

Inspector response to clarification requested by East Devon District Council on Interim Letter (as set out in by email of 21 January)

Paragraph 14 - The mineral rights reference was included as an example which, whilst affecting viability of a specific area, would be a land value matter. It was included it as it was raised at the hearings.

Paragraph 34 – Clarity is required as to why the percentage return as been calculated on build costs rather than GDV. The PPG advocates that return should be on GDV (it also comments on a lower figure being included for affordable housing). If the Council consider I have misinterpreted this then please set out the reasons why.

Paragraph 35 – The request to model a higher level of build costs will assist me in understanding what the impact would be on viability. I am not advocating a specific level at this point but I do want to understand the effect of incorporating higher build costs before I could consider or conclude they would be justified (as argued by developers).

Paragraph 38 – Sales Costs of 5% were referred to in the examination sessions as an industry standard. If you wish to argue that 5% is not an industry standard then your evidence should demonstrate on what basis you reach that conclusion. Otherwise clarification is needed as to why the sales costs at a level of 3% are justified by the Council at a lower level than the industry standard referred to by developers.

Paragraph 45 – The last sentence makes clear that in my interpretation of the evidence the undergrounding of pylons would be a site specific benefit (i.e. an expansion area specific benefit) and **'not a direct benefit such that equalisation of the cost would be justified across all expansion areas'**. *The inclusion of the word 'not' is intentional and the paragraph needs to be read as a whole.*

Paragraph 55 – The paragraph refers to retail endowments. As there was confusion from parties clarification is sought. I have been clear that, in so far as I understand it, the retail endowments are not a policy inclusion of the Cranbrook Plan; whereas SANG requirements are clearly included as policy requirements. It will be for the Council to subsequently resolve what methods are to be employed for the practical implementation of SANGS funding.

Paragraph 67 – There are references which affect the modelling and scenarios from paragraph 21 onwards. The Council should ensure that any aspects affecting the viability equation are included in their modelling. I encourage the basis on which each scenario is to be based to be clearly set out in order that I can understand what assumptions/costs/values have been included in the different models and why.

Equalisation – I have made my views clear on where I believe equalisation would not be relevant on specific items. The general principle of equalisation was discussed at the examination; developers making the point that where equalisation is to take place it should be appropriately applied and justified. I have no basis on which to reach a different conclusion on the principle of equalisation.

Finally in the interests of transparency the letter of 26th November 2020 from EDDC together with the Councils email of 21 January 2021 and this reply should be published alongside the Interim letter.

Janet Wilson

Examining Inspector