

Independent Examination of the Cranbrook Local Plan Stage 2 Questionnaire

As issued by Janet Watson Inspector

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It is obvious from the depth and complexity of the Data provided that Ward Williams & Associates (Three Dragons) have gone into concise detail regarding the viability of the Cranbrook Plan. This does not mean that they are correct. It is apparent that EDDC does not have the staff to produce a feasibility on the Cranbrook plan as produced by Ward Williams & Associates in response to the Inspectors questions.

EDDC Document PSD25 Matters raised by the Inspector

This a summary document containing matters raised by the Inspector which are items 1 to 15. It is obvious from the questions raised that the original Cranbrook Plan was not viable and should not have been presented for inspection and approval with the lack of technical information contained therein

Clause 2.4 Confirms a land mark value for development land of £ 300,000 ha.

Clause 7 Refers to a recent examination in a new garden community plan in North Essex that suggests that this is a bench mark value for development land is quite generous. Land values in North Essex are not relevant to South West England. The inspectors assessment for land mark value for development land was a maximum of £ 247,000 ha.

Clause 2.11 States that Developers return on the proposed development is 17.5%. This percentage is questionable as Return on residential development is lower than that for Commercial developments. This percentage is more applicable to Commercial development.

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Clause 3.13 No allocation has been made for costings to the 2nd railway station

Page 14 (High risk factor) Due to only a 11 year period left on the EDDC Local plan construction of the allocated housing is very much 'Front loaded' in terms of site progress and finance.

(Low risk factor) They have completely ignored the **High risk factor** applicable to the transport infrastructure serving Cranbrook.

Clause 6.1 Confirms that the Contractors return on costs is allocated at 6%. Although this figure is correct I cannot see the relevance to feasibility valuation as prepared by Ward Williams & Associates as it is a contractors cost directly applicable to them

Clause 7 The proposed transfer value are low which only confirms that properties within the scheme will not achieve any enhanced quality of design or construction other than what is apparent with the poor standard set by Cranbrook phase 1 .

EDDC Document PSD 22 Supporting Notes

Clause 1.4 EDDC accepted there was an issue with original land budget and it needed to revise the land budget.

Appendix 1 There appears to be an imbalance with the area ha allocated to Cobdens of 27.44 which appears to indicate that Cobdens is open to increase the number of properties proposed from that of 1495 dwellings .

EDDC Document PSD 24 Cranbrook Infrastructure Delivery Plan

One has to question why the information enclosed within this document was not available at presentation of the Cranbrook plan. This document is still not ideal and relies on assumptions which have not become permanent.

Clause 2.6 It recognises that the construction of roads and paths within a development is implicit . There are still no details contained therein just what the design and layout of those Roads and footpaths are.

Clause 2.10 At the meetings that I attended, James Brown. EDDC Community officer confirmed that all flood risk assessments have been assessed and that there was no risk. It appears that there is now some areas which are of medium and high risk with no infrastructure projects proposed..

- Clause 2.13 Cranbrook was selected by NHS England as one of Ten Healthy Town sites. This is not apparent within the existing Phase 1 Cranbrook and the design of the as built environment does not provide a new wave of care of any benefit
- Clause 2.18 Although the aim is to provide an half hour train service in each direction. and it may be a National requirement ,there is no provision within South West trains or British rail to provide this increased facility ,and there is no finance available. There is no money to provide an upgrade on the Waterloo to Exeter railway line.
- Clause 2.24 States that it has made provision through a protracted funding mechanism .There is none in place other than Developers would incur significant costs.
- Clause 3.3 It confirms that there are a number of infrastructures which have not been fully costed. That means they have not been included. There is no identification where additional funding is to come from. This means that any financial feasibility on Cranbrook defective.

It is noted within the Appendices that the sums calculated for the infrastructure is not set out for a specific developer but is included to explain the wordings of the table . Therefore those costing are irrelevant and unreliable.

EDDC Document PSD No 26 Additional Information Cranbrook Infrastructure Delivery Plan

- Clause 1.1.1 Revised request for Public Transport S106 contributions
- 2.1.1 Request for £ 8.380.000 towards enhancing public transport. There is no confirmation that these funds will be provided.
- 3.1.3 In the absence of developer funding there is to be no second station. **Bus services are to be provided instead.**

EDDC Document PSD 27 Policy and allocations for gypsies and travellers

This document has been commented on by others. Refer to POWR group presentation

It is my conclusion that EDDC documents PSD 22,24,25,and 27 do not contain a great deal more than what was included within The Cranbrook plan and only emphasise the lack of clarity and facts within the original presentation

Ward Williams Associates No PSD 21A Updated Viability Report

Clause 3.4.1 Confirms that the housing floor space coverage is 3.754 sg m/net developable ha which is the same as Cranbrook phase 1 . Within the meetings I attended criticism was made of the limited floor space contained within the properties at Cranbrook phase 1 The mistakes that were made on construction of dwellings with limited floor space have not been rectified in the new Cranbrook development.

Table 3.3 It is calculated that the size of a 2 bedroom terrace is 70 sm (750 sqft). The average size of a 2 bedroom terrace house is 100sm (1000 sgft).This a classic example of new properties being built below the Parker Morris standard that was established over 40 years ago. This is a development consisting of a properties that are small and cheap with high density .The claim by EDDC that they have leant from the mistakes from Cranbrook Phase 1 are not substantiated.

Clause 3.5.5 Under the present financial uncertainty caused by corona virus and the UK leaving the UK it is **folly** to base a financial viability on a development of this size, without a contingency sum on costing when values are base on transaction over a preceding 5 Year period.

Clause 3.6.6 I do not consider that the cash flow projections base on up dated housing delivery trajectory can be substantiated for 2022 to 2027.

Clause 4.2.2 This feasibility result is the **critical viability study which states the commercial**
Table 4.1 **viability** of the whole development in real terms which is 2.3% of GDV.As confirmed it is **low** in proportion to total costs and total value. This makes this development **High risk**. It is doubtful that the developers will achieve a return on of 17.5% on a development of this size, in an area which has no defined employment prospects, and a acute labour shortage in construction workers . Do not consider the £ 26,789.973 residual value adequate to protect against rising build costs, reduced house values caused by Corona –virus ,and the UK leaving the EU and the introduction of stamp duty fees in March 2021.

There is inadequate funding to provide costing for proper infrastructure and I cannot see how this scheme is able to afford costings for traveller pitches of £ 800,971.

Ward Williams Associates PSD 21 B Appendices

This document is an appendicle to support the viability statement contained within document PSD 21 A.

Conclusion

What is missing within these appraisals is that there is no comparison or comparables with input from the Developers. They have all carried out viability statements on the financial viability of this development. Their mythology is going to differ from that of Ward Williams Associates. Their house values are going to be 'Front loaded' on accumulated house values through the development contract period. The developers return will be directly attributable to the number of dwellings sold per annum.

I am of the opinion that the Viability report as stated by Ward Williams Associates is optimistic and there is a danger due to the low margins that could be evident in the future that the developers will not be able to continue financing the development and one ends up with a half finished building site.

There is nothing contained within documents issued to date can convince me that the Quality, Design, and financial valuations on this development are **not** seriously defective .

P.Boekman MCIQB. FCPA

30.09.2020