 425429
 drawing no | MP002
 revision | -
 date | 03 December 2018
 drawn by | SM
 checked by | RB

- Land reserved for future school, if required
- Neighbourhood Equipped Area for Play
- Local Equipped Area for Play
- Public open space
- SuDS basin/public open space
- SuDS swale
- Existing public right of way
- Proposed pedestrian and cycle link to wider countryside/rights of way
- Site Boundary
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WOOL R19 -COVERING LETTER-FINAL-03.12.18



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Dear Sir or Madam,

REPRESENTATIONS ON BEHALF OF THE LULWORTH ESTATE, REDWOOD PARTNERSHIP AND MR ANDREW JACKSON

PURBECK LOCAL PLAN PRESUBMISSION PUBLICATION DRAFT

Introduction

The following representations are submitted on behalf of The Lulworth Estate, Redwood Partnership and Mr Andrew Jackson (hereafter 'our clients') in respect of their land interests at Wool. Together these form the basis of land identified in the Purbeck Local Plan Pre-submission Publication Draft (hereafter 'emerging PLP') for a residential led allocation of 470 homes, a 65 bed care home, community facilities and supporting infrastructure under Draft Policy H5:Wool.

Previous representations were (most recently) submitted to the Council's 'New Homes for Purbeck' Consultation (March 2018). These were accompanied by supplementary information including a site specific 'Wool Concept Framework', a Heritage Appraisal and a Flood Risk and Surface Water Drainage technical overview, all confirming the appropriateness of their landholdings to accommodate up to 1,000 houses.

Our clients support the allocation of their land at Wool (hereafter 'the Site'), and recognise and support the Local Plan evidence base which confirms this as an appropriate deliverable and developable housing allocation on account of it being:

- A sustainable location for housing – An urban extension to the settlement of Wool (which occupies the second tier of the settlement hierarchy) which contains existing education and health care facilities that can be expanded, and other facilities to meet day to day needs. It is also accessible to Wool mainline railway station which provides connections to nearby major towns (and onward services to London Waterloo and Weymouth) and adjoins the Dorset Innovation Park (Dorset's only Enterprise Zone), which offers current and future employment opportunities accessible by sustainable transport options.
- Within a less environmentally constrained part of the District – The allocation is outside of the Dorset Heathlands SPA/SAC/Ramsar/SSSI nature conservation designations and buffer which covers approximately 36% of the District; the Dorset Green Belt which covers approximately 25% of the District; the Dorset AONB which covers approximately 60% of the District; and other designations applicable to other parts of the District such as the Jurassic Coast World Heritage Site and land within Flood Zones 2 and 3 (i.e. at a medium or higher probability of flooding from rivers and the sea).

Offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East..

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- Able to deliver the required Suitable Alternative Natural Greenspace. This is capable of being delivered on nearby adjoining land under our clients control, in a form and location that has already been agreed, in principle, with Natural England and the District Council.

Wool

The Wool housing allocation represents an inherently sustainable location for future housing development, close to education and other existing community facilities within Wool and adjacent to the existing settlement boundary. It is a unique opportunity in a location with access to a range of services and facilities including the employment opportunities at Dorset Innovation Park (Enterprise Zone) and the sustainable transport option of the nearby mainline railway station.

It is also considered to represent an exciting opportunity to work in collaboration with Purbeck DC to deliver a high quality, integrated and inclusive new community which respects its landscape and heritage setting, provides new homes to meet the varied needs of the community, includes open space, SANG and SUDS facilities, and offers routes to encourage walking, cycling and the use of public transport.

We enclose an indicative masterplan, which has been updated to accord with the requirements of Draft Policy H5, and which demonstrates how 470 homes, a 65 bed care home and the other required elements, including large areas of public open space and sustainable drainage, can be delivered on the Site. We also enclose a version which demonstrates how 650 homes, plus the other requirements, could be delivered on the Site which supports our representations to Policy H2: the housing land supply. As highlighted above, previous representations confirm the opportunity for 800 plus homes (the upper figure in the Council's New Homes for Purbeck Consultation (March 2018)).

Summary of Representations

Overall, our clients welcome the direction of the emerging Local Plan and consider that this represents a positive step in planning for the long term growth and development of Purbeck District. In particular, our clients strongly support the identification of Wool for a housing led development as fully supported by the Council's evidence base.

Our clients' observations and comments do, however, include the identification of some areas of the emerging PLP that should be amended to ensure that the emerging PLP is found sound at Examination.

These comments are set out with regards to matters of soundness, (in detail), on the enclosed Representation Response Forms, which provide specific responses to each relevant policy and are summarised as follows.

- 1) **Paragraph 9 evidence base/viability** – Whilst supportive of the overall approach to viability set out in the PDC evidence base of the Dixon Searle Partnership 'Viability Update Report 2018' (hereafter the 'DSP viability appraisal'), our clients particularly note the overall conclusion that the 40% affordable housing target is '*challenging*' for Wool under some assumptions (para 3.3.5 and 3.3.8) and the various uncertainties identified by this '*high level review*' (para 2.10). These include that: '*with, not unusually, a range of unknowns at this stage it is not possible to say exactly what level and detailed make up of planning requirements and obligations packages will ultimately be supported at these locations*' (para 3.3.9) and '*changes in assumptions, even if apparently small e.g. owing to unidentified abnormal costs/potentially negative viability outcomes from development or any necessary land value flex – can have an impact on the overall results*' (3.3.10). In that regard our clients have a number of comments on some of the assumptions used in the DSP viability assessment and the minor inconsistencies between infrastructure requirements set out in emerging PLP Policy H5, the PDC Infrastructure Delivery Plan and the viability assessment that are set out in the enclosed representation form and the supporting Savills Report 'Representations on the Viability Evidence Base' which we request are addressed.

Our clients' (high level) analysis supports the conclusion that a 40% affordable housing target is 'challenging', but indicates that between 30% - 40% affordable housing could be a more realistic expectation for the Site, depending on the precise costs, Section 106 assumptions, and assuming a housing tenure mix of 10% social rent, 20% affordable rent and 70% shared ownership. With the further clarifications requested, greater confidence as to an appropriate figure within this range can be confirmed. This will be important in relation to Soundness and ensure that the emerging PLP's policies and the communities aspirations for delivery are realistic and deliverable.

Overall, given the apparent inconsistencies and acknowledged limitations of the evidence base, it is considered necessary and appropriate for relevant policies of the emerging PLP relating to providing housing at Wool (Policy H5; Policy H3 new housing requirements; Policy H9 housing mix, Policy H10 Part M of the Building Regulations; Policy H11 affordable housing; and Policy I1 developer contributions to deliver Purbeck's infrastructure) to retain the current wording which provides an opportunity for a viability assessment to be submitted by the applicant at the planning application stage to set out any justification for any changes from the viability assessment undertaken at the Local Plan stage. However, at this stage and in order for this element of the policy to be effective and comply with the NPPF and PPG, it is necessary for the assumptions behind the DSP viability assessment to be more clearly and transparently specified.

Our clients anticipate that further ongoing discussions with PDC and their consultants DSP will resolve a number of such matters in time for the Examination.

- 2) **Policy E12: Design** – whilst in broad support of this policy our clients have some concerns regarding the references in the supporting text (emerging PLP, para 104) to the use and applicability of Supplementary Planning Documents (SPDs) including the Wool Townscape Appraisal (2012). Our clients do not believe the use of these SPDs is justified given their dated nature, the current context of the emerging PLP and the absence of clear and applicable development management guidance within the SPD.
- 3) **Policy H2: The housing land supply** – whilst in broad support of this policy, our clients have some concerns that there may be a potential over reliance on the delivery of 933 homes over the plan period through unidentified 'small sites next to existing settlements' (270 homes) and 'windfall within existing settlements' (663 homes). As there is an acknowledged additional capacity at Wool for more than the current allocation of 470 houses (as confirmed by the Council's Homes for Purbeck Consultation (2018) and the Housing Paper), it is suggested that at least 650 homes could be delivered at Wool without an unacceptable impact arising.
- 4) **Policy H3 – New housing development requirements** – whilst in broad support of this policy, our clients have some concerns regarding some of the wording and believe it would benefit from some minor amendments regarding the references to charging points for electrical vehicles and transport impacts. Our comments regarding the viability evidence base (as set out above) are also relevant.
- 5) **Policy H5: Wool**– whilst our clients strongly support this policy, we consider that the wording would benefit from minor amendments. This includes setting the housing target as a minimum rather than a maximum, and ensuring that the identified infrastructure requirements are reasonably related to the proposed development, and are correctly sought as financial contributions towards provision rather than actual physical delivery and are consistent with the PDC Infrastructure Delivery Plan (Appendix 4 – Infrastructure Delivery Plan Schedule). Our client's representations to the viability evidence base; policy H2 (relating to the potential for at least 650 homes at Wool); policy H11 affordable housing and policy I1 developer contributions are also relevant.
- 6) **Policy H11: Affordable housing** –our clients recognise and support the capability of the Wool allocation to provide a high level of affordable housing commensurate with its greenfield status. However, in light of their representations on the viability evidence base set out above it is considered

that this policy is not currently sufficiently evidenced and therefore not fully consistent with National Policy.

However, once our clients' comments on some of the assumptions used in the viability assessment are addressed and the minor inconsistencies between infrastructure requirements set out in PLP policy, the IDP and the viability assessment are resolved (as set out in the enclosed representation form and the enclosed report which our clients request are addressed) a revised affordable housing target can be set with sufficient confidence. This could be in the range of 30-40%, depending on the precise costs, Section 106 assumptions, and assuming a housing tenure mix of 10% social rent, 20% affordable rent and 70% shared ownership.

In any event, our clients fully support the current wording which provides an opportunity for a viability assessment to be submitted at the planning application stage to set out any justification for any changes from the viability assessment undertaken at the Local Plan Stage. However in order for this element of the policy to be effective, and in order to comply with the NPPF and PPG, it is necessary for the assumptions behind the DSP viability appraisal to be more clearly and transparently specified and subject to consultation.

- 7) **Policy I1: Developer contributions to deliver Purbeck's infrastructure** - our clients recognise and support the capability of the Wool allocation to make proportionate contributions to infrastructure that are: necessary to make the development acceptable in planning terms; directly related to the development; and fairly and reasonably related in scale and kind to the development.

With regards to the level of education contributions set out in Policy I1, our client's representations to the emerging PLP viability evidence base (set out above) are relevant, which request further clarifications as to the assumptions used and raise other specific questions. Following the requested further detail, clarifications and consultation; greater confidence can be gained as to whether the emerging PLP's policies are realistic and deliverable, which will be important in relation to Soundness.

In any event, our clients fully support the current wording which provides an opportunity for a viability assessment to be submitted at the planning application stage to set out any justification for any changes from the viability assessment undertaken at the Local Plan Stage. However in order for this element of the policy to be effective, and in order to comply with the NPPF and PPG, it is necessary for the assumptions behind the DSP viability appraisal to be more clearly and transparently specified and subject to consultation.

- 8) **Proposals Map** – our clients note some small inconsistencies between the Purbeck 'Wool proposals map' and the plan accompanying Policy H5: Wool on page 56.
- 9) **Community Infrastructure Levy Draft Charging Schedule** – our clients support the confirmation that the Wool allocation under policy H5 (as an allocated residential site in the Wareham & Purbeck Rural Centre of 200 or more dwellings) is proposed to be 'nil rated' for CIL. However, they wish to ensure that the section in the Draft Charging Schedule entitled '*Infrastructure projects to be funded at least in part by the CIL*' is further clarified to ensure that there are no references to infrastructure intended to be funded by CIL to avoid double counting. It is important that any future section 106 obligations for the policy H5 site meet the relevant tests of Regulation 122 and 123 of the CIL Regulations.

We would welcome the opportunity to continue the process of engagement with the Council and to appear at the Examination to inform the Examiner's consideration of the emerging PLP, as appropriate.



Yours sincerely



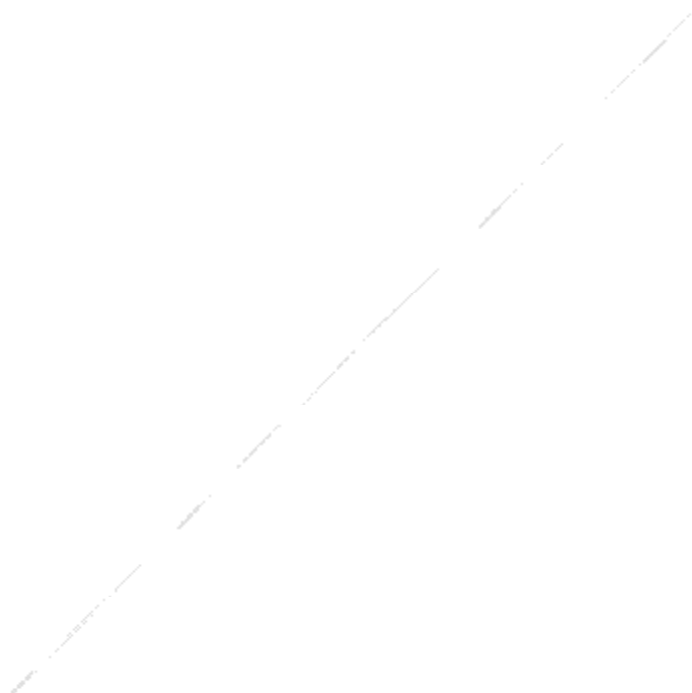
Andrew Fido
Associate Director

cc: Mr J. Weld, Lulworth Estate; Mr V. Dominey, Redwood Partnership; Mr A. Jackson
Enc: Completed representation forms plus supplementary comparison table referred to in representations
Savills Report 'Representations on the Viability Evidence Base;
Indicative 470 home and 650 home Wool Vision Plans

Regulation 19 Representations to the Purbeck Local Plan:
Savills on behalf of the Wool Urban Extension Landowners

December 2018

Appendix 1: Separate representation forms



Offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East..

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Regulation 19 Representations to the Purbeck Local Plan:
Savills on behalf of the Wool Urban Extension Landowners

December 2018

Representations to the Viability Evidence Base/para 8-9

Supplementary comparison table referred to in viability representations

For ease of reference, a summary and comparison of the IDP (appendix 4) requirements and the DSP viability appraisal S106 assumptions are provided in the following table:

IDP Appendix 4: Essential Infrastructure type	IDP Appendix 4: Wool – ‘developer contributions’ and ‘cost’ columns	Costs appearing in DSP Viability Appraisal for Wool*
Heathland mitigation	S106 – cost N/A provided as part of the development	SANGS £1,500 / unit @ 466 units = £699,000
Nitrogen neutrality	S106 – cost N/A provided as part of the development	Nitrogen £300,000
Fields in trust play requirements	TBC	Play equipment £100,000
Contribution to educational costs	TBC phased S106 - £6161 per qualifying dwelling	Education £6161/unit @331 units = £2,039,291
Travel plan for new residential development	S106 - £10,000 (with a ?)	Travel Plan - £10,000
Improvements to transport hub, e.g. additional secure cycle parking.	S106 - TBC	Transport £200,000
Additional changes in signing to encourage traffic travelling to Wool away from the A351 and on to the A35/C6 to include online safety improvements along the C6 through Bere Regis if the transport assessment shows this development is likely to increase traffic flows on the A351.	S106 – TBC	
Electric vehicle charging points in new development, at station and Dorset Innovation park (DIP)	S106 and DLEP- £5000 each plus installation	£500/unit @ 466 units = £233,000
No entry	No entry	GP surgery £80 unit @ 466 units = £37,280

*source: Updated Viability Study to Support Purbeck District Council’s Draft Local Plan and Revised Community Infrastructure Levy 2018, DSP - Appendix IIc, Allocated Sites Summary Results for Wool Development Appraisal Summary, ‘Construction Costs’ heading

Note: this table is enclosed as a separate appendix owing to potential formatting issues potentially apparent from the PDC Reg 19 Consultation Portal. I

Purbeck District Council's Submission Draft Local Plan: Representations on the Viability Evidence Base

Consultation response on behalf of the Lulworth Estate, Redwood Partnership and Andrew Jackson

Draft Local Plan and Revised CIL

Consultation response on behalf of the Lulworth Estate, Redwood Partnership and Andrew Jackson



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Consultation response on behalf of the Lulworth Estate, Redwood Partnership and Andrew Jackson



1. Introduction

Draft Local Plan and Revised CIL

Consultation response on behalf of the Lulworth Estate, Redwood Partnership and Andrew Jackson



Introduction

This representation has been prepared by Savills (UK) Limited (hereafter “Savills”) on behalf of the Lulworth Estate, Redwood Partnership and Andrew Jackson (hereafter ‘Landowners’) in respect of their land interests at Wool which are identified in Purbeck District Council’s (hereafter “the Council”) Purbeck Local Plan Pre-submission Publication Draft (hereafter “PLP”) for a residential led allocation of 470 homes, a 65 bed care home, community facilities and supporting infrastructure including a requirement for a SANG under policy H5:Wool.

Overall, our clients welcome the direction of the emerging PLP and consider that this emerging document represents a positive step for planning in Purbeck District. In particular our clients strongly support the identification of Wool for a housing led development as fully supported by the Council’s evidence base.

Whilst supportive of the overall approach to viability assessment set out in PDC’s evidence base of the Dixon Searle Partnership (hereafter ‘DSP’) *Updated Viability Study to Support Purbeck District Council’s Draft Local Plan and Revised Community Infrastructure Levy 2018* (hereafter ‘ DSP viability appraisal’) we have a number of comments on some of the detailed assumptions used in the DSP viability appraisal and also highlight other minor inconsistencies between infrastructure requirements set out in PLP policy, the PLP Infrastructure Delivery Plan (hereafter ‘IDP’) and the DEP viability appraisal that we request are addressed.

This representation therefore explores whether PDC has presented appropriate evidence, come to reasonable conclusions and accords with the Government’s viability guidance set out in the Planning Practice Guidance (July 2018), namely that:

‘Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan’.

We anticipate that further ongoing discussions with PDC and their consultants DSP will resolve a number of matters in time for the Examination.

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2. Viability Assumptions

Draft Local Plan and Revised CIL

Consultation response on behalf of the Lulworth Estate, Redwood Partnership and Andrew Jackson



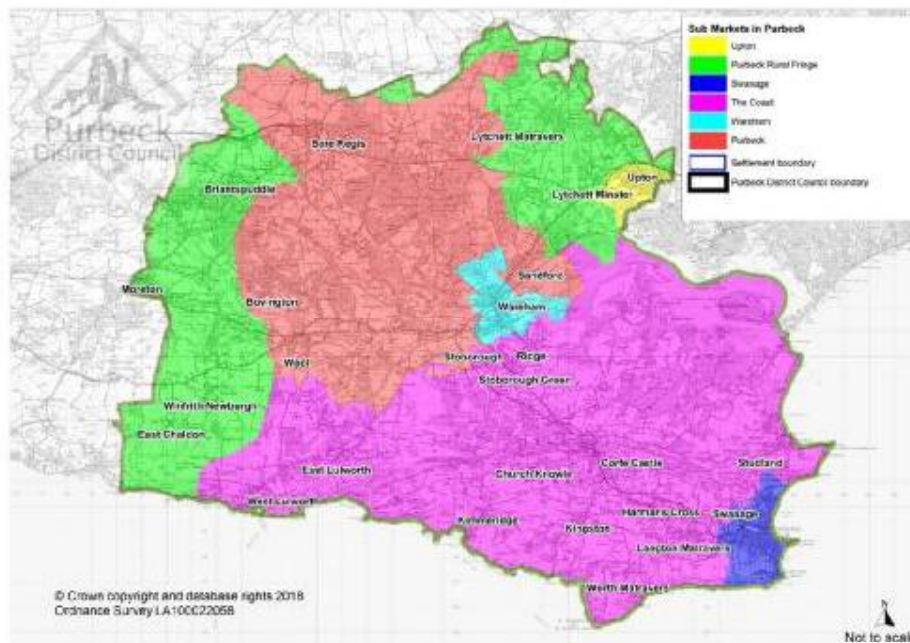
Viability Assumptions

Introduction

Dixon Searle Partnership (DSP) were commissioned by Purbeck District Council ('the Council') to produce a Local Plan Viability Study (the DSP Viability Appraisal) to support the Purbeck Local Plan 2018 – 2034 Pre Submission Draft and Revised CIL. The consultation closes on 3rd December 2018.

The DSP Viability Appraisal is a desk based study based on information provided by the Council and a number of viability assumptions made by DSP. The viability assessments are based on a series of residual valuation scenarios that model the gross development value achievable from different uses, in different areas within the Borough, and discounts development costs, including the cost of policy compliance and section 106 contributions, interest costs and developer's profit. The residual sum that is left is then compared on a price per Ha basis with varying Benchmark Land Values (BLV's).

The subject site falls within the Purbeck sub market and as an allocated residential Site of over 200 units would be nil rated under the proposed levy. A map showing a visual representation of the proposed Charging Zones can be seen below:



Area Wide Map of the CIL Charging Zones

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As a nil rated CIL site, appropriate and proportionate developer contributions to infrastructure are therefore to be sourced from section 106 contributions. These and other obligations/requirements are set out in both PLP site specific and topic specific policies (namely the site specific policy H5; H3 new housing requirements; H9 housing mix, H10 Part M of the Building Regulations; H11 affordable housing; and I1 developer contributions to deliver Purbeck's infrastructure), and are supported by the evidence base of the Infrastructure Delivery Plan (IDP), with Appendix 4 of the IDP setting out an IDP schedule specific to the site allocations, including Wool. The likely policy requirements and obligations are quantified by DSP in consultation with PDC and used in the DSP Viability Assessment.

Sensitivity Testing

DSP have undertaken modelling for the draft allocation of 466 no. dwellings on the following bases:

- No sheltered housing & 20% developer's margin & £0 CIL;
- No sheltered housing & 17.5% developer's margin & £0 CIL;
- 20% Sheltered housing & 20% developer's margin & £0 CIL;
- 17.5% Sheltered housing & 20% developer's margin & £0 CIL.

The above has been set against two value Tiers, 'Lower Value' and 'Typical Values'. More detail is provided on these later in this report. The results of the Residual Land Values (RLVs) are then compared with a Benchmark Land Value.

Benchmark Land Values (BLV's):

BLV's form a fundamental input within viability testing and as such it is vital that methodology and assumptions are clearly set out and supported with evidence. From our review of the commentary within the DSP Appraisal (page 37), it would appear that the following BLV's have been adopted for the draft allocation in Wool:

- £250,000 per gross Ha (£100,000 per gross acre);

DSP state that the minimum prices agreed within Option Agreements are typically £250,000 - £370,000 per gross Ha (£100,000 - £150,000 per gross). This is based on an EUV multiple approach utilising EUV's of £20,000 - £50,000 per gross Ha. We can see from Appendix IIC that an EUV of £25,000 per gross Ha (£10,117 per gross acre) has been chosen for the subject site in Wool. It is unclear why DSP are applying the lowest multiple of 10 which provides for a surprising low BLV for Greenfield sites in the District. By way of a comparison, adjoining Local Authority Borough of Poole have relied upon an EUV multiple approach utilising a multiple of 20.

Furthermore, Savills has reviewed the DSP Viability Appraisal and the accompanying appendices. However, no evidence has been provided by DSP to support the EUV's and resultant BLV for Greenfield sites.

DSP state that they have relied upon additional sources of information to inform their views on EUV's and BLV's, although it is not explicitly stated where supporting evidence may be found within additional documentation. We

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would urge that any supporting evidence relied upon by DSP from additional sources is summarised and tabulated within consultation documentation with the source and date of document clearly stated.

Viability Buffer

No explicit allowance has been made for a viability buffer. DSP state that “*where the result of an appraisal reaches a higher value than the BLV then we have a positive viability scenario. If all planning obligations and policy costs are already included within the appraisal then the surplus acts as an additional buffer*” (page 13 DSP Viability Appraisal). We would disagree with this approach and ask that a viability buffer of no lower than 30% is included within all modelling explicitly and applied to the BLV as an additional fixed cost. This would increase the BLV from £250,000 per gross Ha to £357,142 per gross Ha. This is the common approach adopted in other local authority areas when determining the viability of CIL.

Revenues

Open Market

New build sales values on a £ per sq m basis will vary depending on location, specification, size of the dwelling and the scale of development within which the dwellings sits. 11 no. value tiers have been tested from £2,500 - £5,900 per sq m across the Charging Area. An allowance of £3,300 per sq m (£307 per sq ft) VL3 has been allowed for the draft strategic allocation in Wool, which sits towards the lower range when compared to the wider borough.

Strategic sites of this size will usually be marketed by releasing phased development parcels, often there are several house builders on site actively marketing separate phases at one given period creating a diluted market. Therefore, we would expect to see some form of discount to the open market values applied to reflect this. For the purposes of determining viability the outputs when adopting the typical values should be disregarded and we support the use of the lower range of values as a more realistic benchmark.

Grounds Rents

An allowance of £315,000 has been included within the appraisals for the subject draft allocation. The Government published a press release on 21 December 2017 titled “Crackdown on unfair leasehold practices” following a consultation paper issued in the summer last year. They have now announced new measures to cut out unfair and abusive practices within the leasehold system, including changes so that ground rents on new long leases – for both houses and flats – are set to zero.

A consultation paper was released on 15th October 2018. This includes introducing a standard cap for future ground rents on new build apartments and houses at £10 per annum. It is expected that the earliest date for relevant legislation to take effect will be late-2020, and likely not until beyond then. The paper states ‘should our proposals be taken forward in 2019, any legislation would unlikely complete its passage until mid-2020 at the earliest’. It is therefore proposed that a cap on ground rents should come into force three months after the commencement of the Act.

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Given the draft allocation status, it is highly likely that legislative measures will be in place and have been in place for some time before the construction and sale of individual leasehold interests. We therefore consider that the associated revenue is removed.

Affordable Housing Revenue

Affordable housing is a key component of CIL and local plan viability testing. It is therefore of paramount importance that the affordable housing assumptions are realistic and reflective of current market conditions and planning policy. For wider testing, DSP state that they have tested between 20 - 50% onsite affordable, on the assumption that 65% is affordable rent, 10% social rent and 25% shared ownership. A 40% onsite allowance has been made for the draft allocation at Wool on the basis of the tenure mix stated. The following value have been adopted for the subject site £790 - £1,236 per sq m for social rent, £1,410 - £1,800 and £2,145 per sq m for shared ownership.

The inclusion of 10% social rent on site has a detrimental effect on viability and is undeliverable without the use of grant funding. The affordable rented tenure was created to move RPs away from capital subsidised delivery and to a long term revenue supported model by allowing a higher rent to be charged. We would suggest that for the purposes of larger scale strategic sites that a more balance tenure is required to support higher levels of affordable housing.

Construction and Sales Timescales

Construction and sales timescales, in addition to cash flow assumptions within modelling, will have a detrimental impact on the apparent viability of a development site, and is of particular relevance to larger sites where phasing is relevant.

A construction period of 48 months has been assumed for the 466 no. dwelling typology. This reflects a delivery of 9.7 dwellings per month which, even when assuming two outlets, is considered to be too short. We would ask DSP to revise this assumption to 72 months, reflecting around 60 private sales per annumh.

In addition, of concern is that there is no mention of the sales periods adopted. We seek clarification as to this point and suggest that a rate of 0.65 private sale per week per outlet is applied, which is the average sales rate in the area.

Development Costs

Baseline Construction Costs

It is vital that the baseline build cost data accurately reflects current market sentiment and is reflective of the actual costs incurred by developers. This is important as the build cost data forms the basis of other development costs within the DSP Appraisal such as professional fees, finance and contingency.

Following our review of the DSP Viability Appraisal we note that DSP have utilised current, 'Median' BCIS figures have been adopted which goes against advice from BCIS which advocates that the 'Mean' figure should be used to determine average build costs. We would therefore ask DSP to amend their assumptions.

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We note that DSP have applied a rate of £1,210 psm to both houses and flats and a separate rate for the sheltered accommodation of £1,458 psm, which is not listed in assumptions within Appendix 1. We would expect to find a separate rate for houses and flats. The cost has been listed within their assumptions, £1,378 psm but has not been applied to the flats within the notional unit mix in the appraisals.

We have reviewed the BCIS tender price indices, and compare the latest figures against those applied to the viability appraisals:

Build Cost	DSP Report	BCIS Sept 18	Cost inflation	BCIS Sept 18 "Mean"
Estate Housing Generally	£1,210	£1,252	3.47%	£1,291
Flats Generally	£1,378	£1,458	5.81%	£1,528
Sheltered Housing Generally	£1,458	£1,538	5.49%	£1,649

This indicates that there has been substantial growth over the short period of time between the start of the viability review and its publication or that the wrong data set has been applied. We have reviewed and applied the above costs to the Wool 466 unit appraisal with no sheltered housing. The difference in cost when applying the Mean of the latest costs and applying the appropriate rate to the flats is £4,044,878. This demonstrates that there is a greater need for the viability buffer of 30% to allow for cost inflation.

External Works

It is normal practice to apply an allowance for external costs ("externals") to development appraisals. This is applied to the base build to allow for plot specific costs, such as soft and hard landscaping, such as pathways, hedgerows, trees and planting and car parking provision. We note that this has not been applied to the larger allocations within the appraisals. This is not infrastructure cost, which we outline in the proceeding section and is the cost applied within the serviced parcel.

External costs will vary from site to site and can usually only be accurately determined when the likely built form is known. We note that DSP have mentioned that they will apply an allowance for externals within the assumptions set out in Appendix 1 but these seem to have been excluded from the appraisals in Appendix 2. We agree with the allowance for externals of 10 – 15% as an addition to BCIS baseline build costs within modelling. We suggest that DSP follows their assumption and apply external costs to their based build cost.

Based on the latest cost indices this would mean that the base build cost including externals is £62,354,432, so potentially up to £11.5m higher than the assumption applied in the Wool appraisal with no sheltered accommodation.

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Infrastructure Costs

An allowance of £23,000 per dwelling has been made by DSP, this is based on the range recommended within the Harman Report 2012 (£17,000 - £23,000 per dwelling). No evidence has been provided to substantiate the infrastructure costs adopted.

On site infrastructure costs cover the provision of drainage, services and utilities, to deliver the required infrastructure to deliver a serviced housing parcel. This is not to be applied in lieu of the external works costs. Such costs will have a fundamental impact to local plan viability and it is vital that any cost assumptions are supported by a robust evidence base, or in the absence of this, are based on available guidance.

We outline in the proceeding table more detailed information on site works / infrastructure costs. This is drawn from a number of development sites across the Country, which are predominantly Greenfield large scale developments in excess of 200 units. This shows a range in infrastructure costs from £7,000 to £39,879 per plot, providing an overall average of £20,821 per plot. Site specifics determine the level of infrastructure, which account for the significant variance. Therefore, it is important that the Local Plan's viability study does not misrepresent deliverability by understating infrastructure costs.

We include below our nationwide evidence for infrastructure costs:

Savills Evidence on Infrastructure / Site Works

Number	Region	Local Authority	£ per unit		
			Scheme Enabling & Abnormals	Scheme Mitigation (S. 106)	Total Site Works
200 – 500 Dwellings					
1	SW	Exeter City Council	£22,302	£6,854	£29,156
2	SW	South Hams District Council	£16,738	£5,225	£21,963
3	WM	Wychavon	£25,823	£3,288	£29,111
4	SE	Basingstoke & Deane	£17,571	£18,606	£36,177
5	EE	Babergh District Council	£30,743	£11,337	£42,080
6	WM	Stafford Borough Council	£7,000	£7,190	£14,190
AVERAGE			£20,029	£8,750	£28,779
501 – 1,000 Dwellings					
7	SE	Hart District Council	£17,630	£10,213	£27,843
8	SE	Horsham District Council	£30,145	£18,127	£48,272
AVERAGE			£23,888	£14,170	£38,058
1,001+ Dwellings					

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9	EE	Daventry District Council	£22,163	£14,977	£37,140
10	EE	Peterborough City Council	£18,476	£17,097	£35,573
11	SW	Taunton Deane Borough Council	£39,879	£2,715	£42,594
12	EE	Cambridge City Council	£10,104	£17,741	£27,845
13	SE	Cherwell District Council	£14,628	£16,679	£31,307
14	EE	Chelmsford City Council	£16,645	£28,594	£45,239
15	SE	Winchester City Council	£22,476	£18,844	£41,320
AVERAGE			£20,624	£16,664	£37,288
AVERAGE (ALL)			£20,821	£13,166	£33,987

It is unclear if indexation has been applied to bring such costs in line with today. The indexed range is £23,000 - £32,000 per dwelling. We would therefore advocate that a higher allowance of £30,000 per dwelling is made.

Developer's Contingency

A 3% contingency has been allowed within modelling, however, it has only been applied to the construction costs. No contingency has been applied to other development costs such as fees, servicing and infrastructure. We would strongly disagree with this approach and advocate that a contingency is applied to wider development costs, inclusive of infrastructure.

It is also noted that the assumptions set out in table in Appendix 1 suggest that a 5% contingency is appropriate. We would suggest that given the scale and nature of the proposed development at Wool a 5% contingency is applied.

Developer's Profit

DSP state that 20% of Gross Development Value (GDV) for open market housing and 6% of GDV for the affordable has been adopted. However, from our review of Appendix IIC, it is clear that additional modelling at 17.5% profit has been undertaken. No justification has been provided as to why a developer's profit lower than 20% on private sale has been included. We would suggest that this test is disregarded as it does not reflect the realities of a large multi-phase and potentially multi cycle strategic development site.

We would advocate than a minimum allowance of between 20 – 25% of GDV is assumed for private and 6% for the affordable. This range is reflective of the complexity of the project, scale and embedded sales risk and we consider this to be reasonable and is supported by a number of appeal precedents.

Planning Promotion Costs

The cost of promoting a site through the planning process can be considerable, especially for sites of some 400 - 500 dwellings. It is vital that the promotion costs accurately reflect the actual costs incurred associated with promoting a site through the planning process through to delivery. This will include professional planning consultancy fees, application fees and Appeal costs.

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We note that these fees have been reduced from their suggested assumption in Appendix 1 of 10% to 7% in the appraisals for the large strategic allocations. On this basis, we would ask DSP to adopt the figure recommended by the Harman Report (2012) which states professional fees can rise to 20% for more complex multi – phase sites.

Section 106 Costs

The PLP sets out various requirements for the Wool allocation, including those to be delivered through section 106 obligations through the site specific policy H5 and other policies including, but not limited to; H3 new housing requirements and I1 developer contributions to deliver Purbeck's infrastructure. These are more clearly quantified in the PLP evidence base of the Infrastructure Delivery Plan (IDP), with Appendix 4 of the IDP setting out an IDP schedule specific to all large site allocations, including Wool.

In terms of the uncertainties associated with the above, we particularly note those acknowledged within the DSP viability appraisal including the following: *'with, not unusually, a range of unknowns at this stage it is not possible to say exactly what level and detailed make up of planning requirements and obligations packages will ultimately be supported at this location'* (para 3.3.6).

We also note some uncertainty arising from the IDP, particularly Appendix 4: IDP Schedule, where items of infrastructure confirmed as 'essential' by PDC are specified as coming from developer section 106 contributions, but the relevant cost is not specified in all cases (see summary table below). There is also some inconsistency in wording between the site specific policy H5 requirements and the wording used in the IDP, with a need for the H5 requirements to more closely reflect the IDP wording which sets more specific and focussed requirements.

Whilst we note that some largely appropriate figures have been adopted by DSP for section 106 costs in their high level viability assessment (see summary table below) these costs are not currently sufficiently specified and/or the related key assumptions are not clear, nor have they previously been consulted on. These inconsistencies must be resolved and clarifications provided in order to confirm they form an appropriate basis for the viability assessment. In particular, the assumptions behind the costs attributed to Habitat Regulations mitigation (SANGS and Nitrogen Neutrality – see DSP para ref 2.9.7 and 2.9.8) and transport/electric vehicle charging points need to be more fully understood.

For ease of reference, a summary and comparison of the IDP requirements against the viability report s106 assumptions are provided in the following table (overleaf):

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IDP Appendix 4: Essential Infrastructure type	IDP Appendix 4: Wool – ‘developer contributions’ and ‘cost’ columns	Costs appearing in DSP Viability Appraisal for Wool*
Heathland mitigation	S106 – cost N/A provided as part of the development	SANGS £1,500 / unit @ 466 units = £699,000
Nitrogen neutrality	S106 – cost N/A provided as part of the development	Nitrogen £300,000
Fields in trust play requirements	TBC	Play equipment £100,000
Contribution to educational costs	TBC phased S106 - £6161 per qualifying dwelling	Education £6161/unit @ 331 units = £2,039,291
Travel plan for new residential development	S106 - £10,000 (with a ?)	Travel Plan - £10,000
Improvements to transport hub, e.g. additional secure cycle parking.	S106 - TBC	Transport £200,000
Additional changes in signing to encourage traffic travelling to Wool away from the A351 and on to the A35/C6 to include online safety improvements along the C6 through Bere Regis if the transport assessment shows this development is likely to increase traffic flows on the A351.	S106 – TBC	
Electric vehicle charging points in new development, at station and Dorset Innovation park (DIP)	S106 and DLEP- £5000 each plus installation	£500/unit @ 466 units = £233,000
No entry	No entry	GP surgery £80 unit @ 466 units = £37,280

*source: Updated Viability Study to Support Purbeck District Council’s Draft Local Plan and Revised Community Infrastructure Levy 2018, DSP - Appendix IIc, Allocated Sites Summary Results for Wool Development Appraisal Summary, ‘Construction Costs’ heading

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3. Conclusion

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Conclusion

There are a number of assumptions made within the DSP Viability Appraisal that cause concern and there a number of areas that require clarification. On behalf of the landowners, we would advocate that the following points are addressed:

- No evidence has been provided to support both the Existing Use Values and Benchmark Land Values adopted by DSP;
- An adequate viability buffer has not been included;
- Build costs have not been applied in line with the assumptions
- No evidence has been provided to support the infrastructure costs adopted;
- No allowance has been made for external works;
- Developer's contingency has not been applied to all costs;
- No allowance has been made for promotion costs;
- Section 106 costs require clarification.

On the basis of the above, we would urge that all of the above points are addressed. In summary, the landowners need to understand more about the assumptions made and the subsequent evidence base relied upon by DSP before they can provide more detailed comments.

We therefore anticipate that further ongoing discussions will be completed with PDC and their consultants DSP in order to resolve a number of matters in time for the Examination.

Please note that the advice provided on values is informal and given purely as guidance. Our views on price are not intended as a formal valuation and should not be relied upon as such. They are given in the course of our estate agency role. Any advice in this report or the attached documents is not in accordance with RICS Valuation – Global Standards 2017, or any subsequent edition and neither Savills nor the author can accept any responsibility to any third party who may seek to rely upon it, as a whole or any part as such.

Wool Vision Vision Plan - 470 homes



Approximate Total no. of new dwellings:	470 homes
Total housing area:	13.22ha

title | Wool Vision Plan - 470 homes
 project | Wool Masterplan
 client | Weld Estate/Redwood Partnership
 job no | WPL 425429
 drawing no | MP001
 revision | -
 date | 03 December 2018
 drawn by | SM
 checked by | RB

- Land reserved for future school, if required
- Neighbourhood Equipped Area for Play
- Local Equipped Area for Play
- Public open space
- SuDS basin/public open space
- SuDS swale
- Existing public right of way
- Proposed pedestrian and cycle link to wider countryside/rights of way
- Site Boundary
- Scale 1:5000 @A3

urban design studio
 Southampton
 Birmingham
 Cambridge
 London
 Oxford
 savills.com/urbandesign

Wool Vision Plan - 650 homes



Approximate Total no. of new dwellings:	650 homes
Total housing area:	18.15ha

title | Wool Vision Plan - 650 homes
 project | Wool Masterplan
 client | Weld Estate/Redwood Partnership
 job no | WPL 425429
 drawing no | MP002
 revision | -
 date | 03 December 2018
 drawn by | SM
 checked by | RB

- Land reserved for future school, if required
- Neighbourhood Equipped Area for Play
- Local Equipped Area for Play
- Public open space
- SuDS basin/public open space
- SuDS swale
- Existing public right of way
- Proposed pedestrian and cycle link to wider countryside/rights of way
- Site Boundary
- Scale 1:5000 @A3

Comment

Consultee	Mr Nick Squirrel (1186743)
Email Address	nick.squirrell@naturalengland.org.uk
Company / Organisation	Natural England
Address	Unknown Unknown Unknown
Event Name	Community Infrastructure Levy Draft Charging Schedule
Comment by	Natural England (Mr Nick Squirrel - 1186743)
Comment ID	DCS13
Response Date	08/01/19 10:33
Status	Processed
Submission Type	Email
Version	0.2
Files	natural-england-draft-cil-schedule-consultation-response-2018.msg.pdf

Please tick as appropriate:

I wish to be notified when

natural-england-draft-cil-schedule-consultation-response-2018.msg.pdf

Date: 30 November 2018
Our ref: [Click here to enter text.](#)
Your ref: [Click here to enter text.](#)



BY EMAIL ONLY

Customer Services
Hornbeam House
Crewe Business Park
Electra Way
Crewe
Cheshire
CW1 6GJ

T 0300 060 3900

Dear Sir,

**Planning consultation: Community Infrastructure Levy Draft Charging Schedule
Location: Purbeck, Dorset**

Natural England is a non-departmental public body. Our statutory purpose is to ensure that the natural environment is conserved, enhanced, and managed for the benefit of present and future generations, thereby contributing to sustainable development.

The Conservation of Habitats and Species Regulations 2017

Natural England **support** the authorities intention to secure avoidance and mitigation measures set out below:

- Heathland Mitigation – this is essential to enable residential development to come forward without causing harm to protected heathland, and will include:
 - Strategic visitor access management, wardening, education, and monitoring;
 - Visitor access management requirements identified in Habitats Regulations Assessments not associated with a site that is required to provide its own mitigation.
- Nitrogen mitigation projects for infill and windfall development. Site allocations/settlement extensions are expected to be nitrogen neutral.
- Mitigation for the recreational impact on Poole Harbour Special Protection Area of developments as set out in the Poole Harbour Recreation Supplementary Planning Document.

These measures are consistent with ensuring that new development comes forward in a smooth manner whilst at the same time ensuring that the authorities statutory requirements in respect of the above regulations are met in a timely manner.

Yours sincerely

Nick Squirrell
Conservation and Planning Lead Advisor
Dorset and Hampshire Team
Dorset, Hampshire and Isle of Wight Area Team
Natural England
Mob: 07766 133697
Email nick.squirrell@naturalengland.org.uk

Comment

Consultee	Mr Steve Smith (1190929)
Email Address	
Address	
Event Name	Community Infrastructure Levy Draft Charging Schedule
Comment by	Mr Steve Smith (1190929)
Comment ID	DCS4
Response Date	02/12/18 19:54
Status	Processed
Submission Type	Web
Version	0.1

Please note that the Inspector will decide if a public hearing session is required as part of the examination process. You may choose to request to appear at a public hearing to clarify your comments, but you must communicate this to the Council before the close of the consultation. If you do not wish to be heard at the examination, your written representations will carry the same weight as those made by respondents who appear and give oral evidence in support of their representations.

Do you wish to be heard in support of your representations at any Public Examination of the Draft Charging Schedule 2018? No

Please tick as appropriate:

I wish to be notified when

- . the Council submits the CIL Draft Charging Schedule for independent examination
- . the inspector's report is published
- . the Council approves the Schedule

Do you support or oppose the proposed rates in the Draft Charging Schedule? Oppose

Please explain your reasoning for supporting or not supporting the proposed CIL rates, and provide any relevant evidence in support of your case.

The removal of CIL for developments over 200 houses only benefits developers. Wool is developing a Neighbourhood Plan and would therefore benefit from extra CIL income. You are intent on developing our village, at least give us some compensation for this. I suggest you charge the developers 106 and CIL on all developments

Comment

Consultee	Mr Andrew Ardley (1189921)
Email Address	andrew.ardley@swrailway.com
Company / Organisation	South Western Railway
Address	Friars Bridge Court 41-45 Blackfriars Road London SE1 8NZ
Event Name	Community Infrastructure Levy Draft Charging Schedule
Comment by	South Western Railway (Mr Andrew Ardley - 1189921)
Comment ID	DCS3
Response Date	30/11/18 13:19
Status	Processed
Submission Type	Web
Version	0.1

Please note that the Inspector will decide if a public hearing session is required as part of the examination process. You may choose to request to appear at a public hearing to clarify your comments, but you must communicate this to the Council before the close of the consultation. If you do not wish to be heard at the examination, your written representations will carry the same weight as those made by respondents who appear and give oral evidence in support of their representations.

Do you wish to be heard in support of your representations at any Public Examination of the Draft Charging Schedule 2018? No

Please tick as appropriate:

I wish to be notified when

- . the Council submits the CIL Draft Charging Schedule for independent examination
- . the inspector's report is published
- . the Council approves the Schedule

Do you support or oppose the proposed rates in the Draft Charging Schedule? Support

Please explain your reasoning for supporting or not supporting the proposed CIL rates, and provide any relevant evidence in support of your case.

Investment in infrastructure is essential to making developments sustainable and attractive to live in. Improvements to the railway cannot be wholly funded from Government or rail industry sources - local match funding contributions are essential.

Do you have any comments on the identified priorities for spending?

The proposals in the Infrastructure Delivery Plan are generally supported. It is essential that railway investments are planned well ahead of time so that industry sources can be planned alongside and cost effective schemes designed.

Comment

Consultee	mr peter bowyer (1190901)
Email Address	[REDACTED]
Company / Organisation	Studland Parish Council
Address	[REDACTED]
Event Name	Community Infrastructure Levy Draft Charging Schedule
Comment by	Studland Parish Council (mr peter bowyer - 1190901)
Comment ID	DCS5
Response Date	02/12/18 21:04
Status	Processed
Submission Type	Web
Version	0.1

Please note that the Inspector will decide if a public hearing session is required as part of the examination process. You may choose to request to appear at a public hearing to clarify your comments, but you must communicate this to the Council before the close of the consultation. If you do not wish to be heard at the examination, your written representations will carry the same weight as those made by respondents who appear and give oral evidence in support of their representations.

Do you wish to be heard in support of your representations at any Public Examination of the Draft Charging Schedule 2018? No

Please tick as appropriate:

I wish to be notified when the inspector's report is published

Do you support or oppose the proposed rates in the Draft Charging Schedule? Oppose

Please explain your reasoning for supporting or not supporting the proposed CIL rates, and provide any relevant evidence in support of your case.

The concerns are 1 any increased reliance on CIL charging as opposed to 106 Agreements may reduce the extent to which local communities can benefit as the charge incomes can be used in areas of greater geography than the parish or town in which the development occurs and 2 the parish of Studland has had millions of pounds spent on the rebuilding of properties e.g Ballard Glebe, the site of the former Fairfield's Hotel on Swanage Road. building Huge increases in value have occurred from

these redevelopments yet no income has ever been paid under CIL as the developments have been stated by the developers as rebuilds despite significant increases in footprint.

Do you have any comments on the identified priorities for spending?

There should be consideration for CIL from rebuilds. The schedule should be tightened to prevent developers from avoiding their obligations; after all decisions by the state (local government) have created increases in wealth and there is a case for the state/local government to have a share of the wealth that the state/local government decision has created.

Comment

Agent	Ms Annie Gingell (1191063)
Email Address	consultation@tetlow-king.co.uk
Company / Organisation	Tetlow-King
Address	unknown unknown unknown
Consultee	(1191081)
Company / Organisation	South West HARP Planning Consortium
Address	unknown unknown unknown
Event Name	Community Infrastructure Levy Draft Charging Schedule
Comment by	South West HARP Planning Consortium (- 1191081)
Comment ID	DCS7
Response Date	03/12/18 13:39
Status	Processed
Submission Type	Letter
Version	0.2

Please note that the Inspector will decide if a public hearing session is required as part of the examination process. You may choose to request to appear at a public hearing to clarify your comments, but you must communicate this to the Council before the close of the consultation. If you do not wish to be heard at the examination, your written representations will carry the same weight as those made by respondents who appear and give oral evidence in support of their representations.

Do you wish to be heard in support of your representations at any Public Examination of the Draft Charging Schedule 2018? No

Please tick as appropriate:

I wish to be notified when

- . the Council submits the CIL Draft Charging Schedule for independent examination
- . the inspector's report is published
- . the Council approves the Schedule



Planning Policy
Purbeck District Council
Westport House
Worgret Road
Wareham Dorset
BH20 4PP

Date: 3 December 2018

Our Ref: AG M5/0109-23

By email only:
localplan@purbeck-dc.gov.uk

Dear Sir or Madam

RE: PURBECK COMMUNITY INFRASTRUCTURE LEVY DRAFT CHARGING SCHEDULE

We represent the **South West HARP Planning Consortium** which includes all the leading Housing Association Registered Providers (HARPs) across the South West. Our clients' principal concern is to optimise the provision of affordable housing through the preparation of consistent policies that help deliver the wider economic and social outcomes needed throughout the South West region.

Overarching Comments

We support the Council's review of its adopted levy charges to take account of market changes and welcome the opportunity to comment on the draft Charging Schedule and the background viability evidence. It is of the utmost importance that the Council properly consider the overall impact of the Community Infrastructure Levy (CIL) on the delivery of affordable housing, ensuring that this is not squeezed by setting inappropriate rates. Our comments below focus on how the proposed changes will affect the delivery of affordable housing across the District.

Viability Study

We note that the Council has produced new Viability Report Update (2018) to support the Draft Charging Schedule and Local Plan Pre-Submission, and are encouraged that this has sought to reflect the latest definition of affordable housing as set out in Annex 2 of the NPPF, and those other changes introduced through the revised Framework and accompanying Guidance.

Site Typologies

The site typologies in Figure 2 of the Viability Report Update provide a reasonable range of development typologies to test in this evidence, however this has not sought to test schemes of two dwellings or more, starting instead at five dwellings. As the Council has included a policy of commuted sums towards affordable housing delivery for schemes of two to nine dwellings this should be reviewed as a priority. Seeking commuted sums on such small schemes would appear to be a reasonable response to the practical difficulties of delivering and managing small numbers of affordable housing on small schemes, but this must still be tested to ensure the practical effect of the policy does not unduly burden developers and the Council's development management staff alike.

Affordable Housing

We are pleased to see that the Viability Update Report has tested a range of affordable housing thresholds to ensure that the new Plan implements a policy of maximising delivery of this through viable development. This helps to ensure that CIL is properly set at a level that should not squeeze delivery. Likewise, we support the consultant's approach to reflecting nil-grant or other subsidy funding of affordable housing, ensuring that this viability work will remain appropriate in the longer term and where grant funding (for example) remains unavailable.

CIL and Other Planning Obligations

In relation to the proposed provision of electric vehicle charging points, we are aware of other local planning authorities seeking to introduce these in policy. This is generally supported where this is fully costed and understood from a practical implementation view. We are however also aware that the engineers advising local authorities recognise the difficulties and complications of providing charging points, requiring considerable assessment of existing supplies and location by competent persons. It is clearly more deliverable on greenfield locations but even so the advice we have seen from engineers is to deliver a dedicated developers guide and specification prior to implementing such a policy in a local plan. The costings for such an obligation should be more fully understood before it is implemented in the plan as this will affect viability. We ask that the Council review this aspect of the Plan and ensure that the Viability Update Report has robustly tested the costs of implementing this policy; as CIL is mandatory should scheme viability be adversely affected by such costs, affordable housing will inevitably be squeezed.

Findings

The proposed reduction in affordable housing threshold appears to be an appropriate response to the constraints set out within the Viability Update Report, including the cumulative planning obligations and other costs on development. Whilst this can be seen as a reduction in the ambition of policy in seeking affordable housing across Purbeck, it is important to view this as continued ambition to deliver high levels of affordable housing from a greater overall number of schemes, and from the large scale site allocations, with less opportunity for negotiation on the grounds of reduced scheme viability.

Similarly, the approach to differentiating between greenfield and previously developed land appears a properly tested response to the differing costs of delivering housing on each, as does the 'flat' approach to requiring commuted sums from small scale development, subject to additional testing of schemes between 2-5 dwellings.

CIL Rates

In our experience developers, including Housing Associations, are likely to avoid areas with a high CIL charge due to the significant impact on delivering C2 schemes which have considerable upfront development and management costs. We support the proposed nil rate for residential institutions and care homes (C2 uses).

The proposed charges for 'small sites' need to be properly contextualised – at present no definition is given for 'small sites', leaving this open for interpretation as it is also a phrase undefined within the NPPF. The charges are reasonably defined in relation to the Viability Update Report, though this must be kept under review by the Council to ensure that these charges, which remain set at a challenging level, do not effectively reduce affordable housing provision across the District over the longer term, particularly if economic conditions alter significantly.

Relief

We strongly advise the Council to implement a discretionary relief policy as this will give the Council the ability to enable financially challenging schemes to come forward, delivering the affordable housing targets of the emerging Local Plan which should take precedence over other infrastructure priorities. In our experience the need for a discretionary relief policy is rare, however on those occasions when it is needed this can be the key to unlocking delivery.

Instalments Policy

We strongly urge the Council to allow the phasing of CIL payments via an Instalments Policy. CIL charging authorities across the South West allow developers to pay CIL via instalments, giving flexibility to deliver schemes without the significant upfront burden of full CIL payment at commencement of development. The disproportionate impact of CIL on development was recognised in the Government's response to the consultation on planning obligations, in which the need for minimal administrative burdens was highlighted; we expect the forthcoming changes to CIL to

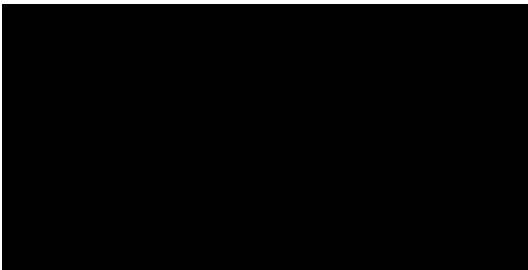
reinforce the need for clarity and effective cooperation between applicants and CIL charging authorities.

Review of CIL

In order to comply with the proposed residential charging rates of this magnitude, planning obligations towards other critical infrastructure, including affordable housing, may become more difficult should minor changes in the national and local economy occur. We therefore recommend the Council specifies when a review of the CIL will be undertaken so that the Council can react appropriately to the needs of the industry.

Recent examples of good practice across the South West where local authorities have committed to a review of CIL include Stroud District and Plymouth City Councils. Reviews should either be over a set interval of time, such as every three to five years (tying in with local plan reviews) or if there has been a 10% change in house prices or in light of any significant change to national planning policy or guidance. This should include a caveat stating that the review will be done 'whichever is sooner' to provide clarity for local developers, landowners and others who have an interest in the delivery of housing across Purbeck.

We would like to be consulted on any further consultation on the Community Infrastructure Levy, by email only to consultation@tetlow-king.co.uk. Please ensure that the **South West HARP Planning Consortium** is retained on the planning policy database, with **Tetlow King Planning** listed as their agent.



ANNIE GINGELL BSc (Hons)
Assistant Planner
For and On Behalf Of
TETLOW KING PLANNING

Cc: Aster Group
Guinness Partnership
Sovereign Housing Association
Stonewater Ltd

Fiona Brown - Housing Enabling Officer

Comment

Agent	Mr Peter Home (1190022)
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Company / Organisation	Turley
Address	2 Charlotte Place Southampton SO14 0TB
Consultee	(1190024)
Company / Organisation	Wyatt Homes
Address	1 Parkstone Road Poole BH15 2NN
Event Name	Community Infrastructure Levy Draft Charging Schedule
Comment by	Wyatt Homes (- 1190024)
Comment ID	DCS9
Response Date	03/12/18 17:44
Status	Processed
Submission Type	Web
Version	0.1
Files	Wyatt Homes_Lytchett Matravers - CIL Representation

Please note that the Inspector will decide if a public hearing session is required as part of the examination process. You may choose to request to appear at a public hearing to clarify your comments, but you must communicate this to the Council before the close of the consultation. If you do not wish to be heard at the examination, your written representations will carry the same weight as those made by respondents who appear and give oral evidence in support of their representations.

Do you wish to be heard in support of your representations at any Public Examination of the Draft Charging Schedule 2018? Yes

Please tick as appropriate:

I wish to be notified when

- . the Council submits the CIL Draft Charging Schedule for independent examination
- . the inspector's report is published
- . the Council approves the Schedule

Do you support or oppose the proposed rates in the Draft Charging Schedule? Support

Please explain your reasoning for supporting or not supporting the proposed CIL rates, and provide any relevant evidence in support of your case.

Whilst Wyatt Homes supports the overall CIL proposed rates as far as they relates to Lytchett Matravers sites, they have some concerns in relation to the technical viability evidence that underpins the proposed charge rates. These concerns are set out within the attached Word Document.

Wyatt Homes_Lytchett Matravers - CIL Representation
Wyatt Homes_Lytchett Matravers - CIL Representation

Purbeck Community Infrastructure Levy Draft Charging Schedule

(Lytchett Matravers Sites)

Representations on behalf of Wyatt Homes

November 2018

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2.	Matters of Representation	6

Contact

Steve Smith MRICS
Associate Director, Development Viability
Turley
steve.smith@turley.co.uk

Date

November 2018

1. Executive Summary

Purpose

- 1.1 This representation has been prepared by Turley on behalf of Wyatt Homes in relation to Lytchett Matravers sites. These representations have been prepared by Turley based on its experience of preparing development advice and viability appraisals in support of a wide range of development proposals throughout the UK.
- 1.2 This document sets out the representations on the *“Updated Viability Study to Support Purbeck District Council’s Draft Local Plan and Revised Community Infrastructure Levy”* October 2018, as prepared by Dixon Searle Partnership (hereafter “UVS”).
- 1.3 The UVS, supporting documents and Draft Charging Schedule were issued for consultation on 22 October 2018.
- 1.4 The UVS states that *“In order to inform the Pre-Submission Draft PLP and revised CIL Draft Charging Schedule, the Council is seeking to update the previous viability study work through a hybrid of reviewing the previous work (in particular to ensure that the assumptions underpinning the viability work are robust) and adding further viability testing specifically related to the largest proposed sites (allocations) to be included within the emerging draft local plan.”*
- 1.5 The assessment of appropriate CIL charges are of particular importance to the Wyatt Homes as CIL has the potential to impact on development viability in respect of the draft allocated sites where they have land interests.
- 1.6 It is essential that scheme viability for CIL testing purposes is tested via the adoption of development assumptions which are consistent and in line with market expectations. The UVS provides very limited discussion in respect of CIL, focussing on draft Local Plan policies. The development appraisal assumptions and draft Local Plan policies adopted within the viability testing will impact on the viability of CIL.
- 1.7 This representation is consistent with the Regulation 19 consultation representation, which has been provided on behalf of Wyatt Homes, and should be read in tandem.
- 1.8 The following issues have been identified within the methodology applied in the viability appraisals which are proposed to test the viability of policy implications upon draft site allocations and test the proposed levels of CIL charges, which will be further detailed within the Technical Matters section of this representation:
 - The UVS states that rates of CIL adopted within all appraisals are in line with recommendations made to PBC in the 2016 Preliminary Draft Charging Schedule.

The adopted approach is regarded as a short-cut, which fails to fully test the implications of varying rates of CIL liability on development despite clear statements in the UVS that market conditions and development assumptions have altered in the intervening period since 2016. This approach is not considered compliant with the CIL Regulations 2010 (as amended).

- Evidence should be provided to support the values and construction costs used for the testing of Sheltered housing.
- Ground rent investment income is included within the draft site allocation appraisals despite the Government's proposal to restrict ground rents to peppercorn levels. The current assumption will produce an excessive level of financial viability within the published evidence.
- Flat construction costs are included within the draft site allocation viability appraisals at a rate which is £168 per square metre (psm) lower than the RICS BCIS evidence data to which the evidence base refers. The current assumption will overstate the financial viability of development sites tested.
- 10% of units are stated to be bungalows, in line with DLP Policy H9, however, no bungalows are included in the draft Allocated Site Summary Appraisals attached at UVS Appendix IIc. Bungalows are regarded as a separate product from standard two storey housing, driving a different profile of values and construction costs which must be assessed and evidenced separately.
- No scheme typologies are set out for the draft strategic site allocations. This is regarded as inappropriate and opaque as it prevents stakeholders from analysing whether the scheme mix and measurements are reflective of the expectations within the DLP.
- The UVS states that unit sizing relates to '*the nationally described space standard*'. However, the Council's DLP states that 'The Council also considers that application of the Nationally Described Space Standards would be too prescriptive for a District with such varied townscapes as Purbeck'. It would, therefore, appear that the adopted unit sizing does not consistently align with the DLP and should be re-assessed.
- Sales values for affordable housing units appear to have been calculated with reference to average social and affordable rents, but no details of the calculation are provided. The lack of a transparent methodology prevents stakeholders from undertaking due diligence on the input assumptions applied, which is inappropriate.
- Affordable home ownership ('AHO') properties appear to have been assessed at 65% of market value, which we regard as appropriate, but no assessment or justification for the adopted AHO values is provided within the UVS. The lack of methodology prevents stakeholders from undertaking due diligence on the input assumptions applied, which is inappropriate.
- Two value levels are adopted within the draft Allocated Site Summary Appraisals with limited reasoning and no evidence to support the higher values. This approach is regarded as inappropriate and misleading.
- The "lower" values adopted within the draft Allocated Site Summary Appraisals for Lytchett Matravers equate to £3,900 psm but Wyatt Homes regard currently

achievable values at £3,000 - £3,400 psm for units within a development of scale.

- UVS paragraph 2.5.1 states that RICS BCIS data shows that build costs have increased by circa 18% since the previous Purbeck viability assessment was completed. Paragraph 2.3.2 states that market sales prices have decreased by circa 13% in the same period, and it must be implied that viability has decreased in the period, although this direct comparison is not made within the UVS.
- The UVS makes no reference to construction of garages.

Costs relate to construction (including base build, contingency and professional fees) and CIL payments, which will be calculated on the total garage gross floor area. The current assumption will overstate the financial viability of development sites tested.

- In line with DLP Policy H9, UVS Appendix I states that *'Sites of 20+ dwellings require 5% to be provided as self-build plots'*. However, self-build plots are not modelled within the UVS appraisals, instead being replaced by market sale units. This is regarded as a short-cut approach requiring amendment to reflect the specific financial implications of developer's delivering self-build plots.
- UVS Final Appendix 1 states that site works are included at £300,000 per hectare for generic site testing and £23,000 per plot for allocated sites. In addition, external works are stated to be assessed at 10% of base construction costs for flats and 15% of base construction costs for houses. The inclusion of external works within a *"site enabling cost / infrastructure"* allowance is inappropriate and holds potential to overstate the financial viability of development sites tested.
- Contingency and professional fees are included in the draft allocated site appraisals at 3% and 7%. The UVS states that *"the adopted rates are 5% and 10%."* Contingency and professional fees must be applied to the base construction costs and external works at 5% and 10% respectively. The current assumption erroneously reduces such costs and will overstate the financial viability of development sites tested.
- UVS Appendix 1 states that finance costs on build and land are incorporated into viability testing at an interest rate of 6.5% (debit). Instead, the viability appraisals for draft site allocations include finance costs at a substantially lesser 6% debit rate and 2% credit rate with no reasoning provided for this differential assessment. The rates applied will erroneously reduce such costs and will overstate the financial viability of development sites tested.
- Tables 3a and 3b within UVS Appendix IIc include comparisons between the residual land value ('RLV') generated via viability appraisal of each draft strategic site allocation and the existing use value ('EUV') of each site, calculated at £25,000 per gross hectare. UVS Paragraph 2.11.11 states *'The figure that we consider representing the minimum land value likely to incentivise release for development under any circumstances in the local context is around*

£250,000/ha, based on gross site area. It would, therefore appear that the Strategic Site Testing has been carried out with reference to an inappropriate benchmark land value ('BLV'), which will significantly overstate the financial viability of development sites tested.

- Full DLP policy costs do not appear to have been fully accommodated within the draft allocation site appraisals.
- No details of the market housing or affordable housing sales rates are provided in the UVS. Appropriate and transparently presented cashflow modelling is essential and details must be provided for consultation review if the UVS is to accord with the requirements of Planning Practice Guidance (PPG).

1.9 Some of the issues raised in this representation document may, if viewed on an individual or isolated basis, appear incremental or relatively minor.

1.10 However, if considered comprehensively, and in the round, there is a very substantial cumulative effect, which will have implications on the viability of the proposed CIL charge rates.

1.11 The conclusion of the combined implication of the above issues is that the proposed levels of CIL charges, if adopted, risk threatening the rate of delivery required to meet housing need and demand.

1.12 Further detail regarding the concerns stated is provided under 'Matters of Representation' set out within chapter two of this document.

1.13 In order to resolve the stated concerns, Wyatt Homes requests that PDC:

- (a) Reviews all representations submitted with respect to the UVS and produces a detailed Report on Consultation that addresses each issue raised by each party on a clear and transparent basis.
- (b) Re-tests the financial viability of planned development as set out within the UVS by adopting all of the recommendations set out by Wyatt Homes in this representation document. Sensitivity testing of isolated aspects independently will not provide a robust and holistic basis for formulating conclusions on the impact of refinements upon the viability of development within the district.
- (c) Instructs DSP, as PDC's advisors, to produce for consultation a more detailed, transparent and complete assessment of CIL viability for consultation (taking into account the above points) so that consultees have the opportunity to assess both the inputs and proposed outputs from a fully informed position in accordance with both NPPF and PPG. It is essential that any re-testing is supported by detailed conclusions which clearly explain the results of the viability testing. The UVS includes numerous tables of results based on a wide range of BLVs, or EUVs, with minimal explanation or reasoned conclusions provided on the meaning of their results, which is regarded as lacking transparency and potentially misleading. The assessment of viable levels of CIL

must be made with reference to a viability 'buffer' or margin, in line with Planning Practice Guidance requirements.

- 1.14 Should Wyatt Homes' stated concerns remain unresolved by PDC, then further technical feasibility testing will be undertaken by Wyatt Homes in advance of the Examination in Public of the draft Local Plan, and evidence submitted to PDC and the Planning Inspectorate accordingly.

2. Matters of Representation

Viability in Plan-making

2.1 The Government published the revised National Planning Policy Framework (NPPF)¹ and updated National Planning Practice Guidance (PPG) in July 2018. Both the NPPF and PPG include an up-to-date position on the Government's intended role for viability assessment, the methodology, and procedures expected of all stakeholders in the preparation of such evidence.

2.2 Paragraph 31 of the NPPF confirms the following:

"The preparation and review of all policies should be underpinned by relevant and up-to-date evidence. This should be adequate and proportionate, focused tightly on supporting and justifying the policies concerned, and take into account relevant market signals."

2.3 Of greatest importance, paragraph 34 states:

Such policies should not undermine the deliverability of the plan.

2.4 In practical terms, paragraph 57 states:

"All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available."

2.5 The Government's national planning guidance for undertaking viability in plan making is set out within National Planning Practice Guidance for Viability (PPG).

2.6 Paragraph 010 of PPG concisely defines the Government's objective for the role to be played by viability within the planning system:

"In plan making and decision making viability helps to strike a balance between the aspirations of developers and landowners, in terms of returns against risk, and the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permission²."

2.7 PPG is clear that the role for viability assessment is primarily at the plan making stage. Paragraph 002 confirms that the process must be inclusive and undertaken over several stages:

"Drafting of plan policies should be iterative and informed by engagement with developers, landowners, and infrastructure and affordable housing providers."

2.8 Policies introduced to the plan should be realistic and deliverable. Specifically:

¹ MHCLG (2018) National Planning Policy Framework (NPPF)

² MHCLG (2018) National Planning Practice Guidance – Viability: Paragraph: 010

“Policy requirements, particularly for affordable housing, should be set at a level that takes account of affordable housing and infrastructure needs and allows for the planned types of sites and development to be deliverable, without the need for further viability assessment at the decision making stage³.”

- 2.9 The role for viability assessment at the plan making stage is to ensure that policies are realistic and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan. This is of particular importance for strategic sites, which should be assessed for their viability during plan making. Paragraph 005 states:

“It is important to consider the specific circumstances of strategic sites. Plan makers can undertake site specific viability assessment for sites that are critical to delivering the strategic priorities of the plan. This could include, for example, large sites, sites that provide a significant proportion of planned supply, sites that enable or unlock other development sites or sites within priority regeneration areas.⁴”

- 2.10 Paragraph 020 confirms that the inputs and findings of any viability assessment should be set out in a way that aids clear interpretation and interrogation by decision makers.

Failure of the UVS to Reflect NPPF and PPG

- 2.11 It is the view of the Wyatt Homes that the UVS does not accord with, and in fact falls substantially short of, the Government’s policy requirements and national guidance for the preparation of viability evidence to inform the drafting and testing of Local Plan policies. These deficiencies risk compromising the deliverability of the Local Plan, as drafted.
- 2.12 Policies included within the plan should be realistic and deliverable. They should be set to avoid recourse to viability assessment at the application stage.
- 2.13 The significant inconsistency between the proposed appraisal inputs written in the UVS and the figures actually adopted within the draft Allocated Sites Appraisal Summaries is wholly misleading and erroneous. The subsequent lack of clear explanation of the appraisal assessment results and conclusions arising fails to meet the requirements of Paragraph 020 of PPG.

Technical Matters

Adopted Levels of CIL

- 2.14 The UVS states that rates of CIL adopted within all appraisals are in line with recommendations made to PBC in the 2016 Preliminary Draft Charging Schedule.
- 2.15 Therefore, CIL rates are prescribed and the appropriate current level of CIL is not tested within the UVS. The level of viable CIL and viability buffer is not discussed, rather, the levels found to be viable in 2016 are adopted.

³ MHCLG (2018) National Planning Practice Guidance – Viability: Paragraph: 002

⁴ MHCLG (2018) National Planning Practice Guidance – Viability: Paragraph: 004

2.16 Planning Practice Guidance for CIL states at Paragraph 19 that:

“It would be appropriate to ensure that a ‘buffer’ or margin is included, so that the levy rate is able to support development when economic circumstances adjust. In all cases, the charging authority should be able to explain its approach clearly.”

2.17 The UVS does not provide robust testing of the appropriate and viable level of CIL liability. To ensure an ‘appropriate balance’ is achieved, as per the CIL Regulation 14 test, variable rates of CIL should be applied within scheme viability appraisals to assess the impact on viability alongside all draft Local Plan policies (where these influence development).

2.18 It is essential then that the rates of CIL proposed within the CIL Draft Charging Schedule are adjusted to allow for an appropriate viability ‘buffer’ such that CIL, when added as a cost alongside all other draft Local Plan policy requirements, does not push schemes (most importantly draft allocations) to the ‘margins’ of financial viability.

It is our experience that recent adopted CIL regimes take a pragmatic approach by reducing the maximum applicable rates of CIL (derived through viability testing) by 50% as an appropriate and meaningful ‘buffer’ in order to ensure an appropriate balance is achieved between the desire to secure funding for strategic infrastructure (via CIL) and the requirement to ensure that CIL (alongside other policy costs) does not place the viability of sites within the Local Plan at risk of non-viability. Such an approach, as is taken presently, risks placing the delivery of the draft Local Plan at risk.

Sheltered Housing

2.19 Sheltered housing is included at values which are inflated above standard market housing, with no reasoning and reference to comparables from only one scheme in the highest value area of the District Council. Construction costs are inflated above market housing with no RICS BCIS data or reasoning provided to support the uplift.

Ground Rents

2.20 Ground rents are not discussed within the UVS but appear to be included on certain market units at £250 per unit and certain sheltered apartments at £450 per unit. Ground rent income is capitalised at a 5% yield. Ground rent income and investment value is regarded as inappropriate for inclusion in the viability assessment. This approach is in line with wording within the DCLG *“Tackling unfair practices in the leasehold market - Summary of consultation responses and Government response”*⁵ document as published in December 2017, which, at Paragraph 69 states *“We will introduce legislation so that, in the future, ground rents on newly established leases of houses and flats are set at a peppercorn (zero financial value).”*

2.21 The inclusion of ground rents on market units is regarded as inappropriate and not in line with current market practice.

⁵ Department for Communities and Local Government: Tackling unfair practices in the leasehold market - Summary of consultation responses and Government response December 2017

Allocated Site Appraisal Unit Values

- 2.22 The draft Allocated Site Summary Appraisals attached at UVS Appendix IIc are based on two value levels, being “*Lower Values*” and “*Typical Values*”. The “*Lower Values*” are described as “*fairly cautious*”, whilst the “*Typical Values*” are set at 10% above the “*base set*” “*lower values*” in order to show “*what a large difference that assumption makes to the Residual Land Values*”.
- 2.23 No justification or evidence is provided to support the 10% uplift in values, and the lack of reasoning or evidence to support the increased value variants applied within the viability appraisals is regarded as inappropriate and misleading.

The “*lower*” values adopted within the UVS Allocated Site Summary Appraisals for the draft site allocation at Lytchett Matravers equate to £3,900 psm but Wyatt Homes regard currently achievable values at £3,000 - £3,400 psm for units within a development of scale.

Flat Construction Costs

- 2.24 UVS Appendix 1 states that costs have been adopted in line with RICS BCIS median costs, with “*Mixed Developments – generally*” stated at £1,210 psm and “*Flats – generally*” at £1,378 psm.
- 2.25 However, flat construction costs are included in the UVS viability appraisals at the same £psm rate as housing construction costs.
- 2.26 Therefore, flat construction costs are £168 psm lower than the RICS BCIS source data. This appears to be an error, for no justification for this deviation is provided within the UVS.

External Works

- 2.27 No external works costs are included in the viability appraisals for draft site allocations.
- 2.28 UVS Para 2.5.3 and Figure 5 states that external works, contingencies and professional fees will be applied to the BCIS Median cost data, with a further £300,000/ha allowance for site wide works for generic site testing and £23,000 per unit for allocated site enabling costs / infrastructure.
- 2.29 UVS Final Appendix 1 states that in addition to the £300,000 per hectare and £23,000 per plot allowances for “*site works*”, external works are to be assessed at 10% of base construction costs for flats and 15% of base construction costs for houses.
- 2.30 In respect of “*site wide works*”, Paragraph 2.5.3 states that “*Different assumptions have been used in relation to the site allocations as discussed later in this report.*”
- 2.31 It is not clear, but UVS paragraph 2.10.5 appears to suggest that the £23,000 per plot allowance for “*site enabling cost / infrastructure*” is sufficient to accommodate all external works costs.

- 2.32 The £23,000 per plot allowance is stated to be in line with the Harman Guidance⁶.
- 2.33 From the Harman Guidance, it is stated that *“Cost indices rarely provide data on the costs associated with providing serviced housing parcels, i.e. strategic infrastructure costs which are typically in the order of £17,000 - £23,000 per plot for larger scale schemes”*. The enabling costs referenced in the Harman Guidance do not include external works. The allowance relates to ‘big ticket’ items which must be incurred in order to release a site for development.
- 2.34 It appears that an appropriate allowance has been made for the costs which are required to release the larger site for development, but no costs have been applied for on site external works such as roads, sewers, lighting, landscaping, fencing and driveways.
- 2.35 The inclusion of external works within a *“site enabling cost / infrastructure”* allowance is inappropriate and holds potential to produce an excessive viability assessment allowance is inappropriate and holds potential to produce an excessive viability assessment.
- 2.36 Contingency and professional fees must be applied to the cost of external works at 5% and 10% respectively, in line with the UVS methodology stated at Appendix 1. The contingency and professional fees allowances adopted for allocated sites are at reduced levels, and are discussed further in following paragraphs.
- 2.37 Any increase in construction costs can also reasonably be assumed to also increase finance requirements.

Contingency and Professional Fees

- 2.38 Contingency and professional fees are included in the draft allocated site appraisals at 3% and 7%. However, the UVS states that *“the adopted rates are 5% and 10%.”*
- 2.39 It is noted that UVS paragraph 2.10.3 states that *“the specific inputs for each scenario appraisal are based on a mixture of information provided by the development industry following feedback received to a site promoters / developers survey issued by DSP and; high-level assumptions reflecting published information and our experience of viability work on similar sites in a range of other locations – both for strategic level assessment and site-specific viability review / s.106 negotiation purposes.”*
- 2.40 It is not clearly stated that the allocated sites have been assessed on the basis of differential contingency or professional fees in comparison to non-allocated sites. Some allocated sites are comprised of a number of smaller sites, which produce a number of units in line with the non-allocated generic site testing, and any differential rate is regarded as highly inappropriate. No generic site appraisals are provided, so comparison of adopted methodology is impossible.

⁶ Local Housing Delivery Group – “Viability Testing Local Plans” (June 2012)

Finance rate

- 2.41 UVS Appendix 1 states that finance costs on build and land are included within appraisals at a debit rate of at 6.5%. However, a 6% debit rate and 2% credit rate is instead applied within the draft site allocation appraisals with no reasoning provided for this differential assumption, which is regarded as inappropriate and falling outside market expectations. A 6.5% finance rate must be adopted consistently across all sites appraised.

Bungalows

- 2.42 Scheme typologies for 5-100 unit generic schemes are set out at UVS Appendix I, including 10% of market units as single storey units (bungalows). UVS Appendix I states that all schemes over 20 units will include 10% single storey units and we assume that the draft allocated sites are included on this basis.
- 2.43 Appendix 1 also shows RICS BCIS costs for bungalows at £1,309 psm in comparison to *“Mixed Developments – generally”* at £1,210 psm and states that *“Build cost taken as “Median” figure from BCIS for that build type unless otherwise stated - e.g. flats ; houses storey heights etc.”*
- 2.44 The RICS BCIS *“Mixed Developments – generally”* costs are regarded as acceptable for the assessment of two storey housing, but the higher costs relating to single storey units must be separately modelled, with the higher £1,309 psm rate applied to the market housing bungalows. Failure to adjust this will result in the UVS overstating the financial viability of development sites tested.
- 2.45 Specific modelling is required to reflect the differing nature of bungalow construction costs.

Unit Sizing

- 2.46 UVS paragraph 2.2.8 states that unit sizing relates to *“the nationally described space standard”*. However, the Council’s DLP states that *“The Council also considers that application of the Nationally Described Space Standards would be too prescriptive for a District with such varied townscapes as Purbeck”*. It would, therefore, appear that the adopted unit sizing does not align with the DLP and should be re-assessed, with assumptions to be derived from the specific requirements of the various locations within the district, drawing on new build housing supply as evidence.

Strategic Site Scheme Typology

- 2.47 No scheme typologies are set out for the strategic sites, which is regarded as inappropriate, preventing the required level of cross reference/checking.

Affordable Housing Sales Values

- 2.48 Sales values for affordable housing units appear to have been calculated with reference to average social and affordable rents, but no details of the calculation are provided.

- 2.49 Affordable home ownership ('AHO') properties appear to have been assessed at 65% of market value, which we regard as appropriate, but no assessment of AHO values is provided within the UVS.
- 2.50 Details of the calculation of affordable housing values must be provided to enable stakeholder's review.

Self-build Plots

- 2.51 In line with DLP Policy H9, UVS Appendix I states that "*Sites of 20+ dwellings require 5% to be provided as self-build plots*".
- 2.52 UVS paragraph 2.6.12 states "*From DSP's experience of considering custom / self-build to date (albeit limited to early stages exploratory work on viability) we consider that the provision of plots for custom-build has the potential to be a sufficiently profitable activity so as not to prove a significant drag on overall site viability*".
- 2.53 The strategic site appraisals at UVS Appendix IIc include no reference to self-build plots and it appears that they have been included as market sale units, with values and costs applied in line with all other units. This appears to be a shortcut approach to the assessment of a specialist product which, in our opinion, holds the potential to negatively impact upon viability.
- 2.54 At a 5% provision, the strategic sites will be required to provide between 5-20 self-build plots depending on the size of the draft allocation.
- 2.55 No evidence is provided to prove that market demand is sufficient to sell the plots at an equivalent rate of sale to the market houses.
- 2.56 The provision of self-build plots will require the developer to incur certain costs of external works in respect of provision of roads, sewers and landscaping. The sale value will reflect the value of the land to the self-build market, which we regard as a specialist purchaser. Due diligent research, evidence and reasoning should be provided to support the approach to the assessment of self-build plots, rather than the adoption of a shortcut approach, which generates excessive values, costs and profit levels, potentially skewing the viability assessment in a positive or negative direction.

General Build Cost and Sales Value Inflation

- 2.57 UVS paragraph 2.5.1 states that RICS BCIS data shows that build costs have increased by circa 18% since the previous Purbeck viability assessment was completed. Paragraph 2.3.2 states that market sales prices have decreased by circa 13% in the same period, and it must be implied that viability has decreased in the period.

Garages

- 2.58 The UVS makes no reference to construction of garages.
- 2.59 It is to be expected that all 3 and 4 bed detached units will be provided with a single garage, mostly detached, and most semi-detached units are likely to have an attached

or detached garage. The inclusion of garages is essential to reflect market expectations, yet no costs are included within the UVS appraisals.

- 2.60 Total costs relating to garages will be considerable – notably construction (including base build, contingency and professional fees) and S106 payments, which will be calculated on the garage gross floor area. The absence of garage construction within the UVS will result in the UVS overstating the financial viability of development sites tested.

DLP Policy Costs

- 2.61 Full DLP policy costs do not appear to have been fully accommodated within the draft allocation site appraisals.
- 2.62 The DLP policies will have a financial impact upon the proposed scheme and it is essential that viability modelling takes into account all costs.
- 2.63 The absence of full proposed policy cost within the UVS will result in the UVS overstating the financial viability of development sites tested.

Market and Affordable Housing Sales Rates

- 2.64 No details of the market housing sales rate applied in viability testing are provided in the UVS. In line with standard industry practice, it must be anticipated that the construction period of a development will fall in line with the rate of sale of the completed units. For the strategic sites, the build period is stated at 48 months for the 466-490 unit schemes and 24 months for the 90-150 unit schemes. Assuming a minimum of 6 months of construction prior to first unit sale, the remaining construction/sales period is reduced to 42 months and 18 months. On this basis, the sales rate applied appears to be between 5 units and 11.67 units per month, at the upper end of market expectations, even if the larger schemes are undertaken simultaneously by two developers.
- 2.65 No details are provided in respect of the rate of affordable housing sales assumed within any of the viability appraisals. Transparency in viability modelling is essential and details must be provided for stakeholder's review.
- 2.66 The adoption of a reduced development timeframe will produce an excessive viability assessment, as finance costs will be lower than would be generated with a more appropriate development timeframe. Details of the adopted development and sales timeframe assumptions must be provided for consultation review.

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Please note that the Inspector will decide if a public hearing session is required as part of the examination process. You may choose to request to appear at a public hearing to clarify your comments, but you must communicate this to the Council before the close of the consultation. If you do not wish to be heard at the examination, your written representations will carry the same weight as those made by respondents who appear and give oral evidence in support of their representations.

Do you wish to be heard in support of your representations at any Public Examination of the Draft Charging Schedule 2018? Yes

Please tick as appropriate:

I wish to be notified when

- . the Council submits the CIL Draft Charging Schedule for independent examination
- . the inspector's report is published
- . the Council approves the Schedule

Do you support or oppose the proposed rates in the Draft Charging Schedule? Support

Please explain your reasoning for supporting or not supporting the proposed CIL rates, and provide any relevant evidence in support of your case.

Whilst Wyatt Homes supports the overall CIL proposed rates as far as they relates to Upton sites, they have some concerns in relation to the technical viability evidence that underpins the proposed charge rates. These concerns are set out within the attached Word Document.

Wyatt Homes_Upton - CIL Representation
Wyatt Homes_Upton - CIL Representation

Purbeck Community Infrastructure Levy Draft Charging Schedule

Representations on behalf of Wyatt Homes (Upton Sites)

November 2018

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Contact

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Date

November 2018

1. Executive Summary

Purpose

- 1.1 This representation has been prepared by Turley on behalf of Wyatt Homes in relation to sites in Upton. These representations have been prepared by Turley based on its experience of preparing development advice and viability appraisals in support of a wide range of development proposals throughout the UK.
- 1.2 This document sets out the representations on the *“Updated Viability Study to Support Purbeck District Council’s Draft Local Plan and Revised Community Infrastructure Levy”* October 2018, as prepared by Dixon Searle Partnership (hereafter “UVS”).
- 1.3 The UVS, supporting documents and Draft Charging Schedule were issued for consultation on 22 October 2018.
- 1.4 The UVS states that *“In order to inform the Pre-Submission Draft PLP and revised CIL Draft Charging Schedule, the Council is seeking to update the previous viability study work through a hybrid of reviewing the previous work (in particular to ensure that the assumptions underpinning the viability work are robust) and adding further viability testing specifically related to the largest proposed sites (allocations) to be included within the emerging draft local plan.”*
- 1.5 The assessment of appropriate CIL charges are of particular importance to the Wyatt Homes as CIL has the potential to impact on development viability in respect of the draft allocated sites where they have land interests.
- 1.6 It is essential that scheme viability for CIL testing purposes is tested via the adoption of development assumptions which are consistent and in line with market expectations. The UVS provides very limited discussion in respect of CIL, focussing on draft Local Plan policies. The development appraisal assumptions and draft Local Plan policies adopted within the viability testing will impact on the viability of CIL.
- 1.7 This representation is consistent with the Regulation 19 consultation representation, which has been provided on behalf of Wyatt Homes, and should be read in tandem.
- 1.8 The following issues have been identified within the methodology applied in the viability appraisals which are proposed to test the viability of policy implications upon draft site allocations and test the proposed levels of CIL charges, which will be further detailed within the Technical Matters section of this representation:
 - The UVS states that rates of CIL adopted within all appraisals are in line with recommendations made to PBC in the 2016 Preliminary Draft Charging Schedule.

The adopted approach is regarded as a short-cut, which fails to fully test the implications of varying rates of CIL liability on development despite clear statements in the UVS that market conditions and development assumptions have altered in the intervening period since 2016. This approach is not considered compliant with the CIL Regulations 2010 (as amended).

- Evidence should be provided to support the values and construction costs used for the testing of Sheltered housing.
- Ground rent investment income is included within the draft site allocation appraisals despite the Government's proposal to restrict ground rents to peppercorn levels. The current assumption will produce an excessive level of financial viability within the published evidence.
- Flat construction costs are included within the draft site allocation viability appraisals at a rate which is £168 per square metre (psm) lower than the RICS BCIS evidence data to which the evidence base refers. The current assumption will overstate the financial viability of development sites tested.
- 10% of units are stated to be bungalows, in line with DLP Policy H9, however, no bungalows are included in the draft Allocated Site Summary Appraisals attached at UVS Appendix IIc. Bungalows are regarded as a separate product from standard two storey housing, driving a different profile of values and construction costs which must be assessed and evidenced separately.
- No scheme typologies are set out for the draft strategic site allocations. This is regarded as inappropriate and opaque as it prevents stakeholders from analysing whether the scheme mix and measurements are reflective of the expectations within the DLP.
- The UVS states that unit sizing relates to '*the nationally described space standard*'. However, the Council's DLP states that 'The Council also considers that application of the Nationally Described Space Standards would be too prescriptive for a District with such varied townscapes as Purbeck'. It would, therefore, appear that the adopted unit sizing does not consistently align with the DLP and should be re-assessed.
- Sales values for affordable housing units appear to have been calculated with reference to average social and affordable rents, but no details of the calculation are provided. The lack of a transparent methodology prevents stakeholders from undertaking due diligence on the input assumptions applied, which is inappropriate.
- Affordable home ownership ('AHO') properties appear to have been assessed at 65% of market value, which we regard as appropriate, but no assessment or justification for the adopted AHO values is provided within the UVS. The lack of methodology prevents stakeholders from undertaking due diligence on the input assumptions applied, which is inappropriate.
- Two value levels are adopted within the draft Allocated Site Summary Appraisals with limited reasoning and no evidence to support the higher values. This approach is regarded as inappropriate and misleading.
- The "lower" values adopted within the draft Allocated Site Summary Appraisals for Upton equate to £3,300 psm whereas Wyatt Homes regard currently

achievable values at £3,000 - £3,300 psm for units within a development of scale.

- UVS paragraph 2.5.1 states that RICS BCIS data shows that build costs have increased by circa 18% since the previous Purbeck viability assessment was completed. Paragraph 2.3.2 states that market sales prices have decreased by circa 13% in the same period, and it must be implied that viability has decreased in the period, although this direct comparison is not made within the UVS.
- The UVS makes no reference to construction of garages.

Costs relate to construction (including base build, contingency and professional fees) and CIL payments, which will be calculated on the total garage gross floor area. The current assumption will overstate the financial viability of development sites tested.

- In line with DLP Policy H9, UVS Appendix I states that *'Sites of 20+ dwellings require 5% to be provided as self-build plots'*. However, self-build plots are not modelled within the UVS appraisals, instead being replaced by market sale units. This is regarded as a short-cut approach requiring amendment to reflect the specific financial implications of developer's delivering self-build plots.
- UVS Final Appendix 1 states that site works are included at £300,000 per hectare for generic site testing and £23,000 per plot for allocated sites. In addition, external works are stated to be assessed at 10% of base construction costs for flats and 15% of base construction costs for houses. The inclusion of external works within a *"site enabling cost / infrastructure"* allowance is inappropriate and holds potential to overstate the financial viability of development sites tested.
- Contingency and professional fees are included in the draft allocated site appraisals at 3% and 7%. The UVS states that *"the adopted rates are 5% and 10%."* Contingency and professional fees must be applied to the base construction costs and external works at 5% and 10% respectively. The current assumption erroneously reduces such costs and will overstate the financial viability of development sites tested.
- UVS Appendix 1 states that finance costs on build and land are incorporated into viability testing at an interest rate of 6.5% (debit). Instead, the viability appraisals for draft site allocations include finance costs at a substantially lesser 6% debit rate and 2% credit rate with no reasoning provided for this differential assessment. The rates applied will erroneously reduce such costs and will overstate the financial viability of development sites tested.
- Tables 3a and 3b within UVS Appendix IIc include comparisons between the residual land value ('RLV') generated via viability appraisal of each draft strategic site allocation and the existing use value ('EUV') of each site, calculated at £25,000 per gross hectare. UVS Paragraph 2.11.11 states *'The figure that we consider representing the minimum land value likely to incentivise release for development under any circumstances in the local context is around*

£250,000/ha, based on gross site area. It would, therefore appear that the Strategic Site Testing has been carried out with reference to an inappropriate benchmark land value ('BLV'), which will significantly overstate the financial viability of development sites tested.

- Full DLP policy costs do not appear to have been fully accommodated within the draft allocation site appraisals.
- No details of the market housing or affordable housing sales rates are provided in the UVS. Appropriate and transparently presented cashflow modelling is essential and details must be provided for consultation review if the UVS is to accord with the requirements of Planning Practice Guidance (PPG).

1.9 Some of the issues raised in this representation document may, if viewed on an individual or isolated basis, appear incremental or relatively minor.

1.10 However, if considered comprehensively, and in the round, there is a very substantial cumulative effect, which will have implications on the viability of the proposed CIL charge rates.

1.11 The conclusion of the combined implication of the above issues is that the proposed levels of CIL charges, if adopted, risk threatening the rate of delivery required to meet housing need and demand.

1.12 Further detail regarding the concerns stated is provided under 'Matters of Representation' set out within chapter two of this document.

1.13 In order to resolve the stated concerns, Wyatt Homes requests that PDC:

- (a) Reviews all representations submitted with respect to the UVS and produces a detailed Report on Consultation that addresses each issue raised by each party on a clear and transparent basis.
- (b) Re-tests the financial viability of planned development as set out within the UVS by adopting all of the recommendations set out by Wyatt Homes in this representation document. Sensitivity testing of isolated aspects independently will not provide a robust and holistic basis for formulating conclusions on the impact of refinements upon the viability of development within the district.
- (c) Instructs DSP, as PDC's advisors, to produce for consultation a more detailed, transparent and complete assessment of CIL viability for consultation (taking into account the above points) so that consultees have the opportunity to assess both the inputs and proposed outputs from a fully informed position in accordance with both NPPF and PPG. It is essential that any re-testing is supported by detailed conclusions which clearly explain the results of the viability testing. The UVS includes numerous tables of results based on a wide range of BLVs, or EUVs, with minimal explanation or reasoned conclusions provided on the meaning of their results, which is regarded as lacking transparency and potentially misleading. The assessment of viable levels of CIL

must be made with reference to a viability 'buffer' or margin, in line with Planning Practice Guidance requirements.

- 1.14 Should Wyatt Homes' stated concerns remain unresolved by PDC, then further technical feasibility testing will be undertaken by Wyatt Homes in advance of the Examination in Public of the draft Local Plan, and evidence submitted to PDC and the Planning Inspectorate accordingly.

2. Matters of Representation

Viability in Plan-making

2.1 The Government published the revised National Planning Policy Framework (NPPF)¹ and updated National Planning Practice Guidance (PPG) in July 2018. Both the NPPF and PPG include an up-to-date position on the Government's intended role for viability assessment, the methodology, and procedures expected of all stakeholders in the preparation of such evidence.

2.2 Paragraph 31 of the NPPF confirms the following:

"The preparation and review of all policies should be underpinned by relevant and up-to-date evidence. This should be adequate and proportionate, focused tightly on supporting and justifying the policies concerned, and take into account relevant market signals."

2.3 Of greatest importance, paragraph 34 states:

Such policies should not undermine the deliverability of the plan.

2.4 In practical terms, paragraph 57 states:

"All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available."

2.5 The Government's national planning guidance for undertaking viability in plan making is set out within National Planning Practice Guidance for Viability (PPG).

2.6 Paragraph 010 of PPG concisely defines the Government's objective for the role to be played by viability within the planning system:

"In plan making and decision making viability helps to strike a balance between the aspirations of developers and landowners, in terms of returns against risk, and the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permission²."

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"Drafting of plan policies should be iterative and informed by engagement with developers, landowners, and infrastructure and affordable housing providers."

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“Policy requirements, particularly for affordable housing, should be set at a level that takes account of affordable housing and infrastructure needs and allows for the planned types of sites and development to be deliverable, without the need for further viability assessment at the decision making stage³.”

- 2.9 The role for viability assessment at the plan making stage is to ensure that policies are realistic and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan. This is of particular importance for strategic sites, which should be assessed for their viability during plan making. Paragraph 005 states:

“It is important to consider the specific circumstances of strategic sites. Plan makers can undertake site specific viability assessment for sites that are critical to delivering the strategic priorities of the plan. This could include, for example, large sites, sites that provide a significant proportion of planned supply, sites that enable or unlock other development sites or sites within priority regeneration areas.⁴”

- 2.10 Paragraph 020 confirms that the inputs and findings of any viability assessment should be set out in a way that aids clear interpretation and interrogation by decision makers.

Failure of the UVS to Reflect NPPF and PPG

- 2.11 It is the view of the Wyatt Homes that the UVS does not accord with, and in fact falls substantially short of, the Government’s policy requirements and national guidance for the preparation of viability evidence to inform the drafting and testing of Local Plan policies. These deficiencies risk compromising the deliverability of the Local Plan, as drafted.
- 2.12 Policies included within the plan should be realistic and deliverable. They should be set to avoid recourse to viability assessment at the application stage.
- 2.13 The significant inconsistency between the proposed appraisal inputs written in the UVS and the figures actually adopted within the draft Allocated Sites Appraisal Summaries is wholly misleading and erroneous. The subsequent lack of clear explanation of the appraisal assessment results and conclusions arising fails to meet the requirements of Paragraph 020 of PPG.

Technical Matters

Adopted Levels of CIL

- 2.14 The UVS states that rates of CIL adopted within all appraisals are in line with recommendations made to PBC in the 2016 Preliminary Draft Charging Schedule.
- 2.15 Therefore, CIL rates are prescribed and the appropriate current level of CIL is not tested within the UVS. The level of viable CIL and viability buffer is not discussed, rather, the levels found to be viable in 2016 are adopted.

³ MHCLG (2018) National Planning Practice Guidance – Viability: Paragraph: 002

⁴ MHCLG (2018) National Planning Practice Guidance – Viability: Paragraph: 004

2.16 Planning Practice Guidance for CIL states at Paragraph 19 that:

“It would be appropriate to ensure that a ‘buffer’ or margin is included, so that the levy rate is able to support development when economic circumstances adjust. In all cases, the charging authority should be able to explain its approach clearly.”

2.17 The UVS does not provide robust testing of the appropriate and viable level of CIL liability. To ensure an ‘appropriate balance’ is achieved, as per the CIL Regulation 14 test, variable rates of CIL should be applied within scheme viability appraisals to assess the impact on viability alongside all draft Local Plan policies (where these influence development).

2.18 It is essential then that the rates of CIL proposed within the CIL Draft Charging Schedule are adjusted to allow for an appropriate viability ‘buffer’ such that CIL, when added as a cost alongside all other draft Local Plan policy requirements, does not push schemes (most importantly draft allocations) to the ‘margins’ of financial viability.

It is our experience that recent adopted CIL regimes take a pragmatic approach by reducing the maximum applicable rates of CIL (derived through viability testing) by 50% as an appropriate and meaningful ‘buffer’ in order to ensure an appropriate balance is achieved between the desire to secure funding for strategic infrastructure (via CIL) and the requirement to ensure that CIL (alongside other policy costs) does not place the viability of sites within the Local Plan at risk of non-viability. Such an approach, as is taken presently, risks placing the delivery of the draft Local Plan at risk.

Sheltered Housing

2.19 Sheltered housing is included at values which are inflated above standard market housing, with no reasoning and reference to comparables from only one scheme in the highest value area of the District Council. Construction costs are inflated above market housing with no RICS BCIS data or reasoning provided to support the uplift.

Ground Rents

2.20 Ground rents are not discussed within the UVS but appear to be included on certain market units at £250 per unit and certain sheltered apartments at £450 per unit. Ground rent income is capitalised at a 5% yield. Ground rent income and investment value is regarded as inappropriate for inclusion in the viability assessment. This approach is in line with wording within the DCLG *“Tackling unfair practices in the leasehold market - Summary of consultation responses and Government response”*⁵ document as published in December 2017, which, at Paragraph 69 states *“We will introduce legislation so that, in the future, ground rents on newly established leases of houses and flats are set at a peppercorn (zero financial value).”*

2.21 The inclusion of ground rents on market units is regarded as inappropriate and not in line with current market practice.

⁵ Department for Communities and Local Government: Tackling unfair practices in the leasehold market - Summary of consultation responses and Government response December 2017

Allocated Site Appraisal Unit Values

2.22 The draft Allocated Site Summary Appraisals attached at UVS Appendix IIc are based on two value levels, being “*Lower Values*” and “*Typical Values*”. The “*Lower Values*” are described as “*fairly cautious*”, whilst the “*Typical Values*” are set at 10% above the “*base set*” “*lower values*” in order to show “*what a large difference that assumption makes to the Residual Land Values*”.

2.23 No justification or evidence is provided to support the 10% uplift in values, and the lack of reasoning or evidence to support the increased value variants applied within the viability appraisals is regarded as inappropriate and misleading.

The “*lower*” values adopted within the UVS Allocated Site Summary Appraisals for the draft site allocation at Lytchett

equate to £3,300 psm but Wyatt Homes regard currently achievable values at £3,000 - £3,300 psm for units within a development of scale.

Flat Construction Costs

2.24 UVS Appendix 1 states that costs have been adopted in line with RICS BCIS median costs, with “*Mixed Developments – generally*” stated at £1,210 psm and “*Flats – generally*” at £1,378 psm.

2.25 However, flat construction costs are included in the UVS viability appraisals at the same £psm rate as housing construction costs.

2.26 Therefore, flat construction costs are £168 psm lower than the RICS BCIS source data. This appears to be an error, for no justification for this deviation is provided within the UVS.

External Works

2.27 No external works costs are included in the viability appraisals for draft site allocations.

2.28 UVS Para 2.5.3 and Figure 5 states that external works, contingencies and professional fees will be applied to the BCIS Median cost data, with a further £300,000/ha allowance for site wide works for generic site testing and £23,000 per unit for allocated site enabling costs / infrastructure.

2.29 UVS Final Appendix 1 states that in addition to the £300,000 per hectare and £23,000 per plot allowances for “*site works*”, external works are to be assessed at 10% of base construction costs for flats and 15% of base construction costs for houses.

2.30 In respect of “*site wide works*”, Paragraph 2.5.3 states that “*Different assumptions have been used in relation to the site allocations as discussed later in this report.*”

2.31 It is not clear, but UVS paragraph 2.10.5 appears to suggest that the £23,000 per plot allowance for “*site enabling cost / infrastructure*” is sufficient to accommodate all external works costs.

- 2.32 The £23,000 per plot allowance is stated to be in line with the Harman Guidance⁶.
- 2.33 From the Harman Guidance, it is stated that *“Cost indices rarely provide data on the costs associated with providing serviced housing parcels, i.e. strategic infrastructure costs which are typically in the order of £17,000 - £23,000 per plot for larger scale schemes”*. The enabling costs referenced in the Harman Guidance do not include external works. The allowance relates to ‘big ticket’ items which must be incurred in order to release a site for development.
- 2.34 It appears that an appropriate allowance has been made for the costs which are required to release the larger site for development, but no costs have been applied for on site external works such as roads, sewers, lighting, landscaping, fencing and driveways.
- 2.35 The inclusion of external works within a *“site enabling cost / infrastructure”* allowance is inappropriate and holds potential to produce an excessive viability assessment allowance is inappropriate and holds potential to produce an excessive viability assessment.
- 2.36 Contingency and professional fees must be applied to the cost of external works at 5% and 10% respectively, in line with the UVS methodology stated at Appendix 1. The contingency and professional fees allowances adopted for allocated sites are at reduced levels, and are discussed further in following paragraphs.
- 2.37 Any increase in construction costs can also reasonably be assumed to also increase finance requirements.

Contingency and Professional Fees

- 2.38 Contingency and professional fees are included in the draft allocated site appraisals at 3% and 7%. However, the UVS states that *“the adopted rates are 5% and 10%.”*
- 2.39 It is noted that UVS paragraph 2.10.3 states that *“the specific inputs for each scenario appraisal are based on a mixture of information provided by the development industry following feedback received to a site promoters / developers survey issued by DSP and; high-level assumptions reflecting published information and our experience of viability work on similar sites in a range of other locations – both for strategic level assessment and site-specific viability review / s.106 negotiation purposes.”*
- 2.40 It is not clearly stated that the allocated sites have been assessed on the basis of differential contingency or professional fees in comparison to non-allocated sites. Some allocated sites are comprised of a number of smaller sites, which produce a number of units in line with the non-allocated generic site testing, and any differential rate is regarded as highly inappropriate. No generic site appraisals are provided, so comparison of adopted methodology is impossible.

⁶ Local Housing Delivery Group – “Viability Testing Local Plans” (June 2012)

Finance rate

- 2.41 UVS Appendix 1 states that finance costs on build and land are included within appraisals at a debit rate of at 6.5%. However, a 6% debit rate and 2% credit rate is instead applied within the draft site allocation appraisals with no reasoning provided for this differential assumption, which is regarded as inappropriate and falling outside market expectations. A 6.5% finance rate must be adopted consistently across all sites appraised.

Bungalows

- 2.42 Scheme typologies for 5-100 unit generic schemes are set out at UVS Appendix I, including 10% of market units as single storey units (bungalows). UVS Appendix I states that all schemes over 20 units will include 10% single storey units and we assume that the draft allocated sites are included on this basis.
- 2.43 Appendix 1 also shows RICS BCIS costs for bungalows at £1,309 psm in comparison to *“Mixed Developments – generally”* at £1,210 psm and states that *“Build cost taken as “Median” figure from BCIS for that build type unless otherwise stated - e.g. flats ; houses storey heights etc.”*
- 2.44 The RICS BCIS *“Mixed Developments – generally”* costs are regarded as acceptable for the assessment of two storey housing, but the higher costs relating to single storey units must be separately modelled, with the higher £1,309 psm rate applied to the market housing bungalows. Failure to adjust this will result in the UVS overstating the financial viability of development sites tested.
- 2.45 Specific modelling is required to reflect the differing nature of bungalow construction costs.

Unit Sizing

- 2.46 UVS paragraph 2.2.8 states that unit sizing relates to *“the nationally described space standard”*. However, the Council’s DLP states that *“The Council also considers that application of the Nationally Described Space Standards would be too prescriptive for a District with such varied townscapes as Purbeck”*. It would, therefore, appear that the adopted unit sizing does not align with the DLP and should be re-assessed, with assumptions to be derived from the specific requirements of the various locations within the district, drawing on new build housing supply as evidence.

Strategic Site Scheme Typology

- 2.47 No scheme typologies are set out for the strategic sites, which is regarded as inappropriate, preventing the required level of cross reference/checking.

Affordable Housing Sales Values

- 2.48 Sales values for affordable housing units appear to have been calculated with reference to average social and affordable rents, but no details of the calculation are provided.

- 2.49 Affordable home ownership ('AHO') properties appear to have been assessed at 65% of market value, which we regard as appropriate, but no assessment of AHO values is provided within the UVS.
- 2.50 Details of the calculation of affordable housing values must be provided to enable stakeholder's review.

Self-build Plots

- 2.51 In line with DLP Policy H9, UVS Appendix I states that "*Sites of 20+ dwellings require 5% to be provided as self-build plots*".
- 2.52 UVS paragraph 2.6.12 states "*From DSP's experience of considering custom / self-build to date (albeit limited to early stages exploratory work on viability) we consider that the provision of plots for custom-build has the potential to be a sufficiently profitable activity so as not to prove a significant drag on overall site viability*".
- 2.53 The strategic site appraisals at UVS Appendix IIc include no reference to self-build plots and it appears that they have been included as market sale units, with values and costs applied in line with all other units. This appears to be a shortcut approach to the assessment of a specialist product which, in our opinion, holds the potential to negatively impact upon viability.
- 2.54 At a 5% provision, the strategic sites will be required to provide between 5-20 self-build plots depending on the size of the draft allocation.
- 2.55 No evidence is provided to prove that market demand is sufficient to sell the plots at an equivalent rate of sale to the market houses.
- 2.56 The provision of self-build plots will require the developer to incur certain costs of external works in respect of provision of roads, sewers and landscaping. The sale value will reflect the value of the land to the self-build market, which we regard as a specialist purchaser. Due diligent research, evidence and reasoning should be provided to support the approach to the assessment of self-build plots, rather than the adoption of a shortcut approach, which generates excessive values, costs and profit levels, potentially skewing the viability assessment in a positive or negative direction.

General Build Cost and Sales Value Inflation

- 2.57 UVS paragraph 2.5.1 states that RICS BCIS data shows that build costs have increased by circa 18% since the previous Purbeck viability assessment was completed. Paragraph 2.3.2 states that market sales prices have decreased by circa 13% in the same period, and it must be implied that viability has decreased in the period.

Garages

- 2.58 The UVS makes no reference to construction of garages.
- 2.59 It is to be expected that all 3 and 4 bed detached units will be provided with a single garage, mostly detached, and most semi-detached units are likely to have an attached

or detached garage. The inclusion of garages is essential to reflect market expectations, yet no costs are included within the UVS appraisals.

- 2.60 Total costs relating to garages will be considerable – notably construction (including base build, contingency and professional fees) and S106 payments, which will be calculated on the garage gross floor area. The absence of garage construction within the UVS will result in the UVS overstating the financial viability of development sites tested.

DLP Policy Costs

- 2.61 Full DLP policy costs do not appear to have been fully accommodated within the draft allocation site appraisals.
- 2.62 The DLP policies will have a financial impact upon the proposed scheme and it is essential that viability modelling takes into account all costs.
- 2.63 The absence of full proposed policy cost within the UVS will result in the UVS overstating the financial viability of development sites tested.

Market and Affordable Housing Sales Rates

- 2.64 No details of the market housing sales rate applied in viability testing are provided in the UVS. In line with standard industry practice, it must be anticipated that the construction period of a development will fall in line with the rate of sale of the completed units. For the strategic sites, the build period is stated at 48 months for the 466-490 unit schemes and 24 months for the 90-150 unit schemes. Assuming a minimum of 6 months of construction prior to first unit sale, the remaining construction/sales period is reduced to 42 months and 18 months. On this basis, the sales rate applied appears to be between 5 units and 11.67 units per month, at the upper end of market expectations, even if the larger schemes are undertaken simultaneously by two developers.
- 2.65 No details are provided in respect of the rate of affordable housing sales assumed within any of the viability appraisals. Transparency in viability modelling is essential and details must be provided for stakeholder's review.
- 2.66 The adoption of a reduced development timeframe will produce an excessive viability assessment, as finance costs will be lower than would be generated with a more appropriate development timeframe. Details of the adopted development and sales timeframe assumptions must be provided for consultation review.

Turley Office
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Comment

Consultee	Mrs Jacqui Hughes (1189783)
Email Address	woolparishcouncil@gmail.com
Company / Organisation	Wool Parish Council
Address	D'Urberville Centre Colliers Lane Wool BH20 6DL
Event Name	Community Infrastructure Levy Draft Charging Schedule
Comment by	Wool Parish Council (Mrs Jacqui Hughes - 1189783)
Comment ID	DCS11
Response Date	03/12/18 20:22
Status	Processed
Submission Type	Web
Version	0.1

Please note that the Inspector will decide if a public hearing session is required as part of the examination process. You may choose to request to appear at a public hearing to clarify your comments, but you must communicate this to the Council before the close of the consultation. If you do not wish to be heard at the examination, your written representations will carry the same weight as those made by respondents who appear and give oral evidence in support of their representations.

Do you wish to be heard in support of your representations at any Public Examination of the Draft Charging Schedule 2018? Yes

Please tick as appropriate:

I wish to be notified when

- . the Council submits the CIL Draft Charging Schedule for independent examination
- . the inspector's report is published
- . the Council approves the Schedule

Do you support or oppose the proposed rates in the Draft Charging Schedule? Oppose

Please explain your reasoning for supporting or not supporting the proposed CIL rates, and provide any relevant evidence in support of your case.

The Government introduced the CIL charges in 2012 as a tariff based approach so that funding strategic infrastructure delivery is fairer, faster, provides more certainty and is more transparent than the current

system of planning obligations under section 106 which are negotiated on a site by site basis. It is also payable by all new development which relies on the infrastructure not just by a few larger-scale schemes. At present only about 6% of all planning permissions pay for the cost of infrastructure. There is also greater benefit for the local community as a proportion of CIL will pass back to the Town and Parish Councils in which it was raised. By removing this fairer system, you are penalising local people by not allowing them to have a say on how the money is spent. In our experience, previous s106 funds from major developments have been ring-fenced for unachievable projects and when released they have specific covenants attached to them that makes spending the money difficult. This Parish Council has used the CIL payments for infrastructure for local people. Removing the local element of CIL is hurting local people. They are being told they are getting development, but there is no compensation in the form of CIL to mitigate the projects. There seems to be more concern for the developers than the local person. We do not support the changes to the rates.

Do you have any comments on the identified priorities for spending?

No, priorities for spending should be reviewed per area and per development.



Planning Policy,
Purbeck District Council
Westport House
Worgret Road
Wareham
Dorset
BH20 4PP

3RD December 2018

By Email: localplan@purbeck-dc.gov.uk

Dear Sir/Madam,

PURBECK LOCAL PLAN REGULATION 19 PRE SUBMISSION CONSULTATION

This is a joint representation made on behalf of Renaissance Retirement, Pegasus Life, McCarthy and Stone and Churchill Retirement Living (referred to in the representations as “The Consortium”).

We are a group of independent and competing housebuilders specialising in sheltered housing for the elderly. Together as a group, we are responsible for delivering circa 90% of England’s specialist owner occupied retirement housing.

These representations are made in respect of policies and statements of the Local Plan that stand to impact on the delivery of retirement housing which is recognised nationally (through the National Planning Policy Guidance) as being a “critical” need to address given the shortfall in provision and the recognised benefits that such accommodation brings with it. Locally, the need to address the housing needs of the ageing population is recognised in the Strategic Housing Marketing Assessment.

Key to the delivery of retirement housing is Viability. A separate representation is made in respect of the viability evidence base supporting the draft policies in respect of affordable housing and in particular the proposed application of these policies against specialist housing proposals for older people. Upon review, we are concerned that this evidence base is flawed and misguided and puts at risk the delivery of both sheltered and extra care proposals of any tenure.

A representation in respect of the proposed CIL charge is presented on a similar basis.

Policy H9 Housing Mix (Soundness)

Paragraphs 153 and 154 *Specialist Accommodation for an ageing population* highlights the need to plan and provide for the housing needs of Purbeck’s ageing population. Paragraph 154 concludes:

Ensuring housing delivery responds to this demographic shift is key to the overall success of the Purbeck Local Plan.

However beyond a requirement for a proportion of housing in sites coming forward being provided for older people, there is no policy presumption in favour of, or encouragement for this form of development. Retirement Housing is generally delivered by small developments exclusively designed to meet the needs of older people. They may form part of a wider development but more often are delivered on centrally located urban brownfield sites of usually less than 0.5 hectares.

Additionally, whilst there is an acknowledged need to provide more housing specifically designed for older people, there are many barriers to its delivery. Good sites for such development are increasingly difficult to find and different economic and viability considerations apply to mainstream housing including generally higher acquisition costs, build costs, slower sales rates and the need to provide non saleable communal areas.

The National Planning Practice Guidance includes guidance for assessing housing need in the plan making process entitled ***“How should the needs for all types of housing be addressed?”*** (Paragraph: 021 Reference ID: 2a-021-20140306) and a separate subsection is provided for ***“Housing for older people”***. This stipulates that *“the need to provide housing for older people is critical given the projected increase in the number of households aged 65 and over accounts for over half of the new households (Department for Communities and Local Government Household Projections 2013). Plan makers will need to consider the size, location and quality of dwellings needed in the future for older people in order to allow them to move. This could free up houses that are under-occupied. The age profile of the population can be drawn from Census data. Projections of population and households by age group should also be used. The future need for older persons housing broken down by tenure and type (e.g. Sheltered, enhanced sheltered, extra care, registered care) should be assessed and can be obtained from a number of online tool kits provided by the sector. The assessment should set out the level of need for residential institutions (use class C2). But identifying the need for particular types of general housing, such as bungalows, is equally important”* (My emphasis).

There is therefore a need and growing requirement to include policies directly aimed at encouraging retirement housing. Policy H9 does not do this

Suggested Modification

We would advocate that the Council take a positive approach in seeking to provide appropriate accommodation to meet the needs of its ageing population. We would like to highlight the advice provide in the *Housing in Later Life: Planning Ahead for Specialist Housing for Older People toolkit*. This toolkit was developed by a consortium of private and public organisations with an interest in housing for the elderly and encourages a joined up approach to planning, housing and social care policy both in the collection of evidence and the development of specialist accommodation for the elderly. Whilst we appreciate that no one planning approach will be appropriate for all areas, an example policy is provided

“The Council will encourage the provision of specialist housing for older people across all tenures in sustainable locations.

The Council aims to ensure that older people are able to secure and sustain independence in a home appropriate to their circumstances and to actively encourage developers to build new homes to the ‘Lifetime Homes’ standard so that they can be readily adapted to meet the needs of those with disabilities and the elderly as well as assisting independent living at home.

The Council will, through the identification of sites, allowing for windfall developments, and / or granting of planning consents in sustainable locations, provide for the development of retirement accommodation, residential care homes, close care, Extra Care and assisted care housing and Continuing Care Retirement Communities.”

Policy 11 Affordable Housing (soundness)

Justification for affordable housing policy requirement

As stated in introduction, there is significant concern that the Evidence Base upon which the Policy is justified is flawed and misguided. A separate submission is made in this regard as attached to this Representation.

It is therefore strongly recommended that the All Plan Viability Assessment is reviewed and the outcome of that review be used to inform a revised approach of the Policy which properly reflects the different viability considerations applicable to retirement housing and the sites where it usually comes forward from.

Viability review at application stage

Also in this regard, the proposed policy requires:

Where an applicant considers there are significant economic viability constraints that would prevent the provision of affordable housing in accordance with the policy, they will be required to provide full justification of exceptional circumstances to the Council’s satisfaction. Where a viability assessment is required, it should refer back to the viability assessment that informed the plan, providing evidence of what has changed since then.

However, the All Plan Viability Review at least makes clear at Paragraph 3.2.32 that “ *The particular nature of a specialist housing scheme would be reviewed when considering any planning application*” thus acknowledging that the viability of such developments needs individual assessment on a site by site and development by development basis.

Provision of affordable housing on site

The Policy also provides that affordable housing is provided on site unless there are “*clear site specific constraints that would impact the economic viability of development*”. It is well established that affordable housing contributions arising from specialised housing for older people are generally delivered by way of an off site financial contribution given (a) the practicalities of mixing affordable housing into a single building scheme with extensive communal facilities and the need for those facilities to be paid for through a service charge (b) priority needs may be better met off site. The Policy as drafted refers to only “economic viability” considerations as pertinent in this regard. This needs to be rectified.

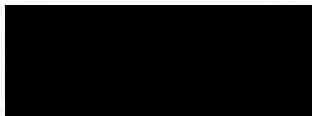
Suggested Modification

- 1. That the All Plan Viability Assessment is reviewed and the outcome of that review be used to inform a revised approach of the Policy that recognises the viability considerations of specialised housing for older people**

2. That in accordance with the Viability Review, the Policy includes reference to the fact that specialised housing for older people will usually be expected to be subject to a Viability review during the planning application process
3. That the Policy be amended to read

Affordable housing provision required as part of Purbeck Local Plan site allocations will be provided on site without exception. In any other circumstance, the payment of a commuted sum for delivery of affordable homes off-site, to a value equivalent to on-site provision, will only be agreed where there are clear site specific constraints that would impact the economic viability of development or where the proposal provides specialised housing for older people

Thank you for the opportunity to comment and we look forward to the Council's review of the Local Plan and the All Plan Viability Assessment and amendments to the Plan as suggested. Should these amendments not be made, the Consortium would ask to appear at the Examination



A J Child

The Planning Bureau on behalf of the Retirement Housing Consortium

Enc



3rd December 2018

By Email:

Dear Sir/Madam,

PURBECK LOCAL PLAN AND CIL VIABILITY EVIDENCE BASE

This is a joint representation made on behalf of Renaissance Retirement, Pegasus Life, McCarthy and Stone and Churchill Retirement Living (referred to in the representations as “The Consortium”).

We are a group of independent and competing housebuilders specialising in sheltered housing for the elderly. Together as a group, we are responsible for delivering circa 90% of England’s specialist owner occupied retirement housing.

These representations are made in respect of the viability evidence base supporting the draft policies in respect of affordable housing and in particular the proposed application of these policies against specialist housing proposals for older people. The viability evidence base is also intended to support the proposed CIL Charging Schedule as published for consultation in October 2018. The revised national policy framework and associated guidance advocates the use of a single plan wide viability exercise to robustly justify infrastructure and obligations sought from development.

The evidence base in respect of viability was prepared by the Dixon Searle Partnership (DSP) beginning in 2016 with a series of updates with the most recent dated October 2018. The groundwork for the exercise therefore predates the publication of the revised National Planning Policy Framework (NPPF) and viability guidance (NPPG) but reference is made to the new guidance in the October 2018 update.

We understand that the Local Plan test of soundness will be applied against the updated NPPF and the viability testing under the 2018 NPPG requirements. This is important as the 2018 NPPG requires an increased level of scrutiny of Local Plan viability testing if targets are to be robustly implemented by Local Planning Authorities (LPAs).

The revised approach advocates that Local Plan policy is underpinned by a robust Local Plan viability test which applies a typology approach to viability testing. The 2018 NPPG suggests that for most typologies the Local Plan evidence base should be sufficient to ensure that a viability exercise is not then required at the application stage.

We note that DSP suggest at 3.2.30 of their October 2018 update that:

DSP’s consistent assessment findings, are that housing-led development (including sheltered / retirement housing for independent living) should not be differentiated for in comparison with the approach to C3 dwellings in general. This forms part of the wide spectrum of market housing provision, within which there is inevitably great variety. These may or may not include an element of accommodation available for or supporting “assisted living” or similar, but in our view should be no less viable than market housing

where they are commercial developments offering apartments or similar for market sale as the primary driver. In those cases, the apartments would very often command premium level values as new-builds and they form part of the wide-ranging provision within the spectrum of market housing.

We believe that based upon experience of negotiating affordable housing contributions on sheltered proposals that there is significant evidence demonstrating that the viability of such housing differs materially from that of general needs housing. Furthermore, the NPPG 2018 is clear at paragraph 007 that viability testing should be differentiated for specialist housing for older people due to it differing from standard models of sale

The Purbeck viability evidence base fails to take this into account and therefore puts at risk the delivery of an identified housing need over the plan period. The projected population growth for Purbeck over the plan period highlights that the District's population aged over 65 is expected to grow by 30% compared with overall population growth of 5%¹.

This identified housing need is especially alarming considering the recent very low delivery of housing for older people with Purbeck. The Elderly Accommodation Counsel (EAC) database of stock for Purbeck shows just 2 recent completions (2016) for this housing type in Wareham (Renaissance) and Swanage (McCarthy and Stone). The database shows just 130 units of leasehold housing available and around 500 units of social rented accommodation.

This low base stock position and recent inactivity by providers demonstrates barriers to delivery in Purbeck which will require a step change in policy to incentivise delivery of this now pressing housing need in Purbeck.

The following notes therefore highlight where there is disagreement in relation to the methodology, inputs or outcomes of the evidence base supporting the viability of the Local Plan affordable housing targets. These comments relate solely to the viability of sheltered and extra care proposals.

For ease of reference, specific comments in respect of viability matters have been set out within the following table.

Input	Local Plan Evidence Base	Detailed Comments
Mix	<i>A 30-unit scheme (sheltered) has been tested. Although the mix suggests 15 1-beds and 6 2-bed units which is presumably an error. The methodology is unclear as to assumptions relating to gross to net.</i>	The scenarios tested are rigid and in relation to the sheltered proposal, certain providers will provide 30-35% 2 bed units rather than the 55-60% as modelled. We consider communal space of 25-30% more representative of a typical proposal in our experience.
Building Efficiency	As above	As Above
Sales Values	We note that the highest value point (V11) is used exclusively for testing which appears to be limit	There have been no very recent comparison developments in Purbeck to provide detailed analysis

¹ Draft Submission Local Plan Paragraph 154.

	development of this type to the highest achievable values in Swanage and nowhere else in Purbeck.	<p>but it is generally accepted that a small premium is achieved by providers for the retirement living lifestyle. However, pricing needs to be carefully balanced in line with the affordability of local homeowners due to the inability of purchasers to secure mortgages given the nature of the purchaser.</p> <p>We note that the Renaissance scheme in Wareham which completed in 2016 is still selling with prices from £190,000 to £260,000.</p> <p>The McCarthy and Stone Ortus Homes scheme in Swanage which is one of the higher end products offered by McCarthy and Stone appears to be used as the justification for this type of housing to be tested at the maximum value level.</p>
Ground Rents	Unclear.	Note should also be made of the Government intention to cap the charging of ground rents on new leasehold developments at a peppercorn rent. The value applied to the testing may therefore be over optimistic in terms of income in this sector and artificially improved the viability of such proposals for plan making purposes.
Acquisition Costs		<p>Variable rates as per April 2016 changes.</p> <p>1.5% typical for legal fees.</p>
Base Build Costs	We support the use of BCIS rates in the appraisal as a transparent and easily available comparable source of base build cost information.	Reference should also be made to the BCIS study <i>Housing development: the economics of small sites – the effect of project size on the cost of housing construction</i> (August 2015). This publication states that care needs to be applied to small samples (less than 20) in the BCIS and that where possible, sample sizes of more than this should be used. This is important for Supported Housing proposals in the BCIS sample which often can be less than 20.

		In such scenarios our view is that the Median Generally sample produces the highest number of sample and most accurate sample and should be used.
External Build Costs	In relation to external cost allowances , 10% of base build cost has been allowed for residential proposals.	This is broadly acceptable but it should be noted that certain proposals require higher proportions due to the quality of external finish required.
Abnormal Costs	Unclear.	It should be noted that some difficult brownfield sites will incur high abnormal costs given their existing uses. This needs to be factored in on a site by site basis.
Professional Fees	10% is allowed for professional fees	Agreed.
Contingency	5% contingency .	Agreed.
CIL/S106	As tested.	This needs to be carefully balanced in line with thorough testing of specific inputs for this typology.
Marketing/Disposal	3% GDV.	<p>In our experience and given the evidenced slower sales patterns and restricted occupancy conditions as well as nature of purchaser, an allowance of 5-6% of GDV is more realistic.</p> <p>This is a niche, age restricted market with dedicated sales teams on site for the duration of the sales period which can extend to several years as already detailed. Often on site sales suites consist of a dedicated 1 and 2-bedroom apartment which is fitted out for the duration of the sales period. Marketing involves national, regional and local press adverts throughout the duration of the sales period.</p> <p>Given the characteristics of typical purchasers, the decision to leave the family home is a wider family decision and purchasers often visit new lodges on numerous occasions</p>

		<p>prior to deciding to purchase. Assistance from sales teams can include advice on the sale of the existing home as well as options which might include part exchange etc. The entire process can be very labour and administratively expensive in comparison with the open market.</p> <p>Marketing and sales activities often involved regular open day and other events to attract purchasers over the sales period with just a handful of apartments often remaining unsold, marketing and sales teams must be on site often a number of years following sales release.</p>
Finance	6.5%	Agreed.
Empty Property Costs/Void Allowances	Not factored in.	<p>In relation to voids the study appears to ignore void costs associated with sheltered and extra care proposals which can amount to £150,000 to £250,000 on certain schemes which can take several years to sell entirely. During this time the empty properties must be paid for by the developer including service charge, council tax and other maintenance charges.</p> <p>Phasing and timetable/sales patterns also appear to reflect general market averages whereas in fact the sales curve for sheltered and extra care proposals is very different. In the South West Region, Churchill for instance sell an average of 1.3 units per month.</p>
Profit/Margin/Return for Risk	This appears to be allowed at 20% GDV.	Developer Return at 20% GDV is considered the absolute minimum requirement for proposals including sheltered and extra care given their exposure to the market brought about by a very slow payback period.
Benchmark/Threshold Land Value	It would appear that the typical benchmark tested is brownfield commercial.	In our view it is not appropriate to rely upon an industrial benchmark land value for this type of housing

		<p>due to the unique nature of the product and typical sites progressed by the main providers.</p> <p>Typically, these types of housing schemes source land through the assembly of existing residential properties given the competition for previous commercial sites from all other residential developers as well as non-residential uses.</p> <p>This level of benchmark does not appear to be reflected within the sheltered testing scenarios.</p> <p>Specialist housing proposals for older people must therefore be tested against more likely source site benchmarks.</p>
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We are of the opinion that the testing undertaken has not fairly reflected the typical costs associated with the development of specialist housing for older people. Furthermore, it would appear that the values tested have simply used the maximum levels tested which would preclude development in the majority of the district.

In order to demonstrate this, we have produced a typical appraisal using the 2016 study costs and values but adapting the values to V7 in the study which are the top end of the Wareham values. This appraisal assumes the lowest level of affordable housing tested (30%) and no CIL. This results in a residual land value of just £216,000. On a 0.3-hectare site this will preclude this typology from 4 out of the 7 benchmarks tested. In our view, even without a CIL charge being imposed in the appraisal, the viability of such proposals is so constrained it would preclude existing residential sites being acquired which as set out above, form a high percentage of typical sheltered proposal sites.

In summary we believe that upon detailed review, the viability evidence base underpinning the draft proposed policy in respect of affordable housing and specialist housing for older people is likely to severely restrict the supply of this important housing typology within the Local Plan area. We would be happy to input further to the preparation of a workable policy.

Thank you for the opportunity to comment.

Purbeck Test - 30 units @ 30% AH (V7 Values)

APPRAISAL SUMMARY**CONSORTIUM TESTING**

Purbeck Test - 30 units @ 30% AH (V7 Values)

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	Units	m ²	Rate m ²	Unit Price	Gross Sales
Market floor area	1	1,275.00	3,950.00	5,036,250	5,036,250
Affordable Floor Area	<u>1</u>	<u>637.50</u>	1,975.00	1,259,063	<u>1,259,063</u>
Totals	2	1,912.50			6,295,313

Rental Area Summary

	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Ground Rents	30	400	12,000	12,000
Totals	30		12,000	12,000

Investment Valuation

Ground Rents					
Current Rent	12,000	YP @	5.0000%	20.0000	240,000
					240,000

GROSS DEVELOPMENT VALUE**6,535,313**

Purchaser's Costs	11,520	11,520
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NET DEVELOPMENT VALUE**6,523,793**

Income from Tenants	16,000
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NET REALISATION**6,539,793****OUTLAY****ACQUISITION COSTS**

Residualised Price	380,418
Residualised Price (Negative land)	163,558
	216,860
Stamp Duty	8,521
Agent Fee	1.00% 3,804
Legal Fee	0.75% 2,853
	15,178

CONSTRUCTION COSTS

Construction	m ²	Rate m ²	Cost
Market floor area	1,722.97 m ²	1,220.00 pm ²	2,102,027
Affordable Floor Area	<u>861.49 m²</u>	1,220.00 pm ²	<u>1,051,014</u>
Totals	2,584.46 m²		3,153,041

Developers Contingency	5.00%	173,417
Extra Overs		190,000
Samm/SANG	30.00 un 1,255.00 /un	37,650
Other S106	30.00 un 3,000.00 /un	90,000
		491,067

Other Construction

Externals	10.00%	210,203
Empty Property Costs		105,000
Site Prep and Survey Costs	30.00 un 4,500.00 /un	135,000
Externals	10.00%	105,101
		555,304

PROFESSIONAL FEES

Architect	10.00%	346,834
		346,834

MARKETING & LETTING

Marketing	3.50%	176,269
		176,269

DISPOSAL FEES

Sales Agent Fee	2.00%	100,725
Sales Legal Fee	2.00 un 750.00 /un	1,500
		102,225

FINANCE

Debit Rate 6.500%, Credit Rate 2.750% (Nominal)

APPRAISAL SUMMARY**CONSORTIUM TESTING****Purbeck Test - 30 units @ 30% AH (V7 Values)**

Total Finance Cost	345,992
TOTAL COSTS	5,402,771
PROFIT	1,137,022

Performance Measures

Profit on Cost%	21.05%
Profit on GDV%	17.40%
Profit on NDV%	17.43%
Development Yield% (on Rent)	0.22%
IRR	20.71%
Profit Erosion (finance rate 6.500%)	2 yrs 12 mths