

SUBMISSIONS TO THE PLANNING INSPECTORATE

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

CRANBROOK LOCAL PLAN

Prepared by

**Richard Sturt, MRICS, FRGS, MSc, BSc (Hons)
and
Malcolm Barber DipArb MRICS MCIArb**

On Behalf Of

Cranbrook LVA LLP (Respondent Number 145)

7th January 2020

UNLOCKING VALUE FROM LAND

STURT & COMPANY LTD, THE COACH HOUSE, UPHAM FARM, UPHAM, HAMPSHIRE. SO32 1JD
Tel 01489 860721 office@sturtandco.com www.sturtandco.com

Company No 07990266 VAT No: 132 6808 20

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 MCIArb 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- Outdated BCIS Costs that are now 16 months out of date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.

MATTER 13 – INFRASTRUCTURE PHASING

Issue 19:

Are the Infrastructure Phasing Proposals through Policy CB7 positively prepared, justified and effective?

Q152

Question

How robust is the phasing of key infrastructure in conjunction with the housing expansion areas? How have the issues relating to infrastructure delivery in Cranbrook Phase 1 influenced the development of the phasing policy?

Response

Three Dragons have not made an appropriate allowance in their residual appraisal to reflect the requirement to deliver the infrastructure. Most particularly, they have assumed the cost of the District Heating will be delivered in accordance with a trajectory of the housing units delivered. It is quite clear that in order for a district heating system to be effective, the main heating plant has to be available early in the expansion. A very significant proportion of any district heating system is in the operational plant and grid network which needs to be available prior to any occupation. Likewise, although there is a requirement for the SANG to be delivered early in the scheme, the residual modelling assumes the cost will be evenly distributed over the development of the scheme.

The result of this is an unrealistic appraisal output.