

Examination of the East Devon District Council Community Infrastructure Levy Draft Charging Schedule

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By email only

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24 April 2014

Dear Mr Dickins,

In my letter of 17 April I questioned the appropriateness of the proposed CIL rate of £150 per square metre (psm) for retail development in the new town centre for Cranbrook. Unfortunately I must now inform you that I also have concerns regarding the proposed residential rate for the Cranbrook expansion area.

The Community Infrastructure Guidance allows differential rates to be set on strategic sites¹ and I am satisfied that the evidence submitted to the examination justifies the principle of a separate charging zone for the Cranbrook expansion area. However, I am not persuaded that the proposed rate of £68 psm is justified by appropriate available evidence.

The Viability Study uses a series of assumptions relating to, amongst other things, a net developable area of 75%, opening up costs of £225,000 per hectare and a developer return of 20%. I am satisfied that the assumed rate of return is reasonable and supported by appropriate evidence. However, the information provided by the East Devon New Community Partners provides real data based on developing Cranbrook to date. The Partners conservatively estimate opening up costs to be between £500,000 and £600,000 per hectare. This is supported by the Harman report which advises that strategic infrastructure costs are typically in the order of £17,000 to £23,000 per plot which for a 40 dph scheme would be £680,000 to £920,000².

The addendum to the Viability Study³ concludes that the cost of infrastructure to be secured through Section 106 contributions in the expansion area would be £4,661.72 per dwelling. Outside the Cranbrook expansion area the Viability Study assumes a Section 106 contribution of £3,500 per dwelling. This figure is disputed but, assuming it is reasonable, it is common ground that opening up/infrastructure costs are likely to be significantly higher on large strategic sites. Consequently, it must follow that Section 106 costs per dwelling would also be much higher. I am aware that the Council has reduced the Section 106 cost following the County Council's

¹ Paragraph 2:2:2:6

² Viability Testing Local Plans Advice for planning practitioners; Appendix B, paragraph 2 & East Devon Community partners submission paragraph 1.18

³ CIL 14

review of education requirements/costs⁴. However, compared to £3,500 and on the basis of the evidence before me, £4,661.72 appears to be a very conservative estimate.

The Harman report says that failing to take into account that the net developable area on all but the smallest sites is likely to be significantly smaller than the gross area can result in flawed assumptions and inaccurate viability studies. The existing development at Cranbrook has a net to gross ratio of around 50% which the Harman report⁵ considers to be not untypical for strategic sites. The assertion that a similar net to gross ratio should be assumed for the expansion area due to constraints such as flood plain and electricity pylons in addition to the need to provide open space etc appears to be reasonable.

Consequently, I am not satisfied that the assumptions in the Viability Study relating to the net developable area and infrastructure/Section 106 costs for the Cranbrook expansion areas are justified by appropriate available evidence. As I said in my letter of 17 April the delivery of Cranbrook is a key element of the Local Plan. Based on the evidence currently before me, I am not able to conclude that the proposed rate of £68 psm for Cranbrook would not threaten the delivery of the Cranbrook expansion areas.

Without prejudice, my concerns may be resolved through the submission of further viability evidence, the other option of course is that the proposed rate is reviewed. I would ask that you carefully consider the contents of this letter and indicate how you wish to proceed.

Yours sincerely

A Thickett

Inspector

⁴ Originally £6,114.54

⁵ Viability Testing Local Plans Advice for planning practitioners; Appendix B, paragraph 1