

East Hampshire District Council
Community Infrastructure Levy
Charging Schedule Examination
Written Statement

Martin Grant Homes & Persimmon Homes
South Coast

May 2015

Turley

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May 2015

1. Introduction

- 1.1 This Written Statement is submitted on behalf of Martin Grant Homes ('MGH') and Persimmon Homes South Coast ('Persimmon'). It has been prepared by Turley Economics.

Purpose of this Document

- 1.2 MGH and Persimmon have made joint representations to the publication for consultation of the following East Hampshire District Council ('EHDC') Community Infrastructure Levy ('CIL') documents:

- EHDC CIL Preliminary Draft Charging Schedule ('PDCS');
- EHDC CIL DCS; and
- EHDC CIL Submission Charging Schedule ('Submission CS').

- 1.3 This Written Statement represents the response of MGH and Persimmon to the Examiner's Main Issues and Questions for Examination document ('MIQ').

Document Structure

- 1.4 This document is structured as follows:

- Chapter 1: Introduction
- Chapter 2: Response to MIQ

2. Response to MIQ

- 2.1 This sets out the responses of MGH and Persimmon to the MIQ document prepared by the Examiner. The responses are set out under the relevant issue / question.

Issue 2

Question E

Does the submitted evidence clearly explain how planning obligations would operate alongside a new CIL regime in East Hampshire?

- 2.2 MGH and Persimmon are of the opinion that EHDC has not submitted any evidence to demonstrate how residual planning obligations will continue to operate alongside CIL. Specifically, no documentation has been published by EHDC to demonstrate how the approach to securing planning obligations will alter following adoption of the CIL Charging Schedule.
- 2.3 The submitted Revised Regulation 123 List published by EHDC appears to include significant scope for actual or perceived 'double dipping', with items such as education, transport, and social infrastructure lacking clarity in definition. There is substantial duplication under both the 'CIL' and 'Exclusions' headings.
- 2.4 It is requested that the submitted Revised Regulation 123 List is refined to avoid scope for actual or perceived 'double dipping' and provide clarity to stakeholders.

Issue 3

Question B

In relation to residential development, have reasonable assumptions been made in relation to factors affecting viability of development and up to date evidence used?

- 2.5 It is the view of MGH and Persimmon that the sales prices included within Appendix 1 of the Adams Integra (January 2015) *CIL Addendum Economic Viability Assessment Supporting Submission Charging Schedule* document remain inadequate and inconclusive in determining whether Alton should be incorporated within a CIL zone with a rate between VP3 and VP4.
- 2.6 The evidence base is limited and includes prices ranging across the value points set by Adams Integra. This provides two fundamental issues:
- The actual differentials between the defined value points has not been explained, evidenced or justified. This makes understanding and considering the actual price brackets used, and interrogating their accuracy or reality to the local market, very challenging.
 - The evidence points to Alton being more representative of VP3, rather than VP4 or VP5.

- 2.7 As a result, MGH and Persimmon remain firmly of the opinion that the evidence is being used inaccurately by EHDC to artificially apply a heightened CIL rate to Alton, which will place at risk the delivery of development in this area. Evidence to support this position is presented within the representation submitted to the EHDC CIL PDCS.
- 2.8 MGH and Persimmon also remain highly concerned by the lack of evidence to justify the scale of residual S106 / S278 costs of £2,000 per unit – as is utilised within the viability assessment. Evidence to support this rate has previously been requested via representations, but has not been published transparently for stakeholders to consider and comment upon.
- 2.9 Given the concerns regarding the scale and nature of infrastructure costs excluded from the submitted Revised Regulation 123 List published by EHDC, it is impossible to establish whether a residual S106 / S278 cost of £2,000 per unit is appropriately evidenced. On this basis, it is a major concern that this rate will prove inadequate and residual S106 / S278 costs will be higher in reality. As a result the viability evidence risks overstating the propensity of sites to accommodate CIL liability alongside other planning obligations.
- 2.10 MGH and Persimmon are also of the view that the benchmark land values fail to adequately reflect the price of land across East Hampshire, and set an unduly low benchmark below landowner's expectations. As a result, this will overstate the headroom available for CIL. Despite representations being submitted, no evidence has been provided to demonstrate the evidence base underpinning the proposed benchmark land values. It would be expected that EHDC would be able to demonstrate that a checking process was undertaken with transactions to confirm that the benchmarks represented market reality. This is in accordance with the National Planning Policy Guidance (NPPG). It does not appear that this process has been undertaken.

Issue 4

Question E

Are the other proposed charging rates for residential development and geographical areas justified by the evidence and reasonable?

- 2.11 As set out in the response to Issue 3 Question B, it is the firm view of MGH and Persimmon that the proposed charging rate for Alton is inadequately justified by the evidence base and is therefore unreasonable.
- 2.12 Although supportive of a reduction in the rate for Alton, MGH and Persimmon consider that the rate has been reduced (by addition of a further CIL zone) in recognition that the evidence base to underpin the previous (and current) proposed rate is inadequate.
- 2.13 Given that the sales value evidence remains inconclusive, and appears to point towards Alton being more closely aligned to VP3, MGH and Persimmon remain of the view (which has been expressed consistently) that Alton should be included within VP3, at the proposed VP3 CIL rate, in order to avoid prejudicing the viability of development sites in this location.

Question G

What are the overall viability buffers associated with the CIL residential charges?

- 2.14 MGH and Persimmon remain of the view that EHDC and Adams Integra have neither transparently demonstrated the overall buffer applied to the residential charging rates nor clearly justified the rationale behind the approach taking to applying a buffer (or buffers).
- 2.15 MGH and Persimmon are of the view that this forms a fundamental consideration in whether EHDC has struck an appropriate balance in setting rates under CIL Regulation 14.
- 2.16 Given the concerns expressed with regards to other aspects of the viability evidence base, MGH and Persimmon request that a consistent and transparent buffer should apply across all Zones. This should be set at an absolute minimum of 30% back from the margin of viability (i.e. maximum CIL rate).