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Civic Offices,
Harlington Way,
Fleet.
GU51 4AE

25681/A3/EF/dw

BY EMAIL: planningpolicy@hart.gov.uk

15th December, 2021

Dear Sir/Madam,

**COMMUNITY INFRASTRUCTURE LEVY PRELIMINARY DRAFT CHARGING SCHEDULE
CONSULTATION 2021
REPRESENTATIONS SUBMITTED ON BEHALF OF MARTIN GRANT HOMES**

We write on behalf of our client, Martin Grant Homes, in response to Hart District Council's (HDC's) consultation on a Preliminary Draft Community Infrastructure Levy Charging Schedule (hereafter referred to as the 'Draft CIL Charging Schedule').

Martin Grant Homes has various land interests within Hart District and participated in the CIL viability workshop held by HDC on 17th June, 2021. Further to this workshop, we welcome the opportunity to comment upon the Draft CIL Charging Schedule. The below representations respond to the Draft CIL Charging Schedule as well as the supporting Viability Assessment prepared by Three Dragons.

Draft CIL Charging Schedule

We recognise HDC's intentions in introducing CIL and acknowledge that there is currently a considerable infrastructure funding gap in the District. However, if CIL is to be successfully introduced in the District there is a need to ensure that, as noted in paragraph 15 of the Draft CIL Charging Schedule, an appropriate balance is struck between the desirability of funding through CIL and the potential effect of the levy. This is essential to avoid additional costs levied by CIL prohibiting the delivery of new housing and other development as required to meet needs identified in the Local Plan.

Paragraph 18 of the Draft CIL Charging Schedule notes that 'the effect of CIL may render some individual developments unviable' and suggests that so long as the development as a whole which HDC is planning for is not threatened an appropriate balance has been struck. However, we consider that it is important to consider all the impacts of the implementation of CIL and ensure that they will not adversely affect the ability to fully meet development needs. Regulation 14 of the CIL Regulations 2010 (as amended) requires that a balance be struck between the desirability of funding through CIL and 'the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area'. In this context, we consider that all effects on the viability of development need to be understood and balanced against the desirability of funding infrastructure provision through CIL.



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In this regard, CIL rates need to be set at a level which takes account of the potential for future changes in costs, land values and property prices for different types of development and different locations. It is noted that the Viability Assessment identifies that some types of sites have a considerably lower headroom for CIL, for example flatted development, and, as such, these forms may be particularly susceptible to the effects on viability of increases in build costs and stagnation in property prices.

Taking account of the above and the potential for abnormal costs on some sites, we consider that there is a need to provide sufficient flexibility to address circumstances where sites are needed to ensure development needs are met fully and they are not viable to develop. We therefore feel strongly that there is a need for discretionary relief in circumstances where requiring payment of CIL would have an unacceptable impact on the economic viability of development, in line with Regulation 55. From experience elsewhere, it is appropriate to consider whether discretionary relief should be granted on a site-by-site basis, with the determining authority considering the package the site is offering and the percentage of relief to be granted. To this end, we request that the Draft CIL Charging Schedule is amended to allow for the potential for discretionary relief where it is necessary as development would otherwise be unviable.

Without such a discretionary policy, there is a risk that the delivery of affordable housing will be adversely affected. In a district with significant need for additional affordable housing, as acknowledged in the Local Plan (paragraph 137) and considered in detail in the 2016 Strategic Housing Market Assessment, it is essential that developments are not levied to such an extent that they are not able to viably contribute to the provision of affordable housing.

We also have concerns that the contributions sought from larger developments may not be consistent, due to the proposal for sites for 400 or more dwellings or 10 hectares or more to be excluded from paying CIL. The basis for this approach is broadly understood, however, it will be important to ensure consistency in terms of the overall infrastructure contributions sought, regardless of whether contributions are sought via CIL or s106. Were this not to be the case, developers could be incentivised to deliver very low density development on large sites so that the majority of contributions are covered by CIL or to deliver very high density development so as to be CIL £0 rated depending on which results in the lowest overall contributions.

We support the inclusion of a CIL instalments policy as set out in Annex 5 of the Draft CIL Charging Schedule. Such a policy is essential if significant impacts on the viability of sites are to be avoided. In this regard, we recommend that the instalments policy should include flexibility so that it can be applied at HDC's discretion, thereby enabling CIL to be paid in instalments regardless of the overall chargeable amount to assist in the viable delivery of development.

Viability Assessment

We do not consider that the assumptions with regard to revenue from affordable housing is accurate. Martin Grant Homes expect that affordable rent capital values will equate to circa 45-50% of open market sales value. The assumption that it would be possible to achieve a range of 54-73% is therefore not reflective of the affordable housing offers being achieved.

With regard to base build costs, while applying the lower quartile BCIS costs is an accepted assumption used by most housebuilders, BCIS costs only relate to the dwelling itself with standard foundations on a flat level site. It does not include any site re-profiling costs, plot external works, landscaping or plot servicing, which add significantly to build costs. For this purpose, the cost of plot externals/connections should be set at 15% of base construction costs, rather than the range proposed in paragraph 5.19 of the Viability Assessment.

We note that for larger five-bedroom units the cost of the garages dramatically increases to £15,000 per unit as double instead of single garages are to be delivered. This should be reflected within the viability assessment.

In terms of professional fees, on sites of over 100 units our client's experience is that the range is between 8% to 10% of build costs. We would therefore suggest that a median of 9% is used in this category.

Based on experience, legal fees for affordable homes should be set at £750 per unit.

In respect of finance, a 6.5%-7% interest rate is representative of appropriate current market rates. 6.5% should be the lowest rate applied.

Regarding sales and marketing, the Harman Viability Testing Local Plans: Advice for planning practitioners report identifies that an allowance should be made for these costs of around 3-5% of GDV (page 35). An average of 4% is therefore considered reasonable and should be applied.

The Government have identified that the extra-over cost for the application of Building Standards Part L is £4,847 for houses (see paragraph 3.9 of the Future Homes Standard 2019 consultation on changes to Part L and Part F of the Building Regulations for new dwellings). Viability assessment should take this figure into account.

Finally, we do not consider that the figures used for Benchmark Land Value are appropriate on the basis that they are not comparable to market transactions happening in the District. At £121,457 for an acre of a large strategic greenfield, landowners are unlikely to sell their site and would instead be more inclined to sit on their asset. Landowners must remain sufficiently incentivised to bring forward their sites and enable the continued delivery of residential units to ensure that the Local Plan can meet its policy objectives in regard to housing delivery.

We trust that the above representations are duly made and would welcome confirmation of receipt.

Should you have any queries or require any further information please do not hesitate to contact the writer by emailing 

Yours faithfully,



EMILY FORD
Senior Planner

cc. H. Payne - Martin Grant Homes
I. Holt - Martin Grant Homes