

CIL Revision – Preliminary Draft Charging Schedule Consultation

Persimmon Homes South West response

Date: 19th March 2019

On behalf of Persimmon Homes South West (PHSW) I have reviewed the Preliminary Draft Charging Schedule (PDCS) and make the following comments. It is noted that this consultation process is a preliminary one, with another period of consultation before the Draft Charging Schedule is examined.

Other comments are submitted on behalf of the East Devon New Community Partners (EDNCp), which includes PHSW, by David Lock Associates.

1.0 The Evidence Base

- 1.1 The same evidence is being used for the Cranbrook Plan DPD and the PDCS. It is submitted that it is logical that progressing the CIL Draft Charging Schedule is deferred until the evidence has been comprehensively reviewed and, where necessary, revised.
- 1.2 Paragraph 3.2 of the report to Strategic Planning Committee on the 20th February 2019 stated that “*The CIL rate in the PDCS reflects the findings of the viability study...*” The PDCS itself, in paragraph 2.10, refers to the use of the viability study to inform the PDCS and in paragraph 2.11 the use of the viability study is further strengthened, indicating that its findings are directly reflected in the PDCS. Paragraph 2.14 states “*The recommendations from the viability assessment are reflected in the preliminary draft charging schedule in Chapter 1.*” It is therefore clear that the viability study has directly influenced the PDCS and it is critical that this evidence base is as accurate as possible.
- 1.3 In addition to the comment in paragraph 1.1. above, the comments in this section therefore relate to the evidence base that has been used to prepare this PDCS.
- 1.4 Having briefly reviewed the viability study for the purposes of responding to this consultation, we have significant concerns about its accuracy and therefore its validity: as a consequence, the setting of the CIL rates via the PDCS based upon this evidence is questionable.
- 1.5 The CIL Review and Viability Study report notes that the assessment should be as accurate as possible to inform development, and include all relevant assumptions. The accuracy of the document is critical and has to reflect what can be deliverable.
- 1.6 The document contains a section on Cranbrook and it is noted that by setting affordable housing in the expansion areas at 15% it is evident that it is not a particularly strong financial case, and therefore the need to have accurate evidence becomes even more pressing.
- 1.7 PHSW will submit that the viability study:

- 1.7.1 Is deficient as it does not include all relevant assumptions and issues.
 - 1.7.2 Lacks evidential support to some of the assumptions used.
 - 1.7.3 Is ambitious, to say the least, on delivery trajectory.
 - 1.7.4 Is unclear and unrealistic in its attribution of some of the costs, land values, margin and deliverability.
 - 1.7.5 Uses very questionable modelling/sensitivity testing to inform potential CIL rates (e.g. applying a £20,000 per plot deduction in sensitivity testing on case study/strategic sites CS5, CS6 and CS7 – see 1.8 below).
- 1.8 As an example to reflect our concerns, PHSW has outline planning consent on the Edge of Exeter for 900 units. The Section 106 costs equate to £1,640.50 per plot. The CIL rate is £80 per sqm with indexation. The land was bought for development on the open market with an assessment of viability and clearly that work would be rendered useless if, at reserved matters stage, a £20,000 per plot level of charge could be applied as well as the CIL contribution. The combination would have a huge impact and threaten the delivery of the development.
- 1.9 Given the above, PHSW has some significant concerns and at this stage objects to the PDCS being progressed until there has been meaningful dialogue with stakeholders to ensure that the viability work is properly assessed and revised to reflect our concerns. A meeting is to take place on this issue with EDDC Officers on Monday 25th March, unfortunately after the close of the consultation date for the PDCS.
- 1.10 Further detailed review is taking place which will inform discussion/response to the Cranbrook Plan DPD. There are fundamental issues of concern and the East Devon New Community Partners (EDNCp) and PHSW reserve our position to make further detailed comments on the viability study that is a critical piece of evidence to inform the PDCS.
- 2.0 Phased Payments**
- 2.1 The instalment policy (paragraphs 2.15 to 2.18) set a definite approach to CIL payments. This is generally sound however there should be scope for negotiated agreement of an alternative payment plan if the situation arises that means deviating from the standard approach advocated in Figure 2 is sensible.
- 3.0 Reforming Developer Contributions**
- 3.1 Paragraphs 2.19 to 2.21 refer to the recent technical consultation on Reforming developer contributions, and the intention to remove regulation 123 lists and of restrictions relating to the pooling of Section 106 monies. The PDCS presumes that the changes will be implemented and does not recommend a revision to the current Regulation 123 list on the expectation it will be abolished.

3.2 The consultation on reforming developer contributions closed on 31st January 2019 and whilst the provisions consulted upon may well be implemented, it is premature to consider this is a formality. With this lack of certainty the District Council should therefore satisfy itself that the current list is fit for purpose if revisions to the regulations are not forthcoming.

3.3 PHSW recommends progress on the CIL Draft Charging Schedule is delayed until any measures in the Technical Consultation are confirmed for implementation, **or** an “either/or” is included in the Charging Schedule.

4.0 CIL Residential Charging Zone – Axminster

4.1 Axminster’s Residential CIL Charging Zone map shows the area of the eastern extension that has been superseded by the masterplan area endorsed by the Council in January 2019. The area currently reflects a local plan policy which indicated circa 650 homes were to be built. The masterplan indicates a larger development area and up to 850 homes to be built. The map should be amended to reflect the wider development area to help ensure the development can proceed given its viability assessment has considered a single charge across the whole of the expansion area. It should be noted that EDDC Members endorsed the delivery of the masterplan based upon the viability work that included a single CIL charge across the site.

5.0 CIL Residential Charging Zone – Cranbrook

5.1 The extent of this area is consistent with the Cranbrook DPD’s proposed Built Up Area Boundary. The consultation period and timetable for examination and adoption are different and as such it is presumptuous for the CIL Charging Schedule to show a zone that could well change due to the result of other consultation activity. This is particularly pertinent for the Grange expansion area and its current lack of status in policy.

6.0 CIL Residential Charging Zone – Edge of Exeter

6.1 There are areas within the Edge of Exeter zones which have current outline planning permission. This land will have been purchased through the open market, and planning obligations will have informed development viability (and therefore delivery). To introduce a variation at this stage – which could impact upon reserved matters and any new applications within the area – risks delivery (see Paragraph 1.8 above).

7.0 Impact upon existing outline planning permissions

7.1 It is requested that East Devon District Council provide confirmation that extant outline planning consents are protected from the potential change in CIL rates resulting from this review due to the likely impact upon viability and delivery.

ENDS