

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
Malcolm Barber DipArb MRICS MCIArb**

On Behalf Of

Cranbrook LVA LLP (Respondent Number 145)

7th January 2020

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- Outdated BCIS Costs that are now 16 months out of date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

MATTER 16 – SUBJECT SPECIFIC POLICIES (1)	
Issue 23	
Is the policy for Zero Carbon (CB13) justified and effective?	
Q188	Question Is the requirement for an energy standard above Building Regulations justified?
	Response The requirement to provide facilities for electric vehicle charging is supported by National Policy and homeowners/occupiers will increasingly require electric charging points. Even if this is not a policy requirement, house builders will have to provide them in order to be competitive in the market as customer requirements change. Three Dragons have made no explicit allowance in their viability model for this cost of providing private charging points and similar carbon reduction requirements. Their BCIS build cost at Cranbrook is at the BCIS lower quartile. Consequently, there will be no margin in their base build cost to allow for anything beyond the most basic cost driven development. This is because statistically the majority of house builders in the BCIS sample are not able and do not deliver developments at lower quartile costs.