

# **SUBMISSIONS TO THE PLANNING INSPECTORATE**

**In connection with Inspector's Draft Matters,  
Issues and Questions for Examination of the**

## **CRANBROOK LOCAL PLAN**

**Prepared by**

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and  
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**On Behalf Of**

**Cranbrook LVA LLP (Respondent Number 145)**

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UNLOCKING VALUE FROM LAND

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## **1.0 INTRODUCTION**

1.1 Sturt & Company has been requested to provide formal representations on the Independent Examination and specifically the Inspector's Draft Matters, Issues and Questions for Examination of the Cranbrook Local Plan on behalf of Cranbrook LVA LLP.

### **Qualifications**

1.2 This report has been prepared by Richard Sturt MRICS, FRGS, MSc, BSc (Hons) and Malcolm Barber DipArb MRICS MCI Arb who are both Chartered Surveyors and Registered Valuers under the RICS.

## **2.0 METHODOLOGY**

2.1 Sturt & Company attended the Working Group in July 2017 and made written submissions concerning viability at the time.

2.2 Further submissions were made in the spring of 2019 regarding both the CIL Review and Cranbrook Plan DPD submissions. Many of the issues raised in these earlier submissions are directly relevant to the East Devon Affordable Housing SPD as it relies on the appraisals and methodology contained in the CIL review.

2.3 All these submissions include commentary on a number of areas which have a direct impact on the viability and workings of the residential development in East Devon.

2.4 Our major concerns include the following:

- Refusal of East Devon or Three Dragons to release their Excel Toolkit
- The Three Dragons Viability Appraisal does not reflect the proposals made in the Draft Affordable Housing SPD
- Outdated BCIS Costs that are now 16 months out of date
- GDVs that do not reflect current market sales and size of units
- Inappropriate BCIS Index used. Lower quartile figures rather than the more commonly used mean or median
- Ambitious housing trajectory figures and implications for cash flow
- Insufficient profit margins to take into account the high infrastructure and utilities costs and risk of major schemes such as Cranbrook
- Insufficient Benchmark Land Value to provide a landowner's and promoter's proper return

2.5 Due to the continued refusal to co-operate by not providing a copy of the electronic Excel Three Dragons Toolkit, we reserve our position on making further

representations on all the key residual inputs, calculations and their impact on the viability of development and affordable housing in East Devon.

### **3.0 QUESTIONS**

3.1 Set out below are our responses to the questions posed by the Inspector. For ease of reference, we have answered each question in turn.

<b>MATTER 11 – AFFORDABLE HOUSING</b>	
<b>Issue 17:</b> <b>Is CB11 consistent with the EDLP and with National Policy on affordable housing?</b>	
<b>Q142</b>	<p><b>Question</b></p> <p>Cranbrook plan housing provision is at variance with the EDLP. The EDLP indicates 25% affordable housing whereas CB11 substitutes a lower 15% figure (70% of which are affordable rent and 30% intermediate or other tenure). Is this reduced affordable housing provision justified and consistent with national policy? How far do viability issues influence this departure; especially coupled with Cranbrook being CIL exempt?</p>
	<p><b>Response</b></p> <p>The Viability Assessment prepared by Three Dragons cannot be properly scrutinised to establish whether the proposed affordable proportion and tenure mix is viable.</p> <p>Without receiving their working Excel valuation model, it is not possible to ascertain whether, on the Three Dragons model, the early phases can sustain the proposed level. In most large development schemes similar to this, it is a requirement for early phases to have a substantially reduced affordable contribution in order to take account of initial enabling works. Without this, the early phases will not be viable and therefore the whole scheme may be substantially delayed or undeliverable.</p>
<b>Q143</b>	<p><b>Question</b></p> <p>On what basis is a 15% affordable housing figure justified and effective?</p>
	<p><b>Response</b></p> <p>Without being able to scrutinise the valuation appraisal of Three Dragons, it is not possible to confirm whether a 15% affordable housing proportion on a 70% - 30% tenure mix is sustainable, particularly for early phases.</p> <p>By using the BCIS 'lower quartile' the base build costs are too low and will not include costs for all the requirements (eg Carbon reduction) of the scheme. If these are properly accounted for 15% affordable is not deliverable.</p> <p>In order to make the scheme viable either an individual element needs to be adjusted or more likely an adjustment of the number of different requirements.</p> <p>The principal adjustments which make a material difference to the viability and should be reviewed are as follows:</p> <ul style="list-style-type: none"> <li>• Affordable housing. A reduction in the percentage of affordable housing below the proposed 15%. An alternative would be to amend the mix from 70% - 30% by increasing the number of intermediate/shared ownership units or introduce</li> </ul>

	<p>Starter Homes/Discounted Market Price Sales.</p> <ul style="list-style-type: none"> <li>• Amend the IPD to remove costs from the development.</li> <li>• Amend the phasing of infrastructure and other costs for example SANG so they are not required until much later in the scheme to enable the early phases to be viable.</li> <li>• Reduce the Section 106 / Section 278 costs. For example, not requiring the developer to deliver or provide long term maintenance payments for all the community facilities and public/shared landscaping.</li> </ul>
<p><b>Q144</b></p>	<p><b>Question</b> How will this level of affordable housing provision influence the provision of future infrastructure delivery and phasing?</p>
	<p><b>Response</b> The cost of the infrastructure delivery and phasing will have a significant effect on the viability of the scheme and thus the proportion of Affordable Housing.</p> <p>We consider that the current proposal is unviable so the affordable proportion needs reduced or tenure mix amended as well as the cost of IDP or S106 requirements will need to be reducing.</p>
<p><b>Q147</b></p>	<p><b>Question</b> Would the requirements for affordable housing and other services and facilities impact upon the deliverability of housing expansion areas in the Plan?</p>
	<p><b>Response</b> Unsubstantiated affordable housing provision will jeopardise the future phases of Cranbrook especially with the increase in infrastructure costs.</p>