

Comments on:

**Rother District Council's
Response to
Marchfield (Strategic
Land) Ltd Representation
(RDC-2)**

Prepared by:

Pioneer Property Services Ltd

On behalf of:

Marchfield Strategic Land

8 July 2015

1. INTRODUCTION AND SUMMARY

- 1.1 This report has been prepared by Pioneer on behalf of Marchfield Strategic Land in response to the Rother District Council (“the Council”) Community Infrastructure Levy Charging Schedule (“CILCS”) and supporting infrastructure and viability evidence base
- 1.2 This report builds on observations raised previously by both Pioneer Property Services and JB Planning Associates on behalf of Marchfield Strategic Land.
- 1.3 This latest report provides some additional context to the North Bexhill Broad Location, identifies how this is a key part of the ‘Strategy for Bexhill’, the delivery of new housing and its relationship with the strategic allocations. The report provides further consideration of the Council’s responses to Pioneer representations and sets out some appraisal sensitivities which provide important context to the proposed CIL rates.
- 1.4 The report is structured as this Introduction and Summary section only with supporting evidence and additional justifications provided in separate Annexes A & B.

Strategy for Bexhill and Reliance on West of Bexhill sites.

- 1.5 The first issue which requires additional comment relates to the Strategy for Bexhill and responds to the point raised by the council in their response to a representation from JB Planning and they state;

“It is noted that development north of Barnhorn Road already has an outline permission. Unlike land at north Bexhill, there are no significant abnormal infrastructure costs associated with the opening up of the site, such as the provision of a new road or other utility infrastructure coming forward to facilitate development. Also, unlike north Bexhill, the delivery of the Strategy for Bexhill is not dependent on the site coming forward.”

Insert Ref (emphasis added).

- 1.6 There are two points of relevance, firstly the council are wrong to assert that there are no significant abnormal infrastructure costs associated with the “West Bexhill Broad Location for Further Development” (as it is termed in the Core Strategy) and this issue is further considered in the context of the CIL charging schedule within this document in summary form in later paragraphs and in detail within Annex A.

1.7 The reference to the proposed development to the north of Barnhorn Road already having outline planning permission is inconsequential and should be set aside. The West Bexhill Broad Location extends to both the north and south of Barnhorn Road – the Council’s latest SHLAA (June 2013) identifies scope for 275 dwellings to the north of Barnhorn Road (site BX104) and “up to” a further 275 to the south of the road.

1.8 The Council then state that the reason why the West Bexhill Broad Location is treated differently to the North Bexhill Broad Location is because:

- a. The North Bexhill Broad Location is subject to the costly delivery of abnormal infrastructure including: i) a new road; and ii) other utility infrastructure, to which the West Bexhill Broad Location is not subject.

The Council’s response to JBPA’s representations in this regard is erroneous as the “North Bexhill Access Road” linking Watermill Lane and the A269 Ninfield Road is and always has been included within the CIL R123 List and thus the delivery of the North Bexhill Broad Location will not be subject to the costly delivery of this infrastructure item as the Council has claimed.

With regard to “other utility infrastructure”, the Council has not provided any evidence to support its claim that there is sufficient costly abnormal infrastructure required to facilitate the delivery of development within the North Bexhill Broad Location, over and above that infrastructure required to facilitate delivery of development within the West Bexhill Broad Location to either the north or south of Barnhorn Road, that warrants a CIL charge of £70 / sqm more at West Bexhill.

- b. The “Strategy for Bexhill” is dependent on the North Bexhill Broad Location coming forward.

The North and West Bexhill Broad Locations are referenced in the Council’s recently adopted Core Strategy in Paragraph 8.54, Part (iii) of Policy BX3 and are shown on Map 2: Bexhill Inset Diagram. The North-East Bexhill Strategic Growth Location is a continuance of an existing site allocation; the delivery of this allocation is not dependent on the delivery of the North Bexhill Broad Location.

The “Strategy for Bexhill” is set out in the Core Strategy at Paragraphs 8.16 to 8.34 and within Policy BX1: Overall Strategy for Bexhill. The only part of Policy BX1 that

relates to delivery of development within the North Bexhill Broad Location is part (ix):

“Provide for employment and housing growth, in accordance with Policy BX3 ...”

This applies just as equally to the West Bexhill Broad Location as it does to the North Bexhill Broad Location. Further, the SHLAA notes that the land within West Bexhill to the north Barnhorn Road is only acceptable as “a mixed use site” – i.e. in that it also facilitates employment growth. With no such requirement of the North Bexhill Broad Location it is clear that the successful delivery of the Strategy for Bexhill is, if anything, more dependent on the delivery of the West Bexhill Broad Location than it is on the North Bexhill Broad Location.

The Overall Spatial Strategy set out in the Core Strategy envisages at least 3,100 new dwellings being constructed at Bexhill, and the need for further allocations totalling around 1,100 dwellings (Para. 8.54 / Appendix 3). Setting aside the amber SHLAA sites (c.95 dwellings), with which there remain some doubts as to deliverability, but deducting the 356 dwelling capacity of the green SHLAA sites (which includes 275 dwellings on land to the north of Barnhorn Road within the West Bexhill Broad Location) there remains a need for 744 dwellings from the southern part of West Bexhill and the North Bexhill Broad Locations, or in simple terms, the delivery of at least 169¹ from the southern part of the West Bexhill Broad Location and at least 469² from the North Bexhill Broad Location and at least 106³ more across the both.

¹ 744 – 575 (max) @ North Bexhill (see SHLAA) = 169

² 744 – 275 (max) @ West Bexhill (south) (see SHLAA) = 469

³ 744 – 169 – 469 = 106

- 1.9 In short, contrary to the Council’s assertion, the ‘Strategy for Bexhill’ is reliant on the substantial delivery of new housing from both the North and West Bexhill Broad Locations (including in addition to that already granted outline permission to the north of Barnhorn Road within the West Bexhill Broad Location).
- 1.10 The Council’s justification for applying a higher CIL charge at West Bexhill is thus entirely based on a single un-evidenced claim that abnormal utility infrastructure costs at West Bexhill will be lower than at North Bexhill.

Viability sensitivities for West of Bexhill

- 1.11 The next section considers the viability modelling by PBA (CIL/CD/004 & CIL/CD/003) and provides some practical examples of justified sensitivities which significantly alter the level of CIL levy which can be supported by projects like the North Barnhorn Road development. This site is slightly unusual insofar that it has consent and the owners (Marchfield Land) have an advanced understanding of the costs of bringing forward this development. This provides some valuable context for the 'generic' infrastructure cost and site specific s106 costs used by PBA in their modelling (i.e. 100k per hectare for utilities and land pre etc and £1k per unit for site specific s106).
- 1.12 This site is not untypical for the type of site of this scale which will come forward over the plan period so whilst this information is site specific it is valid to suggest that these costs are a material consideration in reviewing the viability appraisals considered by PBA. The site ID3 (CIL/CD/004 table 4.1) is representative of this site so these revised infrastructure costs and site specific S106 can be modelled to identify the impact on the viability of site ID3.
- 1.13 The key element of the PBA modelling centres on the principle of a 'CIL Headroom' being generated which can provide both a buffer (to ensure the CIL levy is not at the margins of viability) and pay a CIL charge. PBA identify that ID3 has a CiL headroom of £610 per m (CIL/CD/004 table 4.6).
- 1.14 Against the proposed CIL charge of £170 per sqm this represents a 72% buffer. Pioneer has undertaken a range of sensitivities against this starting point to identify the impact of the following issues;
- a) BCIS uplifts identified by Savills in their representations on behalf of Persimmon Homes.
 - b) Site specific S106 increasing from the PBA identified figure of £1k per unit to the level calculated from the North Barnhorn Road development S106 where this is adjusted to reflect a post CIL scenario. This increases the site specific S106 allowance to £2.5k per plot (see Appendix 1).

- c) Infrastructure costs and abnormals are informed by the Infrastructure Technical Report prepared for the North Barnhorn Road development by PBA on behalf of the owner in June 2014.
- 1.15 These provide three sensitivities which illustrate the effects of these additional costs being applied to the viability model for site ID3 and indicate clearly how the 'CIL headroom' erodes to the point where it is below the proposed level of CIL.
- 1.16 The results are set out in Appendix A. These indicate that applying the uplifted BCIS figures alongside the infrastructure costs identified by PBA for North of Barnhorn Road and the revised site specific s106 would deliver a CIL Headroom of £125 per sq m. Applying a buffer to this at 62% which is the Zone 3b buffer identified by the council would suggest the CIL level should be revised to c. £48 per sqm for sites in the West of Bexhill area.
- 1.17 Retaining the currently identified £170 per sq m would lead to significant pressure on the affordable housing delivery with a 'no buffer' scenario requiring the affordable housing to reduce to c. 25% where the CIL is set at £170 per sq m. This analysis identifies the balance required between the level of CIL, site specific S106 and achieving the target level of affordable housing.
- 1.18 Part of this balance is the need to maintain a suitable buffer to ensure that the CIL viability work is not set to the margins of viability. In this context whilst a revised CIL rate of £35 per sq m would maintain the original 72% buffer (£48 at the average zone 3b buffer of 62%), revising this to 50% suggests a CIL rate in West of Bexhill should be £62 per sqm, £75 p sqm at 40% and £100 per sq m at 20%.
- 1.19 The need to maintain a buffer is illustrated by the value evidence included in Appendix A, this supports a position that the appraisal rate of £2,940 per sq m for the West Bexhill area is right at the upper end of what can be achieved for sites in this locality.
- 1.20 A CIL rate of c.£75 per sqm would provide a degree of buffer (40%) against the CIL headroom of typical sites in the West of Bexhill area which would provide some margin against the viability. Additionally it would enable the 30% affordable housing target to be better safeguarded during the plan period. Maintaining the currently proposed CIL levy at £170 per sqm will prejudice the ability of projects to deliver affordable housing over the plan period.

Further Comments responses to Council Responses

- 1.21 Appendix B sets out replies to the council responses and deals with inspectors questions raised in the hearing agenda.

Conclusions

- 1.22 The provision of new homes in the West of Bexhill area are key to the delivery of the planned housing supply in the Council area. Setting the level of CIL at an appropriate level to encourage development is therefore of acute importance in order for the core strategy vision to be delivered.
- 1.23 The site at North Barnhorn road is a typical site 200+ unit development which requires a range of infrastructure provisions to deliver. These costs were identified by PBA on behalf of the owners prior to PBA undertaking the district wide viability assessment for the purposes of CIL. They are therefore material in reviewing that viability evidence and in understanding more clearly the level of CIL charge which is appropriate for the West of Bexhill area. This evidence shows that infrastructure costs are above those assumed by PBA in their generic assumptions in their viability assessment and supports the assertion that there is not a large differential in infrastructure costs between the 'strategic sites' in the North of Bexhill and the potential sites in the West of Bexhill area.
- 1.24 The sensitivity testing provides evidence that the proposed CIL levy of £170 per sqm will not represent a viable proposition in the West of Bexhill area and furthermore a CIL levy at this level will jeopardise the level of affordable housing which can come forward.
- 1.25 This evidence suggests a more appropriate CIL levy for the West of Bexhill lies in the region of £75 per sqm.

Appendix A

Sensitivity testing of the PBA viability modelling in the context of West of Bexhill.

Rother CIL Hearing

Site ID3 West of Bexhill (see CIL/CD/004 table 4.1)

Site size 250 units with 30% affordable Housing.

Summary of Appraisal Sensitivites

<p>Baseline</p> <p>Site ID 3 Base PBA Appraisal 250 units</p> <table border="1" data-bbox="427 645 810 763"> <thead> <tr> <th colspan="2">Summary of Outputs</th> </tr> </thead> <tbody> <tr> <td>CIL Headroom</td> <td>£610 per sqm</td> </tr> <tr> <td>CiL Proposed</td> <td>£170 per sqm</td> </tr> <tr> <td>'Buffer'</td> <td>72% per sqm</td> </tr> </tbody> </table>	Summary of Outputs		CIL Headroom	£610 per sqm	CiL Proposed	£170 per sqm	'Buffer'	72% per sqm	<p>Baseline Notes</p> <p>PBA Appraisal of site ID 3 identifies sufficient 'headroom' to accommodate a theoretical CIL payment of £610psm. see CIL/CD/004 table 4.6</p> <p>The 72% buffer is implied as the Council has proposed a CIL levy of £170 per sqm against a headroom from the PBA viability study of £610 p sqm.</p>		
Summary of Outputs											
CIL Headroom	£610 per sqm										
CiL Proposed	£170 per sqm										
'Buffer'	72% per sqm										
<p>Sensitivity 1</p> <p><i>Adjustments</i></p> <p>1) Build cost update to reflect latest BCIS data (see Savills Reps)</p> <table border="1" data-bbox="244 947 810 1095"> <thead> <tr> <th colspan="2">Summary of Outputs</th> </tr> </thead> <tbody> <tr> <td>CIL Headroom</td> <td>£372.5 per sqm</td> </tr> <tr> <td>CiL Proposed</td> <td>£170 per sqm</td> </tr> <tr> <td>'Buffer'</td> <td>54%</td> </tr> <tr> <td colspan="2">CIL level required to maintain 72% buffer £104 per sqm</td> </tr> </tbody> </table>	Summary of Outputs		CIL Headroom	£372.5 per sqm	CiL Proposed	£170 per sqm	'Buffer'	54%	CIL level required to maintain 72% buffer £104 per sqm		<p>Sensitivity 1 Notes</p> <p>Savills identified the historic BCIS cost data had been relied upon and this should be updated.</p> <p>The effect of this on the appraisal is to reduce the CIL 'headroom' to £372.50psm.</p> <p>Maintaining the buffer at 72% would imply a CIL level of £104.</p>
Summary of Outputs											
CIL Headroom	£372.5 per sqm										
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Summary of Outputs											
CIL Headroom	£125 per sqm										
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<p>Sensitivity 3</p> <p><i>Adjustments</i></p> <p>1) Build cost update to reflect latest BCIS data (see Savills Reps)</p> <p>2) Site Infrastructure adjusted to actual position and site specific 106 to accord with known level for site.</p> <p>3) Affordable Housing reduced to return the CIL headroom to match the proposed level of £170 per sq m.</p> <table border="1" data-bbox="244 1704 810 1852"> <thead> <tr> <th colspan="2">Summary of Outputs</th> </tr> </thead> <tbody> <tr> <td>CIL Headroom</td> <td>£170 per sqm</td> </tr> <tr> <td>CiL Proposed</td> <td>£170 per sqm</td> </tr> <tr> <td>'Buffer'</td> <td>0%</td> </tr> </tbody> </table>	Summary of Outputs		CIL Headroom	£170 per sqm	CiL Proposed	£170 per sqm	'Buffer'	0%	<p>Sensitivity 3 Notes</p> <p>Affordable housing must be reduced to 25% of the unit numbers to allow the CIL headroom to match proposed CIL.</p> <p>This illustrates the pressure on affordable housing delivery where the CIL rate is set too high and at the margins of project viability.</p> <p>Further sensitivities on sales values would be justified based on analysis of local values (see below) which suggest average current market values in the West Bexhill area are below the £2,309 for apartments and £2,940 for houses identified by PBA.</p>		
Summary of Outputs											
CIL Headroom	£170 per sqm										
CiL Proposed	£170 per sqm										
'Buffer'	0%										

Further Notes;

Appraisal assumes all inputs not identified in a given sensitivity are unchanged from the work undertaken by PBA within CIL/CD/004 and CIL/CD/003

Land at Barnhorn Green, Bexhill

List of S106 and Infrastructure / Abnormals Costs

Section 106 Costs from agreement	Current Agreement	Post adoption of CIL	Site Specific S106 where CIL charged
Est LAP/LEAP Costs and Maintenance Costs	£ 227,000	Site Specific S106	£ 227,000
Est Other POS Maintenance Contributions	£ 250,000	Site Specific S106	£ 250,000
Est Footpath Improvement Scheme	£ 250,000	Will be CIL funded	£ -
Bus Stop Improvements	£ 60,000	Will be CIL funded	£ -
Travel Plan Costs (worst case i.e. not implemented any measures)	£ 140,000	Site Specific S106	£ 140,000
Commercial Travel Plan Auditing Fee	£ 10,000	Site Specific S106	£ 10,000
Residential Travel Plan Auditing Fee	£ 6,000	Site Specific S106	£ 6,000
Leisure Centre Contribution	£ 205,975	Will be CIL funded	£ -
Library	£ 64,900	Site Specific S106	£ 64,900
Waste & Recycling Infrastructure Contribution	£ 6,325	Site Specific S106	£ 6,325
Public Right of Way Contribution	£ 6,050	Will be CIL funded	£ -
	£ 1,226,250		£ 704,225
Adjustment pro rata to 250 unit scheme	£ 1,114,773		£ 640,205
		PBA Assumption at £1k per unit	£ 250,000

Infrastructure / Abnormal Costs as per PBA Barnhorn Green Infrastructure Technical Report June 2014

	275 units	pro rata to 250 units
Utilities: Electricity	£ 826,000	£ 750,909
Diversion of Overhead lines	£ 545,000	£ 495,455
Gas	£ 180,000	£ 163,636
Water (on and off site works)	£ 239,484	£ 217,713
Water (Standard Connection Charges)	£ 255,984	£ 232,713
BT	£ 25,000	£ 22,727
Off Site Highway Works	£ 718,229	£ 652,935
Drainage Infrastructure	£ 900,965	£ 819,059
Cut and Fill, Earthworks, retaining walls/Structures etc	£ 1,000,000	£ 909,091
	£ 4,690,662	£ 4,264,238
		PBA Assumption at £100k per Hectare
		£ 607,000

Analysis of secondhand properties within West Bexhill

Properties within 1/2 a mile of the North Barnhorn Road Development Area.

Number	Address	Type	Bed Number	Sales Date	Floor area sqm	Sales Price / marketing price	Per sqm
1	6 Grey horses	Flat	2 bedroom	Mar-15	70	£142,000	£ 2,029
2	7 Grey horses	Flat	2 bedroom	Jun-14	70	£135,000	£ 1,929
3	11 Grey horses	Flat	2 bedroom	Jan-14	70	£140,000	£ 2,000
4	21 Grey horses	Flat	2 bedroom	Jan-14	70	£140,000	£ 2,000
5	86 Barnhorn Road	Detached	3 bedroom	Jan-15	110*	£260,000	£ 2,364 *est
6	84 Barnhorn Road	Detached	3 bedroom	Mar-14	92	£268,000	£ 2,929
7	71 Barnhorn Road	Detached	3 bedroom	Mar-14	110*	£315,000	£ 2,864 *est
8	Ticehurst Avenue	Semi Detached	3 bedroom	on market	122	£280,000	£ 2,295
9	Ticehurst Avenue	Semi Detached	4 bedroom	on market	122	£280,000	£ 2,295
10	Wartling Drive	Semi Detached	4 bedroom	on market	117	£239,950	£ 2,051
11	90 Barnhorn Road	Detached	4 bedroom	Jul-14	175	£385,000	£ 2,200
12	60 Barnhorn Road	Detached	4 bedroom	Jan-15	130	£297,500	£ 2,288
13	22 Barnhorn Road	Detached	4 bedroom	Feb-15	155*	£415,000	£ 2,371 *est
14	Barnhorn Road	Detached	4 bedroom	on market	156	£399,950	£ 2,564
15	Barnhorn Road	Detached	5 bedroom	on market	255	£599,950	£ 2,353
Simple Average							£ 2,302

Source: Land Registry, Rightmove, Zoopla.

	Average	2014	2015
Flat	£ 1,989	£ 1,976	£ 2,029
Semi Detached	£ 2,214	n/a	£ 2,214
Detached	£ 2,492	£ 2,664	£ 2,388

PBA Modelling (in CIL/CD/004 & CIL/CD/003) at	
Flats	£2,309 per sq m
Houses	£2,940 per sq m

Appendix B

This sets out replies to the council responses and deals with inspectors questions raised in the hearing agenda

RDC Section 1:

- i) Paragraphs 2.1.1 to 2.1.7 of Pioneer's response refer directly to the observations made within the Council's own IDP - which suggests that until the Site Allocations Development Plan is prepared the full scale of the infrastructure that will be required to support development remains unknown.
- ii) It is unclear how an appropriate balance between 'additional investment to support development and the potential effect on the viability of developments' (NPPG para 9) can be struck in line with the NPPG CIL section paragraphs 8 -9 and CIL Regulation 14(1).
- iii) The role of the IDP is greater than simply identifying a funding gap; it sets out how infrastructure is expected to be funded (i.e. through CIL, other funding or s106) and it is reasonable to suggest that this evidence base should inform the assessment economic viability and setting an appropriate balance.
- iv) NPPG CIL Section paragraph 16 - local authorities 'must' identify the 'total' infrastructure cost.
- v) Additional infrastructure may give rise to additional s106 burdens – the Viability Evidence base already underestimates post CIL s106 costs / does not clarify the evidential basis of the sum used.
- vi) The NPPG CIL Section paragraph 12 confirms that 'Charging authorities should think strategically in their use of the levy to ensure that key infrastructure priorities are delivered to facilitate growth and the economic benefit of the wider area.' A clear understanding of the cumulative Plan policy / CIL burdens is therefore necessary.

RDC Section 2:

- i) The uncertainty that remains around the ability to obtain funding – the concern is that where this funding is not realised this will result in increased site specific s106 burdens. Sufficient viability buffers need to be included in viability testing to enable flexibility.

RDC Section 4:

- i) RDC paragraph 4.4:- it is not agreed that there is no direct connection between the funding gap and the setting of the CIL charge / post CIL s106 costs – the IDP prioritises critical infrastructure items suggested to be essential to Plan delivery and which will therefore need to be funded (the importance of this link has previously been accepted by CIL Inspectors¹) and are likely impact on / and need to be reflected within the viability assessment and to enable a reasoned planning judgment on what represents an appropriate balance. It is not demonstrated that the viability realistically reflects the extent of the cumulative burdens upon development.

¹ Report to the Royal Borough of Kensington and Chelsea, 22nd December 2014, page 5

- ii) RDC paragraph 4.8(a) and 4.9:- the PBA Viability Assessment does not reference the evidence informing the £1000 per unit cost assumption or comment on how it may differ on different site typologies. The Council's response in section 4 does not resolve this concern and the Savills response (Graph 1) highlights concerns regarding the viability of proposed CIL levels and even a £1000 per unit post CIL s106 cost assumption. The sensitivity analysis prepared and applied to site ID3 illustrates the likely shortfall between a 'flat rate' assumption of £1k per unit and the real site specific 106 obligations.
- iii) RDC paragraph 4.8(b) - the Council's response suggests that, if applied in accordance with the NPPG, s106 contributions will not be sought on any specific project under the generic types of infrastructure listed (i.e. transport, education, leisure sport open space environment and green infrastructure, community facilities, healthcare, emergency services, and flood mitigation) – how are Plan Policy requirements being scaled back to reflect this (through early Plan review for example)?
- iv) RDC Para 4.10 – the protocols listed 'a' to 'f' should be put into action ahead of CIL charge setting and adoption as opposed to afterwards. Much of what is listed should be informing the basis of any judgment made by the Council on what represents an appropriate balance.
- v) A paper published by Mr Simon Emerson ('Experience of Examinations – lesson to learn', Planning Advisory Service Community Infrastructure Levy Seminar, July 2014) Senior Planning Inspector for the Planning Inspectorate, highlights:
 - a. the importance of understanding cumulative burdens upon development with affordable housing being the 'single most important variable affecting viability' and 'if the affordable housing target is too high to be deliverable, it needs to be changed through the development plan process'.
 - b. that assumptions regarding the scale of s106 contributions 'are often rather crude and simplistic' and that these assumptions should be informed by the '123 list of what CIL is intended to fund', and,
 - c. where housing delivery is reliant on large and complex sites and mixed use sites site specific viability assessment is appropriate - standard viability models may not suffice as such sites are likely to be delivered over a long period and have bespoke s106 costs which may not be reduced significantly by the introduction of CIL.

The RDC evidence base does not reflect the above key points. Pioneer's response in paragraphs 2.1.40 and 2.1.42 reflects point 'a' above, whilst paragraph 2.1.17 reflects points 'b' and 'c'.

The viability evidence in Rother applies artificial s106 and values assumptions to enable a conclusion to be reached that more than £0 CIL can be charged (providing comfort that some – but not all - critical infrastructure will be provided) whilst maintaining affordable housing delivery at Policy target levels. Past trends in housing delivery (Savills Response) and nil grant s106 affordable housing delivery (table 1 below) suggest that the viability conclusions are unrealistic.

Table 1 – Grant funded and S106 Sourced Affordable Housing in Rother.

Year	Affordable Housing delivered through s106 Nil Grant	Affordable Housing delivered with Grant
2011/12	0	71
2012/13	0	15
2013/14	0	80
Average	0	55

Source: Live Table 1011, CLG

As per paragraph 2.17 of Pioneer’s response; there is no detailed consideration in the viability assessment of the differences in post CIL s106 costs in different parts of the CIL zones (as a result of the different infrastructure requirements within those zones) that are likely to impact upon the delivery of strategic sites. This results in conclusions in the viability assessment that do not necessarily reflect reality.

A ‘real world’ view should be taken on viability assumptions, even if the outputs of this process result in a review of Plan policies becoming necessary if funds for infrastructure are to be raised through CIL. Affordable housing requirements will in any event be challenged through the Growth and Infrastructure review where schemes are rendered unviable by excessive cumulative burdens, and this process, as opposed to Plan policy review, will lead to delays in housing delivery and a lack of 5 year housing land supply (and out of date Plan housing policies). Whilst Plan policy cannot be revisited during the CIL Examination, the viability methodology should be rigorously scrutinised.

RDC Section 5:

- i) s106 burdens are likely to vary in different locations - how these will interact with the zoned CIL charges is not understood by / reflected accurately in viability testing preventing a reasoned judgement of what represents an appropriate balance.

RDC Section 6:

- i) The point Pioneer makes is that at nil grant (and pre-CIL) schemes have historically struggled to deliver a significant proportion of affordable housing calling into question whether the viability evidence assumptions and outputs are realistic / reliable. This is supported by the sensitivity analysis presented.

RDC Section 7:

- i) Additional costs arising through any Duty to Co-operate will impact upon viability when assessing the cumulative burden of CIL and Plan policy requirements upon development. It

is noted that the Council contend that there is only one notable cross boundary infrastructure requirement, although the IDP (pages 7 to 9) suggests there are cross boundary infrastructure issues in respect of Roads and Water Supply, in addition to Rail.

RDC Section 8:

- i) The Council's response does not resolve the concerns raised regarding a lack of viability assessment of sites sized at between 250 and 1000 dwellings.
- ii) An insufficient supply of housing land for the next 10 years is suggested within the RDC October 2014 Housing Land Supply and Housing Trajectory (Figure 1).
- iii) Until the Allocations DPD is advanced and additional strategic sites identified the Council will be unable to have a finer grained understanding of the viability impact of the combined Policy / CIL and site specific infrastructure costs upon these sites.
- iv) Table 2 of the Savills / Persimmon Homes plc representations highlights that there has been a significant undersupply of housing overall in Rother against target completions between 2008/09 and 2013/14. This underlines that that the viability of combined costs needs to be robustly tested, particularly on strategic / large greenfield sites.
- v) The NPPG makes it clear that there should be an increased focus on strategic sites and a more refined understanding of the viability issues facing such sites. The Viability Assessment and Viability Addendum do not yet provide this.

RDC Section 9:

- i) The Harman Guidance does not provide a definition of 'larger scale schemes'
- ii) Greenfield schemes of 200+ dwellings will be subject to additional infrastructure costs - in the absence of a finer grained review / a breakdown of how the costs assumed have been arrived at in the Viability evidence the Harman per plot figures provide a sense check for understanding what the range of costs facing strategic sites in the area could be. These have been supported by the work PBA undertook on behalf of the site owners at North Barnhorn Road.