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Our ref 13901/NT/ABe/9598985v1
Your ref

Dear Ms Dower,

Chichester District Council: Community Infrastructure Levy Draft Charging Schedule Examination: Further viability appraisals

We write on behalf of our client, Commercial Estates Group as well as the Westhampnett / North East Chichester Strategic site landowners (D C Heaver and Eurequity Limited). This letter responds to the consultation on the further work on viability appraisals prepared following the request from the Examiner at the Chichester Community Infrastructure Levy (CIL) Charging Schedule Hearing on 9 June 2015.

Commercial Estates Group and the landowners (CEG) are promoting the delivery of the North East Chichester / Westhampnett strategic development site and have submitted an outline planning application for part of this development site.

CEG has taken an active role in the emerging CIL Charging Schedule to date, submitting comments to the Preliminary Draft Charging Schedule; the Draft Charging Schedule; Examiners Main Issues and Questions; as well as attending the Hearing sessions in June. CEG's comments have focused on concerns surrounding the proposed £120sq/m2 residential rate and the application of this to strategic sites like Westhampnett. In particular, CEG's responses have emphasised the need to ensure ongoing viability for strategic sites in Chichester.

In view of these previous comments and ongoing concerns, CEG welcomed the invitation from the Examiner for the Council to undertake further viability work (document ref: ED/5a). We have reviewed the further viability work undertaken for the Strategic Development Locations (SDL) (document ref: CDC-CIL-PH-2) and set out comments on Section 3.0 Westhampnett below.

1 Residual S106 Costs

Residual s106 costs are critical to understanding post-introduction of CIL viability of schemes. Recognising this the Examiner's request for further work, asked the Council to,



2 a. Prepare a full and costed list of infrastructure and known abnormalities for each site in consultation with the prospective developers/development consortia, which should clearly separate out:

- *S106 infrastructure costs*
- *S278 infrastructure costs*
- *Other site serving and enabling costs*

CEG is therefore concerned that it continues to remain unclear what 'residual 106 costs' would be such that it cannot be assured, at this time, whether 'residual S106 costs' would result in a viable scheme.

Table 3.1 sets out the known Section 106 costs for the Westhampnett site. Rather than 'a full and costed list' there remains two unconfirmed costs in the table: fire hydrants & CCTV and allotments. There are also five items in the S106 table where the cost is not given and the items are not included within the S106 total. These are waste water treatment, cycling connectivity, ecological connectivity, local road network and car club and electric vehicle points. With these items instead being included in the £600,000 per ha site infrastructure allowance/ site servicing allowance.

The total cost of S106 and S278 per dwelling (£5,526) given at paragraph 3.5.1 is therefore misleading because this figure excludes the 7 S106 items outlined above. Whilst 5 of the items are counted elsewhere in the appraisal (although not costed specifically for the Westhampnett site) within the generic site servicing cost; 2 of these items are omitted altogether from viability assessment. This approach is erroneous and confusing for establishing post CIL S106 costs. All S106 items specific to the site's circumstances should be costed (and counted).

With regards to the site servicing cost CEG has continued to make the case that the cost given for this is too generic and too low. CEG has previously requested a breakdown of this figure to enable comment, but the Council has been unable to provide this.

In the absence of clarification on the uncosted S106 items; and the continued use of the generic site servicing allowance (i.e. not taking account of site specific circumstances) – the further evidence currently does not provide the assurance that CEG need to remove their concerns at this time.

2. S278 (A27 apportionment)

Understanding how the cost of £11,167,000 A27 mitigations costs will be apportioned is fundamental to understanding overall viability. It remains a concern therefore that the A27 cost has been worked out for the revised appraisals by apportioning the cost across the houses in the SDLs – when the actual methodology will be based on the proportionate traffic impact of the outstanding planned developments.

It is important that certainty on this cost is provided, otherwise strategic sites like Westhampnett cannot be assured that the 'residual S106 costs' result in a viable scheme. Ahead of an apportionment methodology being prepared, assurance could be provided on this point by confirming that the S278 costs per dwelling will not exceed the £3,600 modelled in the viability appraisal.



Concluding Remarks

CEG remains concerned that there is insufficient clarity to demonstrate that the SDLs would be viably able to support the proposed charge of £120psm. Given the importance of the SDLs to meeting the district's future housing requirements, certainty is required so as not to put at risk the overall development of the area.

We hope within this letter provides the Council and Examiner with a positive way forward for addressing CEG's concerns.

We trust you will take these comments on board. Should you require any further information please do not hesitate to contact Nick Thompson or myself.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Alison Bembenek'.

Alison Bembenek

Senior Planner

Cc	Jon Allen	Commercial Estate Group
	DC Heaver	
	Jon White	Brookbanks
	Luke Challenger	Nexus Planning