

Our Ref PCL/1305
Date 11th December 2012



Ms Teresa Davey
Programme Officer
Phoenix House
Phoenix Lane
Tiverton
Devon
EX16 6PP

PCL Planning Ltd
1st Floor
3 Silverdown Office Park,
Fair Oak Close,
Clyst Honiton,
Exeter,
Devon, EX5 2UX
United Kingdom

Dear Ms Davey

Mid Devon CIL Examination

We write further to the '*Analysis of house sales values*' document submitted by the Council and have the following comments to make.

We are somewhat surprised that the Council are content to base their district wide CIL rate on four values from each of the Cullompton sites and five values from Tiverton. It is questionable as to whether such a small sample is a true reflection of the district wide situation.

We also have concerns regarding the accuracy of the data provided by the Local Planning Authority. However, for the sake of argument, we will focus our initial comments on the data as provided, before highlighting the inaccuracies.

The Cullompton and Tiverton sales figures provided by the Council fail to provide an overall average revenue per square foot that accords with their own evidence to the examination. We have calculated this for the 13 dwelling sample and the average is £208.26 per square foot. This figure conflicts with that set out in the viability appraisals carried out by PBA as part of their '*CIL Viability Supplementary Evidence*', on which the Council rely so heavily. This is a worry. The PBA viability appraisals assume sales figures of between £200 - £236 per square foot (a mean average of £220.20). Based on this average there is a discrepancy of £11.96 per square foot between the latest data and that included in the PBA assumptions. Whilst on the face of it this may appear a modest sum, in reality it equates to a huge sum when dealing with sites of a large nature. For example, the PBA Tiverton '*Urban Extension Model*' assumes an overall open market housing floor space of 1,329,435 square feet, this equating to a sales revenue of £15,900,042 less when calculated on the basis of a revenue of £208.26 per square foot, as opposed to the higher figure of £220.20. However, we contend that the actual impact on revenue would be greater still, because of inaccuracies in the Council's data. We will now turn our attention to this matter.

There are inaccuracies with the Council's unit size estimates. The figures have been double checked by David Wilson Homes/ Barratt, Devonshire Homes and Persimmon and the enclosed schedule corrects the previous errors. You will

note that the insertion of the correct unit size data has a significant impact on the square footage revenue. The attached schedule results in an average sales revenue of £200.55 per square foot. This is significantly lower than the assumptions made in the PBA report.

One thing is clear – irrespective of which figure is used (the LPA average of £208.26 per square foot or our calculation of £200.55) both are less than the PBA assumption. Basing CIL on the PBA assumption would result in setting a charge which is on the margin of viability, particularly bearing in mind that sales values in Crediton have historically been below those achieved in Tiverton or Cullompton.

This is contrary to the advice set out in the CIL Guidance 'Charge setting and charging schedule procedures' (2010):

"Charging authorities should avoid setting a charge right up to the margin of economic viability across the vast majority of sites in their area. Charging authorities should also seek to illustrate, using appropriate available evidence, that their proposed charging rates would be robust over time....." (Paragraph 29, page 10, CLG, 2010).

The Council's over estimation of sales values is a fact. The actual sales values that have already been provided by David Wilson Homes/ Barratt, Devonshire Homes and Persimmon constitute a larger, more accurate, sample of data on which to base the average revenue per square foot. It should also be noted that all dwellings identified by the Council are two storey detached or semis, which are at the higher end of sales revenue per ft² i.e. lower revenues will be achieved on mid terraces and three storeys.

In light of this we recommend that a rate of £200 per square foot is assumed for the purpose of setting the CIL rate. This is a truer reflection of accurate sales data, and would help avoid a rate right up to the margin of viability.

Thank you for the opportunity of commenting on the Council's latest submission.

Kind Regards

Alex Graves BA (Hons) PG Dip
For PCL Planning Ltd
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