

East Hampshire District Council

Community Infrastructure Levy Examination

Response to Examiner's Initial Questions to the Council – 13 February 2015

The Examiner has requested clarification on 3 points in relation to the proposed methodology for CIL in respect of the Whitehill and Bordon Regeneration area.

In terms of the 3 issues we clarify below:

- 1. The Infrastructure Delivery Plan (IDP) (Document Reference CIL 3) refers to the preparation of a separate IDP for the Whitehill and Bordon Eco-Town and states it will be attached as Appendix 2 prior to submission of the CIL Charging Schedule. Appendix 2 does not appear to have been included in the submission version of the IDP. It would be appreciated if you could provide me with a copy of this document or any alternative information on infrastructure requirements relating to this strategic site.**

Apologies that Appendix 2 was not submitted, this was a matter of timing. The update to the IDP was proposed to contain additional information to support the infrastructure requirements of the Regeneration Project Area at Whitehill and Bordon. The planning application for the majority of the Regeneration area is known as the Bordon Garrison site, (Circa 2,400 dwellings, commercial development, and infrastructure) it was submitted in late December 2014 and is currently subject to detailed discussion in respect of its Infrastructure Delivery Plan and Heads of Terms through a detailed viability discussion. The Whitehill and Bordon IDP therefore continues to emerge through detailed negotiation and viability testing with GVA acting for the DIO (Landowner) and CBRE for the Council as planning authority. Detailed and confidential discussions are taking place at the moment which will significantly influence the infrastructure delivered within the Regeneration Project Area. Whilst the detailed viability discussion is not in the public domain being commercially confidential and sensitive, the Council's high level Whitehill and Bordon Draft Infrastructure Delivery Plan is attached as appendix 1 to this response together with an assurance that those high level infrastructure requirements will be delivered by the development, the ongoing work is around matters of detail

- 2. From the submitted evidence it appears that most of the Whitehill and Bordon Eco/Green Town will be situated within a nil CIL rate charging zone, whilst part will lie within a £60 charging zone. However, the submitted CIL Viability Assessment documents (CIL 10, CIL 11 and CIL 12) focus on sites of up to 75 dwellings, and do not appear to include testing of strategic sites. These are complex documents so it would be appreciated if you could point me in the direction of the viability evidence that underpins the proposed charging zones for the Green Town. I note that paragraph 7.14 in the Council's report to Cabinet on 28 January 2015 (CIL 16) refers to additional testing of strategic site viability at Whitehill and Bordon.**

As mentioned above the Regeneration Project Area will deliver about 2,750 dwellings and commercial development along with necessary infrastructure in the Core Strategy period. There have recently been two planning applications submitted for the Louisburg and Quebec Barrack sites for about 600 dwellings, commercial development and infrastructure. Infrastructure has been negotiated via S106 agreements to secure the quantum, phasing and implementation of infrastructure necessary to support the regeneration project objectives. A further planning application has been recently submitted for the Bordon Garrison site and is referred to above. This application is subject to a detailed viability assessment through the development management process. A final application covering the remainder of the Zero CIL Regeneration Project Zone is expected in 2016. These main applications will be covered by S106 agreements securing infrastructure for the Regeneration area and total about 3150 dwellings.

As can be seen from the draft IDP for Whitehill and Bordon the infrastructure required to support the development requires the equivalent of a contribution of about £28,000 per dwelling and 35% affordable housing. Testing of the wider Whitehill and Bordon area has suggested a revised CIL charge of £65 per square metre. This would fail to meet the expectation for infrastructure currently being negotiated through the development management process.

In practical terms, substantial parts of the Regeneration area may well have received planning permission by the time CIL comes into effect. The nil rate is justified on viability grounds bearing in mind the requirement per dwelling which would significantly exceed the amount available in Whitehill and Bordon at £65 per square metre (the £65 per square metre charge is verified by viability testing in the Further Addendum Adams Integra report) and will also enable the on-going and detailed negotiations on funding infrastructure between the Council and the leading landowners to continue without the significant change that a CIL charge would introduce. . This provides the best context for ensuring continued good progress on the delivery of the

regeneration project area and the timely delivery of homes, jobs and essential infrastructure.

- 3. As set out in my email dated 12 February 2015, it would be appreciated if you could provide me with a worked example of a residential development appraisal, similar to the commercial examples in Appendix 8 of the Economic Viability Assessment (CIL 10).**

A worked example is provided at appendix 2 of this response. This is a 75-unit appraisal, being the one that is referred to in the January 2015 further addendum report on page 6. The land value per gross hectare, of £1,171,746, can be seen highlighted on the Land Residual tab. That cross-references to appendix 2 of the 2015 further addendum, at the table assuming the gross site area 20% larger than the net area.

Author: Simon Jenkins, East Hampshire District Council, CIL Coordinator

Date issues: 26 February 2015

Appendix 1.

Infrastructure Delivery Plan for Whitehill and Bordon Regeneration Project Area

Infrastructure Development Plan Whitehill & Bordon Green town	Total cost or policy-compliant contribution	Funding contributions					Public sector grant or third party investment <i>(Where not recovered through S106 /CIL)</i>	Funding position <i>(negative figures indicate a shortfall, positive figures indicate a potential surplus which could be reallocated)</i>
		Quebec	Louisburg	Developer DIO land	HCC land at Mill Chase	Other development		
		S106	S106	S106 Draft EHDC HCC proposals	S106 Draft EHDC HCC proposals	CIL (TBC depending on funding shortfall and charging schedule)		
Transport								
Relief road	£18,500,000						£18,500,000	£0
Traffic management on the A325	£6,000,000	£45,000	£225,000	£1,080,000	£60,000		£4,500,000	-£90,000
Other transport, including -Traffic management in villages - Junction upgrades -Bus subsidy - Town-wide travel plan delivery/smarter choices - N B Costs under review Feb 15	£33,530,000	£378,445	£1,275,000	£23,061,600	£1,341,200			-£7,473,755
Utilities								
Energy centre and district heating distribution network town centre site	£5,000,000							-£5,000,000
Green Infrastructure, Public Open Space, Sports & Leisure								
Bordon SANG	£929,475	£230,975	£698,500					£0
Hogmoor SANG	£927,360			£927,360	£44,000			£44,000
SANGS Management, Maintenance and Access Management	£6,107,860	£369,025	£1,844,500	£3,340,335	£554,000			£0
Green Loop	£253,704	£10,000	£48,000	£182,667	£10,150			-£2,887
Green Grid	£480,000	£81,000	£300,000	£345,600	£19,200			£265,800
Household waste and recycling centre	£276,000	£13,300	£52,000	£199,000	£13,800		£0	£2,100
Sport and Leisure, including: - Outdoor pitches - New sports hall at secondary school - BOSC new changing room block - Swimming pool expansion from 4-6 lanes - Step 5 football spectator and technical areas	£4,507,590	£115,000	£450,000	£3,245,465	£184,900			-£512,225
Replacement 3G pitch when MC site redeveloped	£900,000				£900,000			£0
Public Open Space provision	£4,672,037	£55,571	£430,000	£4,106,466	£80,000			£0
Public open space maintenance	£6,497,717			£6,497,717				
Health								
Accommodation for additional GPs	£434,000	£25,000	£68,000	£324,000	£17,000	£0		£0
Education								
Primary school provision Cost of school extension under review feb 15	£14,500,000	£414,000	£2,070,000	£12,136,800	£758,550			£879,350
New six form entry Secondary School to replace Mill Chase Costs under review feb 15	£30,000,000	£400,000	£2,000,000	£9,600,000	£600,000		£18,000,000	£600,000
Post 16 Education and Skills	£7,290,000		£1,000,000	£2,160,000	£130,000		£4,000,000	£0
Community Infrastructure								
Community facilities and support, including contribution towards new leisure centre	£4,350,000	£134,640	£507,000	£3,546,000	£150,000			-£12,360
Emergency services building, fire and police combined - expansion on existing	£0							£0
Miscellaneous								
EHDC monitoring of S106 agreements	£40,000	£10,000	£10,000	£10,000	£10,000			£0

Appendix 2.

Select Value Point 3

Details of Development

Location: East Hants notional 75 unit site. Addendum January 2015
Local Authority: East Hants DC

Approximate Density (DPH)	40	Marketing & Sales (as % of Gross Sales Value)	3.0%
Build Cost per m ² (Houses)	£1,231	Legal Fees on Unit Sale (£ per unit)	£600
Build Cost per m ² (Flats)	£1,470	Buy Backs or Other Costs	£0
Finance (%APR)	7.0%	Assumed Development Profit (Affordable) (%)	6%
Build & Sales Period (Months)	30	Assumed Development Profit (Private) (%)	20.0%
Approx. Lead-In (Months)	4	Legal Fees on Land Purchase (as % of Land Value)	0.75%
Architect Fees (as % of Build Costs)	3.0%	Approx. Land Survey Costs	£37,500
Consultants Fees (as % of Build Costs) e.g. engineer, planning supervisor, project manager etc.	4.0%	Approx. Planning Application Costs (£ per unit)	£21,924
Contingencies (as % of Build Costs)	3.0%	Planning Infrastructure (Average £ per unit)	£3,333
Insurances (as % of Build Costs)	2.5%	Site Preparation (Total £)	£150,000

Note: Planning Costs up to max £250,000 includes POS £1333 per unit

Planning Infrastructure Costs		Site Preparation	
Type	Total	Type	Cost
1BF	N/A	Site Preparation	£150,000
2BF	N/A		
2BH	N/A		
3BH	N/A		
4BH	N/A		
5+BH	N/A		
Total	£0	Total	£150,000.00

Select With or Without Grant	Without Grant
Select Code for Sustainable Homes Level	3
Select Renewable Requirement	10%

CIL

£110.00

*0 = N/A

Accommodation Schedule, Valuation & Floor Areas

Local Authority: East Hants DC							
Unit Type	Private Housing						
	1 Bed Flat	2 Bed Flat	2 Bed House	3 Bed House	4 Bed House	5 Bed House	1 Bed House
No. of Units for Private Sale	11			20	14		
Value per Unit	£150,000	£175,000	£235,000	£295,000	£400,000	£470,000	£0
Total	N/A	N/A	£2,585,000	£5,700,000	£5,600,000	N/A	N/A
Average Floor Area (m ²)	46	65	76	90	121	160	0
No. of Affordable Units				15	6		
Payment to Developer Per Unit (Taken from Proval or Similar)	£90,000	£105,000	£141,000	£171,000	£240,000		
Total	N/A	N/A	N/A	£2,565,000	£1,440,000	N/A	N/A
Average Floor Area (m ²)	46	65	76	90	121	160	0
No. of Intermediate Units				5			
Payment to Developer Per Unit (Taken from Proval or Similar)	£90,000	£105,000	£141,000	£171,000	£240,000		
Total	N/A	N/A	£564,000	£855,000	N/A	N/A	N/A
Average Floor Area (m ²)	46	65	76	90	121	160	0
Total Number of Units	0	0	15	40	20	0	0
Total Floor Area (m ²)	0	0	1140	3600	2420	0	0
Total Build Cost Per Unit	£0	£0	£1,403,340	£4,431,600	£2,979,020	£0	£0
Total Sales Revenue (Private & Affordable)	£0.00	£0.00	£3,149,000.00	£9,120,000.00	£7,040,000.00	£0.00	£0.00
Total floor area (market)	0	0	836	1800	1694	0	0
Total Number of Units	75						
Total Floor Area (m ²)	7160	4,330					
Total Build Cost	£8,813,960						
Total Sales Revenue (Private & Affordable)	£19,309,000.00						
			Percentage Private	60%			45
			Percentage Affordable	40%			30
			Percentage GN Rent (of total affordable)	0%			21
			Percentage Intermediate (of total affordable)	30%			9
			Total	100%			75

Value Point	Values							£ / sq m Equivalent
	1-Bed Flats	2-Bed Flats	2-Bed Houses	3-Bed Houses	4-Bed Houses	5 bed houses	1 bed houses	
1	£121,500	£141,000	£193,500	£238,500	£315,000	£381,000		£0
2	£135,000	£160,000	£215,000	£265,000	£350,000	£430,000		£0
3	£150,000	£175,000	£235,000	£285,000	£400,000	£470,000		£0
4	£160,000	£190,000	£265,000	£320,000	£430,000	£550,000		£0
5	£180,000	£240,000	£290,000	£365,000	£480,000	£600,000		£0
6	£185,000	£265,000	£319,000	£401,500	£525,000	£660,000	£0	£0
7	£0	£0	£0	£0	£0	£0	£0	£0
8	£0	£0	£0	£0	£0	£0	£0	£0
No of Persons	2	3	4	5	6	7	7	

AR								
Value Point	Values							£ / sq m Equivalent
	1-Bed Flats	2-Bed Flats	2-Bed Houses	3-Bed Houses	4-Bed Houses	5 bed houses	1 bed houses	
1	£72,900	£86,400	£116,100	£143,100	£189,000			£0
2	£81,000	£96,000	£129,000	£159,000	£210,000			£0
3	£90,000	£105,000	£141,000	£171,000	£240,000			£0
4	£96,000	£114,000	£159,000	£192,000	£258,000			£0
5	£108,000	£144,000	£174,000	£219,000	£288,000			£0
6	£118,800	£158,400	£191,400	£240,900	£316,800			£0

SO								
Value Point	Values							£ / sq m Equivalent
	1-Bed Flats	2-Bed Flats	2-Bed Houses	3-Bed Houses	4-Bed Houses	5 bed houses	1 bed houses	
1	£72,900	£86,400	£116,100	£143,100	£189,000			£0
2	£81,000	£96,000	£129,000	£159,000	£210,000			£0
3	£90,000	£105,000	£141,000	£171,000	£240,000			£0
4	£96,000	£114,000	£159,000	£192,000	£258,000			£0
5	£108,000	£144,000	£174,000	£219,000	£288,000			£0
6	£118,800	£158,400	£191,400	£240,900	£316,800			£0

Land Residual Appraisal

Location	East Hants notional 75 unit site. Addendum January 2015
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<u>Sales Value</u>	<u>Land Costs</u>																																																				
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