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Dear Sir / Madam

## **POOLE COMMUNITY UNFRASTRUCTURE LEVY: DRAFT REVISED CHARGING SCHEDULE**

### **FURTHER RESPONSE (QE2)**

This further response should be read in conjunction with Chapman Lily Planning's Regulation 17 consultation response to the Draft Charging Schedule submitted on behalf of WH White Limited ["WHW"] to the Local Planning Authority ["LPA"] on 20<sup>th</sup> September 2017. It is accompanied by:

- WHW's consultation response to the proposed amendments to the CIL Regulation 123 List dated 20<sup>th</sup> February 2018; attached as appendix [A].
- Savills critique jointly commissioned by WHW and Richborough Estates of the Porter PE report (ED08) focussing on Site UE2; attached as appendix [B].

This further response follows the Examiners invitation under QE2 to comment upon the content of Examination Document ED04 – Statement of *Representations and summary of main issues*, in particular:

- Section 5(2) paragraph 16 onwards and the Council officer's response at paragraphs 22-32;
- Section 5(3) paragraph 33 onwards and the Council officer's response at paragraphs 38-58;
- Section 5(4) paragraph 59 onwards Council officer's response at paragraphs 61-67.

WHW's original consultation response was prepared some 12 months ago. At that time, the LPA indicated that the Draft Charging Schedule would be examined alongside the emerging Local Plan. In the event, the LPA subsequently chose to decouple the two.

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As the Examiner might be aware, the release of Strategic Sites UE1 and UE2 from the green belt was predicated on the following exceptional circumstances: to boost the delivery of housing and address past issues of deliverability within the urban area; to significantly boost affordable housing supply; to provide a balanced mix of housing types to meet all needs; to provide enough homes to sustain Poole's workforce; the opportunity to deliver significant areas of new public open space (SANGs) facilitating the first phases of the Stour Valley Park concept.

For the reasons set out in the exceptional circumstances, the realisation of sites UE1 and UE2 are integral to the success of the emerging Local Plan. WHW has consistently stated that the delivery of 40% affordable housing as required at provision (a) of draft Policy PP10 is deliverable subject to a to S106 contributions and the setting of any future CIL rate being fairly and reasonably related in scale and kind to the development. Indeed, WHW has actively demonstrated this in working with Barratt David Wilson Homes to bring forward the development of site U2 – West of Bearwood – which includes 40% affordable housing (albeit at a lower CIL rate to that now proposed). WHW has previously highlighted the guidance set out in paragraphs 173-177 of the NPPF (2012) as well as the ministerial statement by Greg Clark MP (20 April 2012):

*“A key point of the viability test for CIL [charge setting] is that it doesn't make socially important development unviable, including social housing. I would expect that to be at the forefront of examiners' minds”.*

It is noteworthy that Tetlow King, acting on behalf of the South West Housing Association Registered Providers (HARP) Planning Consortium has expressed concern that the proposed CIL rate for residential development within Zone A will have a detrimental impact on planning obligations towards affordable housing.

WHW note the revised viability guidance published alongside the revised NPPF (2018), in particular paragraphs: 003 Reference ID: 10-003-20180724 and 005 Reference ID: 10-005-20180724 stating:

*'In some circumstances more detailed assessment may be necessary for particular areas or key sites on which the delivery of the plan relies.'*

*'It is important to consider the specific circumstances of strategic sites. Plan makers can undertake site specific viability assessment for sites that are critical to delivering the strategic priorities of the plan. This could include, for example, large sites, sites that provide a significant proportion of planned supply, ...'*

WHW welcome the fact that the LPA recognise the importance of the Strategic Sites to the delivery of the emerging Local Plan and chose to commission the Porter PE report (ED08) published June 2018) to test the viability of UE1 and UE2. This goes some way to addressing the deficiencies within the PBA greenfield typologies, which ignored the costs associated with the detailed provisions of draft Policy PP10. However, the publication of the Porter PE report has regrettably exposed other

inconsistencies. WHW note the Harman Report (2012) which encourages ‘*thorough consideration of the potential policy requirements within the emerging Local Plan that are to be costed and included within the assessment – that is, requirements that are likely to give rise to added costs of development, and therefore have an impact on viability.*’

It is plainly evident that the Porter PE report (ED08) has not informed the Draft Revised Charging Schedule. Rather more it would appear to present a retrospective attempt to justify the findings of the PBA Update (ED07) published in June 2017. To this end WHW share the concerns set out in Savills letter dated 29<sup>th</sup> August 2018, which for ease of reference stated:

*This evidence document concerns the site viability of the emerging strategic allocations in the Local Plan and has not been subject to public consultation. The relevant interested parties to which the document relates (Sites UE1 and UE2) were not informed or advised of this additional evidence document prior to the submission of the Charging Schedule for examination by the Borough of Poole.*

*The Community Infrastructure Levy Regulations 2010 (as amended) state at Regulation 16 that:*

*16. – (1) Before submitting a draft charging schedule for examination in accordance with section 212 of PA 2008, the charging authority must –*

*(a) Make a copy of the draft charging schedule, the relevant evidence and a statement of the representation procedure available for inspection –*

*(b) Publish on its website –*

*(i) The draft charging schedule,*

*(ii) The relevant evidence (to the extent that it is practicable to do so), (our emphasis)*

*(iii) A statement of the representations procedure, and*

*(iv) A statement of the fact that the draft charging schedule and relevant evidence are available for inspection and of the places at which they can be inspected;*

*The Regulations indicate that the interested parties should have been given the opportunity to comment in response to this new evidence document in advance of the submission the charging schedule for examination. As it is “practicable to do so”, it seems unreasonable that the interested parties were not informed of this additional evidence document or given the opportunity to comment.*

*The evidence document is materially relevant and it would have been practicable to have undertaken a further period of public consultation after the document had been prepared, in advance of submission, yet the Borough of Poole have neglected to do so. We are therefore of the opinion that*

*given its relevance to the CIL examination, Borough of Poole has not complied with regulation 16(1)(b)(ii) of the CIL regulations.*

The LPA appear to play down the importance of the Porter PE report (ED08) in their reply of 30<sup>th</sup> August 2018, stating that *'The new evidence is simply a further explanatory document to confirm that the proposed relevant rates are justified and submitted to the examination for information purposes. It has not informed the Draft Charging Schedule and does not result in any change to it.'* In contrast, in inviting comments through the consultation of tabled modifications, the LPA state: *'The Council has published some new evidence in support of the proposed CIL charges. The document entitled "ED08 Further Strategic Site Testing of UE1 North of Merley and UE2 North of Bearwood" (June 2018) is part of the examination evidence. The Council would welcome any views upon this important piece of evidence, and will share any responses with the examiner'.*

WHW acknowledge the Examiners response of 31<sup>st</sup> August 2018 and have therefore sought to respond to the Porter PE Report (ED08) through this further response. However, the

As set out above, Savills has been jointly commissioned to critique the Porter PE report (ED08). Savills preliminary findings form appendix [B] of this further response. WHW support the LPA's latter view that ED08 is a very important piece of evidence and requires full scrutiny. Savills have endeavoured to provide a full response on the matter to ensure the Examiner and interested parties have the full opportunity to consider the comments set out therein, but reserve their position to submit further analysis through consultation on the tabled modifications. Calibrating the Port PE financial viability model to further test the sensitivity takes time and will therefore inform our consultation response to the tabled modifications (running through to 1<sup>st</sup> October 2018).

With respect to GDV, WHW share Savills observation that nine new build properties in north Poole presents too smaller sample size. This has not been addressed in the Porter PE report (ED08). The nine sites identified in appendix B of the PBA Update (2007) all form part of small-scale developments located in either Broadstone or Merley, rather than Bearwood. To this extent the Councils' response at paragraph 25 of the summary of main issues (ED04) is considered somewhat disingenuous. WHW concur with Savills that the Water's Edge development provides a more helpful comparison.

Paragraphs 26-27 and 40 of the summary of main issues (ED04) purport that there would be 'significant' headroom and buffer to accommodate cyclical changes (highs and lows); However, the assumptions underpinning this statement do not align with table 3.1 and the indicative appraisal set out at appendix 1 of the Porter PE Report (ED08); which WHW still consider to under-estimate the true costs of development.

Paragraph 28 of the summary of main issues (ED04) references the Porter PE report (ED08) and the sensitivity testing therein. Whilst the publication of the Porter PE report is undoubtedly a step forward, for the reasons set out below, WHW is concerned that the inputs do not align with the PBA

Update (2017) and that it has failed to capture the full and true costs of development. As such, the alleged level of headroom is greatly exaggerated and a CIL rate of £200 per sqm risks affordable housing delivery.

Paragraph 32 of summary of main issues (ED04) suggests that *'In the absence of any other strategic viability evidence showing the proposed CIL charge would have a significant adverse effect on the delivery of the Local Plan, no justification has been put forward for the Council to consider amending proposed CIL rates.'* It is plainly evident that concerns about the assumptions underpinning PBA's (2017) assessment were raised by Chapman Lily and others. Indeed, inherent deficiencies are recognised at paragraph 40 of summary of main issues (ED04) and implicitly through the LPA's commissioning of the Porter PE Report. With respect to Strategic Sites UE1 and UE2, it must also be highlighted that the policies in the emerging Local Plan were still taking shape when the Draft Charging Schedule was consulted upon – thus the full extent of obligations were not known, and a shadow viability appraisal could not be run. The LPA subsequently consciously decided to decouple the progression of the emerging Local Plan from the revised CIL Charging Schedule limiting the opportunity for debate – a point recognised by the Inspector at the Local Plan hearing sessions, who directed that the future CIL rate would be a matter for a separate Examination.

Paragraph 51 of summary of main issues (ED04) refers to a blended average of 17.5% of GDV, but I believe that this is incorrect based on the weighting of market to affordable and having regard to appendix 1 of the Porter PE report (ED08).

WHW maintained a regular dialogue with the LPA throughout the Local Plan process, reflecting the spirit of Paragraph: 006 Reference ID: 10-006-20180724. WHW strongly refute the officer's assertion at paragraph 55 of summary of main issues (ED04) that; *'... Since 2016, the Council has continually asked respondents on several occasions if there are any significant abnormal costs for the greenbelt sites and the applicants have failed to clarify if there are abnormal costs and what these are. Without evidence to the contrary, it would be unfair to expect a strategic viability to include for these costs'*. WHW has explained on numerous occasions that abnormal costs include the purchase of 94 Magna Road to deliver a second access and the provision of a SANG to deliver heathland mitigation, both of which stem from provisions of draft Policy PP10.

With respect to the former, the requirement for a second access was introduced as a provision of draft Policy PP10 at Pre-submission stage (with minimal prior discussion). As a result, WHW were forced to react quickly and purchase an established residential property on Magna Road at a premium, in order to avoid creating a ransom situation. The total cost of purchasing number 94 Magna Road was £641,085 inclusive of stamp duty and legal costs.

With respect to the latter, Sites UE1 and UE2 are the only prospective allocations within the emerging Plan required to deliver their own SANG. Whilst the provision of SANG capacity is not abnormal in the context of the Dorset Heathlands Planning Framework SPD, the abnormal nature stems from concerns over double dipping as outlined in WHW's response to proposed changes to

the CIL Regulation 123 list – subsequently adopted (ED13). For ease of reference, WHW’s response to proposed changes to the CIL Regulation 123 list forms appendix [A] of this further representation.

I note that paragraph 90 of summary of main issues (ED04) and paragraph 2.9 of the Port PE report incorrectly assert that ‘... the area identified for SANG at UE2 totals 89ha’; albeit this is purely contextual – rathermore, a 44ha Riverside SANG already benefits from planning permission. Paragraph 2.9 goes on to states the ‘UE2 required SANG area is assumed to be 30.4ha ...’. The required quantum has yet to be tested, but for the purposes of viability we accept that this is a pragmatic assumption. Paragraph 2.10 of the Porter PE report explains that the purchase cost of additional SANG land is £30k per ha (£21k land value + a £9k premium). The land value figure would appear to have been derived from national DCLG figures from 2015 (paragraph 5.6.6 of the PBA Update report). They are not only dated but fails to take into account the locational merits of the proposed SANG and local market conditions.

WHW note the revised viability guidance published alongside the NPPF 2018, in particular paragraph 016 Reference ID: 10-016-20180724 which states: *‘The premium (or the ‘plus’ in EUV+) is the second component of benchmark land value. It is the amount above existing use value (EUV) that goes to the landowner. The premium should provide a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to comply with policy requirements.*

*Plan makers should establish a reasonable premium to the landowner for the purpose of assessing the viability of their plan. This will be an iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration. For any viability assessment data sources to inform the establishment the landowner premium should include market evidence and can include benchmark land values from other viability assessments. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners ...’.*

For the reasons set out in Savills critique (see appendix [B]), the land value attributed to SANG land does not reflect the market value of amenity and / or agricultural land locally, nor is it commensurate to the value ascribed to SANGs brought forward elsewhere. Given the suppressed land value, the ‘small premium’ provides little incentive to bring the SANG land forward. For the avoidance of doubt, WHW lead a consortium of landowners. The SANG (which is identified on the proposals map accompanying the emerging Local Plan) rests in a different ownership to prospective allocation UE2. An equalisation mechanism has therefore been put in place to ensure that the SANG land is readily available and deliverable to mitigate the potential impacts associated with the occupation of the future development. Whilst this is primarily a commercial matter; WHW is resolute that the land value should reflect local rates and the premium set at a level sufficient to incentivise the landowner.

Whilst not an abnormal cost, WHW has been consistently pointed to the opening-up costs associated with the development of a green field site of this scale. WHW consider that the quoted opening-up cost of £10,000 per unit in Appendix [1] of the Porter PE Report to be too low (curiously much lower than the starting point in the PBA Update (2017)). Paragraph 5.3.13 of the PBA Update (2017) quotes a figure of £18,000 per unit for sites comprising over 500 homes, suggesting some inconsistency. The 2012 Harman Report states: *'Many models use construction cost information provided by BCIS or other sources. While this is regarded as a legitimate starting point, care is needed in understanding what is both included and excluded from such cost indices. Cost indices rarely provide data on the costs associated with providing serviced housing parcels, ie. strategic infrastructure costs which are typically in the order of £17,000 - £23,000 per plot for larger scale schemes.'*<sup>1</sup> Allowing for indexation the upper end of this range will be in excess of £30,000.

WHW is in the process of collating proposed strategic infrastructure and utilities costs in relation to UE2, but our initial work would corroborate the upper end of the above range.

WHW has consistently requested details of potential financial contributions towards education, health provision, sustainable transport corridor and suitable mitigation to address any impacts on the highway network from the LPA over the past two years to no avail. Notwithstanding this WHW acknowledge that table 3.1 of the Porter PE report incorporates sensitivity testing around the level of S106 contributions. This is welcome and it is noted that the £30,000 scenario has been applied to appendix 1 of the Porter PE report (ED08). However, it is unclear why other inputs, which could have been consistently transposed from the PBA Update (2017) have been altered.

It is unclear why the level of developer profit in Appendix [1] of the Porter PE Report (ED08) has been set at c.16.3% in appendix 1 of ED08, which is at the lower end of the range (15-20% of GDV) advocated at paragraph: 018 Reference ID: 10-018-20180724 of the viability guidance published alongside the revised NPPF. Furthermore, it does not align with paragraph 5.3.22 of the PBA Update (2017) which puts forward a blended profit of c.20%. Site UE2 will require significant upfront investment to meet the initial opening-up costs and components of the development such as the community hub will either require cross subsidy or in the case of the care home deliver only marginal returns. These factors serve to inflate developer risks and WHW argue that the level of return should be commensurately higher.

As acknowledged at paragraph 2.1.37 of the PBA Update (2017) the guidance would allow for strategic sites to be regarded as a separate charging zone. It is therefore very surprising to see the Council seek to rigidly apply CIL to the Strategic Sites, albeit with the 'get out' of exemption circumstances under paragraph 55 of the CIL Regulations 2010, as amended.

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<sup>1</sup> Harman Report; Viability Testing Local Plans – advice for planning practitioners; June 2012 –2. Strategic Infrastructure and Utility costs, Page 44, Appendix B

WHW has previously contrasted the approach to Strategic Sites being adopted by the LPA, with that of neighbouring authorities. Christchurch Borough Council, East Dorset District Council and Purbeck District Council, have all zero rated their Strategic Sites. It is evident that despite a zero CIL rate few, if any, of the strategic sites brought forward within neighbouring districts have delivered policy compliant (35/40%) levels of affordable housing. Subject to resolution, Purbeck District Council has signalled that it will look to allocate further strategic sites in its emerging Local Plan and that they will again be zero rated for CIL (Policy Group Committee Report relating to the draft Pre-submission Plan and Draft Charging Schedule dated 19<sup>th</sup> September 2018).

For the reasons set out above, WHW respectfully suggest that the LPA has failed to strike the appropriate balance required under Regulation 14(1) of the CIL (Amendment) Regulations 2014. WHW request that consideration be given to Strategic Sites UE1 and UE2 being identified as a distinct charging zone and zero rated. However, WHW would accept an alternative approach whereby Strategic Sites UE1 and UE2 are identified as distinct charging zone's each with its own discounted CIL rate to reflect realistic SANG land values, S106 costs and opening-up costs as set out in Savills critique forming appendix [B] of this further response. WHW note and support Savills observations on Benchmark Land Values. Once the financial model presented in the Porter PE report has been calibrated, we will put forward an alternative rate with supporting justification.

WHW welcome the positive affirmation at paragraph 83 of the summary of main issues (ED04) that the LPA's adopted CIL Installation Policy 2013 (ED12) will remain in effect and note that this allows for staged payments for each individual phase (where identified) of strategic scale developments.

I trust that the matters set out above will be duly explored within the Hearing Sessions.

Yours sincerely

A large black rectangular redaction box covering the signature area.

Brett Spiller MRTPI MCIWM BTP BA (hons)

**Director**

**Chapman Lily Planning Limited**

## APPENDIX [A]



Planning Policy and Implementation  
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Dear Sir / Madam

### **Consultation response to Borough of Poole's Draft CIL Regulation 123 List**

Thank you for the opportunity to comment on the Draft CIL Regulation 123 List. I herewith attach a response on behalf of WH White Limited ["WHW"].

As you will be aware, WHW lead a consortium that control over 300ha of land in north Poole, including the main stay of land west of Bearwood (U2), north of Bearwood (UE2) and Magna Business Park (E2). WHW has actively engaged in the preparation of the emerging Poole Local Plan, having responded to consultation on Issues and Options in March 2015, Further Issues and Options in August 2016 and most recently the Pre-submission Draft in September 2017. WHW has also commented on the emerging CIL Charging Schedule; that has been decoupled from the review of the Local Plan.

WHW welcome the fact the Regulation 123 list is being revisited and would like to ensure that:

- The revised list and mechanism will enable infrastructure to be delivered in a timely fashion.
- Proposals for new development are treated equitably.
- Double dipping, in both name and spirit, is avoided.
- Innovation is not stifled or discouraged.
- The delivery of affordable housing is enabled.

I herein make a number of general observations before commenting on the table.

#### **Clarity**

Regulation 123 of the Community Infrastructure Levy Regulations, as amended by the 2011, 2013 and 2014 Regulations, provides for charging authorities to set out a list of those projects or types of infrastructure that it intends to fund, or may fund, through the levy. National Planning Practice Guidance [“NPPG”] advises that *‘When charging authorities wish to revise their regulation 123 list, they should ensure that these changes are clearly explained and subject to appropriate local consultation’.*

The consultation document is silent on the rationale for the draft Regulation 123 list. WHW note that the Committee Report, put before the Place O&S Committee on 16<sup>th</sup> January 2018, suggests that the revisions have been prompted by the fact that the Twin Sails bridge and Upton Park SANG are likely to be fully funded in 2018. That said the Twin Sails bridge / core scheme still appears in the draft Regulation 123 list, whilst Upton Park SANG is potentially subsumed within the category ‘Dorset Heathlands SPA’. Most recently it has been suggested by officer’s that the update is simply designed to add the infrastructure necessary to realise the regeneration of Town Centre North. For the avoidance of doubt, WHW is on record as supporting the regeneration of Town Centre North, so does not oppose its inclusion.

The NPPG goes on to state: *‘Information on the charging authority area’s infrastructure needs should be drawn from the infrastructure assessment that was undertaken as part of preparing the relevant Plan (the Local Plan in England). This is because the plan identifies the scale and type of infrastructure needed to deliver the area’s local development and growth needs (see paragraphs 162 and 177 of the National Planning Policy Framework in England).’*

It remains unclear whether the proposed revision to the Regulation 123 list is predicated on the adopted Development Plan documents or the emerging Local Plan (subject to EiP). Whilst WHW assume the latter, no evidence has been put forward to demonstrate how the proposed list relates to the existing or emerging Infrastructure Plan.

The use of the term ‘infrastructure categories’ makes it hard to compare and contrast between the adopted and draft Regulation 123 lists. It is unclear whether the infrastructure categories are to be taken as synonymous with the list or whether they are just broad headings for consultation purposes? It is noteworthy that paragraph 097 Reference ID: 25-097-20140612 of the NPPG titled ‘How does the Regulation 123 list relate to section 106 contributions?’ states:

*Where the regulation 123 list includes a generic type of infrastructure (such as ‘education’ or ‘transport’), section 106 contributions should not be sought on any specific projects in that category.*

As such, the precise wording of items on any future list is important.

#### **Distinction between CIL and S106/S278**

The Council’s attempt to draw distinction between Infrastructure to be funded through CIL and S106/S278 agreements is laudable. The Committee Report, put before the Place O&S Committee on

16<sup>th</sup> January 2018, makes reference to Strategic Sites at North Poole which are currently being advanced through the emerging Local Plan (subject to EiP).

References to 'strategic sites' within the draft are therefore assumed to related to prospective site UE1 – north of Merley and UE2 – land north of Bearwood. This leads one to assume that the sole purpose is to carve out site specific infrastructure – particularly that associated with Strategic Sites at North Poole. WHW would again welcome further clarification.

Paragraph: 098 Reference ID: 25-098-20140612 of the National Planning Practice Guidance states: Charging authorities should not remove an item from the regulation 123 list just so that they can fund this item through a new section 106 agreement. Authorities may amend the regulation 123 list without revising their charging schedule, subject to appropriate consultation. However, where a change to the regulation 123 list would have a very significant impact on the viability evidence that supported examination of the charging schedule, this should be made as part of a review of the charging schedule.

WHW would question whether, the revisions to education are not being manipulated solely to partially remove an item so that it can be funded through a new S106 agreement. WHW has previously raised concern about the disparate way in which town centre sites and greenfield sites (including North Poole) are being treated with respect to the inclusion or absence of site specific provisions in respective emerging policies. Clearly, this together with the changes proposed in the draft Regulation 123 list could impact upon the viability on any future scheme. The extent to which this might prove a 'very significant impact' is not known but WHW would welcome further clarity.

### **Potential double dipping**

Paragraph 095 Reference ID: 25-095-20140612 of National Planning Practice Guidance titled, 'How can planning obligations and the levy operate together?' states:

*Charging authorities should work proactively with developers to ensure they are clear about the authorities' infrastructure needs and what developers will be expected to pay for through which route. There should be no actual or perceived 'double dipping', with developers paying twice for the same item of infrastructure.*

Whilst the text relating to Dorset Heathlands SPA, Poole Harbour SPA, Sustainable Strategic Transport, Education and Green Infrastructure in the draft Regulation 123 list appears to be an attempt to avoid double dipping in name, WHW would respectfully suggest that the perception is very different.

For instance, with respect to the Dorset Heathlands SPA, it would appear that WHW would be expected to pay twice for mitigation associated with the development of UE2 – land north of Bearwood, once through CIL and once via the provision of an on-site SANG secured by means of a S106 agreement. It is unclear whether the prospective SANG could be classed as a contribution in

kind (and thereby off-set the CIL payment) as no land transfer would be involved. This, and the potential viability implications, is but one of the reasons that Strategic Sites are often zero-rated for CIL.

### **Innovation**

The capacity of the prospective SANG's at North Poole have yet to be established. In the case of the consented Riverside SANG, WHW believe that it would be capable of delivering strategic mitigation for development elsewhere in the Borough. The mechanism for delivering such wider mitigation would most obviously be via CIL, but the draft Regulation 123 list could be construed to prematurely discount this opportunity. WHW respectfully suggest that, in light of the findings within the HRA supporting the emerging Local Plan, this opportunity should remain open and care should be taken so as not to exclude the extension of SANG's (in area or capacity terms) to receive CIL funding.

In a similar vein, the opportunity to bring forward innovative solutions to offset nitrogen emissions to Poole Harbour could be frustrated by the application of a rigid approach to CIL. For instance, WHW is still exploring whether an on-site solution, negating the need for emissions to Poole Harbour might be brought forward. However, there would be seemingly be little incentive to so if CIL applies regardless. This example demonstrates how a poorly conceived Regulation 123 list could serve to inhibit innovation.

WHW consider that the Stour Valley Park Concept should also be included on the CIL 123 benefits. The Concept is identified in the emerging Plan and its realisation could present significant social and environmental benefits; not least in terms of health and well-being. There is now a substantial body of evidence supporting the health benefits of green space in terms of (i) opportunities for physical exercise – promoting fitness and recuperation, (ii) mental health – promoting well-being and recovery and (iii) exposure to naturally occurring bacteria – bolstering the immune system.

### **Viability**

Given the priority afforded to the delivery of affordable housing in the Borough (and the woeful delivery rates over the past 7 years); it is considered that the draft Regulation 123 list should actively seek to support proposals that deliver substantive numbers of affordable homes – most notably the potential Strategic Sites at North Poole.

Great care is required to avoid overburdening development in line with paragraph 173 of the NPPF. WHW welcome the consultation of the revision of a draft Regulation 123 list, the changes would appear to impact on viability and should therefore be considered alongside a draft CIL Charging Schedule.

As you will appreciate, our review of the draft CIL Regulation 123 list has raised many complex questions and I recognise that there is a risk that we may have misunderstood the purpose of the



revisions or their potential implications. WHW is keen to work proactively with Borough of Poole to optimise the delivery of community benefits. To this end, we would be happy to meet with you to discuss the concerns set out in this letter.

I trust that this response will assist you in revising the CIL Regulation List in a timely manner.

Yours sincerely



Brett Spiller MRTPI MCIWM BTP BA

**Director**

## APPENDIX [B]

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# **Borough of Poole Community Infrastructure Levy (CIL) Examination**

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Statement of Response to new evidence document  
ED08 – Further Strategic Site Testing of UE1 North  
of Merley and UE2 North of Bearwood



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## Introduction

This representation is made on behalf of W H White Ltd. Notwithstanding the Borough wide impact, with regard to W H White Ltd specific interest, this representation focuses on the impact the proposed Draft Charging Schedule 2017 (ED01) levy will have to strategic sites and particularly Site (UE2) Land North of Bearwood (800 homes).

In accordance with the ED01, Strategic Urban Extension (SUE) Site UE2 North of Bearwood would be subject to the Zone A CIL charge of £200 per sq m. W H White Ltd are concerned that Borough of Poole's own evidence base indicates that this proposed CIL rate could have an adverse impact on the viability of UE2 which could consequently jeopardise delivery of a policy compliant contribution towards Affordable Housing as set out in the Draft Local Plan to 2033.

Savills, on behalf of W H White Ltd presents this statement in response to the new evidence document 'ED08 – Further Strategic Site Testing of UE1 North of Merley and UE2 North of Bearwood'.

# ED08 Further Strategic Site Testing of UE1 North of Merley and UE2 North of Bearwood – Response

## Results of Additional Strategic Modelling (ED08)

W H White Ltd welcome the additional modelling undertaken by Porter Planning Economics (PPE) relevant to site UE1 & UE2, as set out within Examination document ED08. However, the approach adopted and a number of viability assumptions cause concern. We set out further detail below.

The Council in their response (ED04) state that a combined allowance of between £46,000 and £50,000 per dwelling has been made for site infrastructure and Section 106 costs within strategic modelling undertaken by PPE. It is unclear where these sums have been derived as it is evident from Table 3.1 of ED08 that an allowance of only £10,000 has been made for strategic infrastructure and between £10,000 and £30,000 for site specific Section 106. Therefore, providing a combined allowance of between £20,000 and £40,000 per dwelling. Should the Council consider that an allowance of up to £50,000 per dwelling be more appropriate, then further modelling should be undertaken.

Of more concern is the lack of clarity surrounding the results of Table 3.1 of ED08, and the approach adopted by the viability consultant. The consultant has adopted CIL at £200 per sq m as a fixed cost within the appraisal, with the output of the appraisal being the residual land value. The residual land value is then compared with the BLV on a per Ha basis. We disagree with this approach. The output of any CIL viability modelling should, by the very nature of the exercise, be the surplus afforded to CIL. Correctly utilising the appraisal software in this way would mean that the additional strategic modelling is truly testing the impact of greater delivery costs. Importantly, including CIL as an output of the appraisal means that should the Council wish to amend any further inputs following consultation, then the appraisals can be used to recommend a revised CIL.

It is also unclear if the BLV adopted by the Council for Greenfield sites at £420,000 per Ha is stated on a net or gross basis.

Despite requesting sight of all appraisals, we note that only 2 no. sample appraisals have been provided with ED08. Table 3.1 of ED08 appears to suggest that the additional headroom afforded to CIL, e.g. over and above the £200 per sq m adopted, for sites UE1 and UE2 is between £86 - £143 per sq m when a combined allowance of £40,000 per dwelling is assumed for strategic infrastructure and Section 106 costs. However, our review of both sample appraisals shows that, based on a CIL levy of £200 per sq m and the Council's current cost and value assumptions, a headroom of only £50 per sq m and £28 per sq m is generated before a viability buffer is applied. The results of Table 3.1, therefore incorrectly reflect a much more viable position when CIL is adopted at £200 per sq m. It is for this very reason, stakeholders should have sight of all appraisals so that a full analysis and sense check can be made of the results used to 'set' the proposed levy.

Further, the Council acknowledge evidence provided by Savills supports the need for additional modelling incorporating higher Section 106 and strategic infrastructure costs. Evidence provided by Savills suggest a combined average of £36,500 per dwelling is appropriate for site abnormalities and Section 106 costs for similar sized sites in the wider South East. The Council have sought clarity as to what items form the basis of this average for comparison with a greenbelt site. Whilst we are unable to provide a site specific breakdown for each of these sites owing to the promoting developers not being party to this representation, Savills confirm that the sites used to form the average are Greenfield sites, will provide between 20-40% onsite affordable housing and form significant extensions to settlements.

### Benchmark Land Values (BLV)

The Council's adopted BLV at £420,000 per Ha is derived from an Existing Use Value (EUV) multiple approach. EUVs are based on agricultural land values for the South West as set out in DCLG (2015) Land Value estimates for policy appraisal.

Again we would seek clarity as to the status of the £420,000 per Ha adopted and whether this is stated to be on a gross basis.

Savills have provided evidence to support a BLV for Greenfield sites of £645,000 per gross Ha (£1.87m per net Ha). This has been derived in two ways:

1. Minimum prices agreed within Option and Promotion agreements of sites between 120 no. and 630 no. dwellings across the south. This provides an average of £645,000 per gross Ha. The Council's concern raised at paragraph 46 relevant to planning policy requirements is more relevant to purchase prices of consented land, and as such not so relevant to minimum prices agreed within Option and Promotion agreements which is agreed pre-planning.
2. Existing Use Value multiple approach, the same approach adopted by the Council although relying on 8 no. sales of agricultural land of between 3 – 53 acres in Dorset. This provides an average of £644,931 per gross Ha.

Both methods suggest that the current BLV adopted by the Council of £420,000 per Ha is too low. For this reason, W H White Ltd are concerned that the BLV assumptions currently relied upon by the Council to support a levy of £200 per sq m are not reflective of actual values required to release Greenfield sites in the north of the Borough.

### Sales Values & Charging Zones

Savills acknowledge that 440 no. new build sales have been reviewed by the Council. However, of key concern is that only 9 no. of the 440 no. sales relate to north Poole. To propose a levy, applicable to 1,300 dwellings in the north of the Borough, that is some £125 per sq m higher than the current position on the basis of these nine sales appears to be an oversight.

Worth noting is that, save as Sandbanks, the sales value data for the 9 no. sales generates one of the highest sales values in the borough, with house values in line with those in Lilliput/Branksome (£3,959 sq m). Intuition alone suggests that a large supply of new build estate housing in the north of the borough will not achieve the same values as infill, high quality houses within small bespoke developments in Lilliput and Branksome.

Owing to the very nature of its location, there is limited, comparable, new build evidence from which a reasonable judgment of value can be formed for new settlements in the north of the borough. As such, a holistic approach should be taken when setting a sales value for site UE1. We would draw your attention to new build sales values achieved to the north of UE1 and north of the A31, as set out within our previous representation. Here, at the Waters' Edge development, an average value of circa £3,896 per sq m (£362 per sq ft) was achieved for sales between 2013 - 2015. To ensure a like for like comparison with the Council's research period, we have considered values achieved for this site between 2014 – 2015 explicitly. This provides an average of £3,229 per sq m (£300 per sq ft). This increases to £3,536 per sq m (£329 per sq ft) with indexation to current date. However, in line with the Council's methodology and approach to overall sales values, indexation would be discounted. It is worth noting the location and situation of Waters Edge is considered to be better, being close to Wimborne town centre and fronting the River Stour.

# Borough of Poole CIL Examination

## Response to Examiner's Questions



We would also draw the Examiners attention to a development known as Holmwood Park currently under construction by Bellway Homes, Wessex Division. The site is located off the Ringwood Road, Ferndown, BH22 9AP. The site is a former green belt site released through Green Belt Review under the East Dorset Core Strategy in 2014. Whilst the site is located in the neighbouring Local Planning Authority area of East Dorset District Council it is less than 3km from UE2 North of Bearwood. The site is a current example of an urban extension being built on the edge of the settlement, located in close proximity to the Borough of Poole boundary, the sales values of which give a relatively accurate and up to date indicator of where sales values are likely to be for sites UE1 and UE2.

When considering marketed sales values at Holmwood Park, there is a range from between £280 per sq ft (£3,008 per sqm) and £366 per sq ft (£3,947 per sqm). Whilst the upper sales values are towards £4,000 per sqm, only 3 of 7 unit types are achieving these values. Taking an average sales value of this development it is likely to be more in the region of £340 per sq ft or £3,650 per sqm. This example is considered to provide a much more robust and up to date position to base sales value assumption on in the viability testing than the 9 sales in the north Poole area used to inform the £4,000 per sqm adopted in the strategic site testing in ED08.

On the basis of the above, we would ask the Council to adjust their opinion of sale value for strategic sites, taking account of new build sales data derived from large scale developments, particularly the Water's Edge development which is some 500 metres to the north west.

### SANG Acquisition Costs

Within ED08 an allowance of £1,142 per dwelling has been made for the purchase of SANG for site UE2. PPE highlight that site UE2 will provide circa 30.4 Ha. Their allowance for SANG acquisition therefore reflects £30,036 per Ha or £12,155 per acre (gross). Based on Savills experience and knowledge of the sale of SANG, this figure is too low. We set out comparable evidence below:

- Wyvols Field, Wokingham, Berkshire – Wyvols Field comprised approximately 11.58 acres (4.69 hectares) of land. Additional land also known as compensatory land was secured (3 acres / 1.25 hectares) at the Loddon SANG via agreement with Reading University. The SANG Provision Cost totalled £309,000.00 which equates to £103,000 per acre or £247,200.00 per hectare.
- Confidential Transaction, Wimborne, East Dorset – A minimum price of £50,000 per acre was agreed for SANG in July 2018.
- Grays Farm, Wokingham, Berkshire, RG40 3AN – Grays Farm comprises approximately 68 acres (27.5 hectares) of land, including approximately 15 acres of strawberry fields, a five-bedroom house with an agricultural tie and a modern agricultural barn. The agreed price for the SANG equates to £35,000 per acre (£86,500 per hectare).
- Land at Walsh Manor Farm, Crowborough, East Sussex – The land at Walsh Manor Farm comprises approximately 71.19 acres (28.81 hectares) and sold to Wealden District Council as SANG. The agreed sales price was £1,700,000, reflecting £23,879 per acre (£59,007 per hectare).
- Rooks Nest Farm, Barkham Ride Wokingham, Berkshire, RG40 4EU – Wokingham Borough Council adopted £20,234 per acre (£50,000 per hectare) within their valuation of approximately 37 acres (14.97 hectares) of SANG land at Rooks Nest Farm.

# Borough of Poole CIL Examination

## Response to Examiner's Questions

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The evidence above illustrates a range of values of between £20,000 - £103,000 per acre. On the basis of the above, it is clear that the current allowance of £11,554 per acre for SANG acquisition for strategic site UE1 and UE2 is too low. We would ask the Council to review their assumptions and update their appraisals accordingly.

### Missing Development Costs

The strategic viability evidence document ED08 provides an example appraisal for UE1 North of Merley which considers a 800 unit scheme on a net developable area of 20 hectares assuming an average density of 40 dwellings per hectare across the site. The viability appraisal considers the cost of 30.4 hectares of SANG on the development, the value of which we have addressed above. What the appraisal does not consider is the additional requirement for the development to provide on site public open space and recreational land. The overall site area is approximately 34 hectares yet only 20 hectares are accounted for in the viability appraisal. The cost of an additional c.14 hectares of land needed by the development proposals should be factored into the viability appraisal and would have yet further impact on the viability of the site.

### Reserved Position

We note with interest that when the issue of the introduction of a new evidence document (ED08) to the CIL examination process without consultation was raised, Borough of Poole responded on the 30<sup>th</sup> August 2018 and stated that *"The new evidence is simply a further explanatory document to confirm that the proposed relevant rates are justified and submitted to the examination for information purposes. It has not informed the Draft Charging Schedule and does not result in any change to it."*

Borough of Poole are currently undertaking a consultation on a 'statement of modifications' which commenced 4 days after the above statement was made. Alongside the statement of modifications consultation Borough of Poole have also invited comments in response to the new evidence document ED08 stating *"The Council has published some new evidence in support of the proposed CIL charges. The document entitled "ED08 Further Strategic Site Testing of UE1 North of Merley and UE2 North of Bearwood" (June 2018) is part of the examination evidence. The Council would welcome any views upon this important piece of evidence, and will share any responses with the examiner."*

We support this latter view that ED08 is a very important piece of evidence and requires full scrutiny. This response which includes some analysis of a new evidence document has been prepared in a limited period of time and a much shorter period than would normally be expected to respond to an important piece of evidence. We have endeavoured to provide a detailed response on the matter to ensure the Examiner and interested parties have the full opportunity to consider our comments but reserve our position to submit further analysis of ED08 via the Borough of Poole's current consultation which remains open until the 1<sup>st</sup> October 2018.

## Conclusion and Recommendations

Strategic sites yield much higher delivery and promotion costs when compared to smaller developments. This, coupled with a diluted sales market as a result of the sheer scale of new dwellings coming forward in one location, mean that the overall viability of such sites should be accounted for and tested separately to the remainder of the Borough. CIL Guidance is clear in that to ensure development is not put at risk, differential rates for scale of development can be set.

We note that within document ED04, the Council suggest that *should a developer contest the viability of a scheme as part of a planning application, a viability assessment of the scheme should be submitted*<sup>1</sup>. Rather than rely on this approach we consider the right time to test the impact of CIL with full policy requirements is at CIL Examination stage. It is therefore vital that the concerns raised relevant to additional modelling for sites UE1 and UE2 are considered when setting the levy for strategic sites.

This must also be considered in the context of the SUE's being released from Green Belt with the objective of providing family housing and affordable housing to demonstrate necessary exceptional circumstances. If the viability of the site is put at risk, as demonstrated above and in the Borough of Poole's own evidence, the implications on viability would invariably result in a reduction in affordable housing, the very purpose for releasing Green Belt through the Local Plan process in the first place.

On the basis of the comments above, W H White Ltd urge that the matters raised within previous representations and this statement are addressed by the Council and that adjustments to current Charging Zones are made to ensure that the levy, as proposed for sites UE1 and UE2, would not put at risk the viability, delivery of a significant number of dwellings or the level of affordable housing that can be provided on the strategic allocation.

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<sup>1</sup> Para 45 of ED04