

Cranbrook Plan DPD Examination

Viability Session

Introduction

1. This statement is made by Harrow Estates Plc, part of the Redrow Group and the Pyle Family in respect of the matter of Viability in the examination of the Cranbrook Plan DPD. Harrow Estates have an interest in the Treasbeare expansion area allocated in Policy CB3 and have previously participated in the stage 1 hearing sessions in January and February 2020. These representations supersede the earlier representations prepared by Boyer Planning (January 2020) as requested in the Inspector's questions document.
2. In summary we consider that the plan is broadly in line with guidance on soundness in respect of viability, subject to some key but minor improvements which will be considered in further detail below.

Response to Additional Questions

AQ1. To what extent is the revised viability assessment policy compliant in respect of the National Planning Policy Framework (The Framework) and Planning Policy Guidance (PPG)?

3. NPPF paragraph 57 relates to decision-making, however, its main emphasis is to concentrate viability assessments to the plan making stages and limit the need for viability assessments at the individual planning application stage. The final sentence of Paragraph 57 states:

'All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available'.
4. The NPPG section relating to viability advises alongside setting out a policy for Affordable Housing contributions, plans should also make clear what is expected in terms of the provision of infrastructure (for example, education, health and transport) and clarifies that any viability assessment should take into account all relevant policies, and local and national standards, including the cost implications of the Community Infrastructure Levy (CIL) and section 106 requirements.
5. Policy requirements should be clear so that they can be accurately accounted for in the price paid for land by developers.
6. Viability assessments should not compromise sustainable development but should be used to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan. Drafting of plan policies should be informed by engagement with developers, landowners and affordable housing providers.

7. To be in compliance with paragraph 57 of the NPPF, the viability assessments will need to reflect the above guidance from the NPPG. It will need to 'answer' the following questions;
 - Does it make clear what is expected in terms of the provision of infrastructure, e.g. education, health, transport, flood and water management, green and digital infrastructure etc.?
 - Has it taken into account all relevant policies, and local and national standards, including the cost implications of the CIL and section 106?
 - If sites have been assessed, have typologies that take account of location, whether it is brownfield or greenfield, the size of site and current and proposed use or type of development been used?
8. Having reviewed the Council's 2019 Viability Report and subsequent addendum, we feel that the viability assessment is broadly compliant with the Framework and the PPG, notwithstanding there are issues within the viability that require addressing through main modifications in order to meet the requirements for soundness.

AQ2. The viability results are set out at table 4.1 of the updated viability study entitled Cranbrook expansion viability results [Doc ref PSD21A] indicate a gross development value. To what extent are these figures now accepted as a robust assessment of costs?

9. We question the evidence that supports the assumptions that gypsy and traveller pitches will achieve circa £55,000 per plot. The evidence looks at current sites being marketed as far away as Chester, Sussex and Powys and the relevance of these to a site in Cranbrook is questionable. Furthermore, the evidence provided shows only the prices that the plots are being marketed at, two of which have been reduced in price. No achieved sales figures have been provided to support the Council's assertion.
10. Furthermore, the evidence indicates a total cost of providing the gypsy and traveller facilities of £1.56 million split on a pro-rata basis with phase 1 (Treasbeare) costing £520,667 and phase 2 (Cobdens) costing £1,041,333. It will be demonstrated in the separate gypsy and traveller statement by Harrow Estates that the proposed allocation at Treasbeare is not suitable or appropriate for such a provision. In addition to the lack of suitability, the abnormal costs of developing the facility would be significant in respect of the topography, access and drainage. As such, the full viability implications of the gypsy and traveller facilities has not been factored in.

AQ5. Please explain any areas of fundamental concern with the approach to viability set out in the Councils paper of July 2020 and point to the evidence you rely on to support those concerns?

11. One aspect we would question is the suggestion by Three Dragons that 17.5% developer return is reasonable due to the “reduced level of risk” resulting from Cranbrook Phase 1 already being underway. In the current market and given ongoing economic uncertainty we are of the view that a 20% return should be the minimum level applied in the viability appraisals to reflect economic risk. The adoption of 20% return on residential development would also address the inconsistency with non-residential development which is assessed with a 20% developer return.

AQ6. Are the requirements and costs in the revised Infrastructure Delivery Plan (IDP) justified taking into account the evidence available? If not, why not?

12. We do not consider that the cost of, or indeed the requirement for the footbridge crossing London Road to link Bluehayes and Treasbeare is reasonable, necessary or justified as the safe movement of pedestrians can be provided by way of a pedestrian crossing forming part of a comprehensively designed junction . This would enable the removal of £2.8million from the IDP cost schedule, albeit would require a figure in the region of £200,000 to replace it for the replacement provision.

13. The Council’s matter 5 statement in January 2020 acknowledged that the provision of the bridge may be excessive;

“Work is continuing however to understand the need for such a bridge and whether desire lines can be established which allow safe crossing points for pedestrians which are at grade”.

14. A detailed design of the access to Bluehayes has been produced by the promoters of that site which shows its relationship with Treasbeare. This plan makes provision for pedestrian crossing and has been shared with East Devon and Devon County Council. It is therefore considered necessary that sufficient flexibility is built into the plan to allow for alternative solutions and the inclusion of an appropriate mechanism to ensure that the correct costs are being met.

AQ7. Would the cumulative level of contributions to be borne by the expansion areas threaten/compromise the delivery of any of the expansion areas? If so, how would they compromise them?

15. No, provided that the timing of the payments and the timing of the delivery of on-site facilities are appropriately phased and the requirement upon the developers are not unduly onerous.

AQ10. The Council sets out its position on equalisation at paragraphs 12.1 to 12.5 of their response to my earlier questions. Representors have previously argued that equalisation should not apply to all IDP entries. On what basis, legal or otherwise, should equalisation not apply to the abnormal costs listed?

16. We fully support the principle of equalisation and agree that it should apply to all essential infrastructure required to make to enable the delivery of the Cranbrook Plan.
17. The matter of the pedestrian footbridge has been covered above, however the only other piece of non-essential infrastructure within the IDP is the grounding of overhead cables and pylons. These works, at a cost of over £5million would be disproportionately high in relation to the limited benefit of less than 3 hectares of net developable land. Given therefore that it is not essential that they are grounded, it should not be included within the IDP.
18. In the event that the developer considers it necessary or desirable, such works can be undertaken at no financial detriment to the other developers within interests in Cranbrook.

AQ11. If items were to be removed from the equalisation equation what are they and what impact would that have on the viability of different expansion areas?

19. It is clear that the removal of certain items could potentially place further strain on the viability of individual expansion areas, particularly if the cost burden was transferred to the developer(s) of the affected parcels. It is for this reason that the equalisation approach is necessary to ensure the soundness of the plan. For instance, the Treasbeare expansion area is heavily burdened with infrastructure required to meet the needs arising from the entire development at Cranbrook.

AQ12. If it is considered that the revised level of per plot contribution to Section 106 costs is unreasonable; At what level of contribution per plot would development in the Cranbrook Expansion areas be viable? What evidence supports your response?

20. We consider the per plot contribution, subject to it being updated to reflect the removal of £5.1 million (pylons) and circa £2.6 million (footbridge), to be appropriate.

**Harrow Estates Plc
September 2020**