



# Warwick District Community Infrastructure Levy Examination

## Statement of Richborough Estates Limited – ID 70557

### In Respect of Issues 2 and 3

#### Introduction

1. By way of context, Richborough Estates Limited objected to the to the Community Infrastructure Levy: Draft Charging Schedule (Jan/Feb 2017). The basis of the objection was that Site H51, which is a housing allocation in the emerging Warwick Local Plan, was included in CIL Charging Zone D rather than Zone A. Hampton Magna and the housing site allocated at Arras Boulevard (Site H27) were included in Zone A whereas Site H51 was not. This was an illogical and inconsistent approach to adopt.
2. Richborough Estates also objected to the Table of Modifications to Draft CIL Schedule (CIL3), specifically Mod 2. Rather than extend CIL Charging Zone A to Site H51 as sought by Richborough Estates, Mod2 has, for a reason based solely upon an objection from Budbrooke Parish Council, included Hampton Magna and Sites H27 and H51 within CIL Charging Zone D (CIL2).

#### Issue 2 - Questions 2.3 and 2.4

3. In response to Question 2.4, Richborough Estates contend that there is no viability evidence to justify the transfer of Hampton in Magna from CIL Charging Zone A to D. What evidence there is, including the background documents, supports Hampton Magna and the housing allocations being retained within CIL Charging Zone A.
4. The full basis of Richborough Estates' objection to Mod2 and why Hampton Magana was appropriately included in CIL Charging Zone A is contained in the representations which have been submitted and are available to the Examination. However, in summary, the key points arising from the representations are:
  - A conscious decision based upon the viability evidence must have originally been taken to include Hampton Magna and Site H27 in CIL Charging Zone A. It cannot have been an oversight or error and is not claimed as such by Warwick District Council.



- It appears that the Parish Council's case for the transfer of Hampton Magna from CIL Charging Zone A to D was just based upon this settlement being treated the same as other rural settlements within Budbrooke Parish without any specific consideration of viability (CIL15 page 20).
  - There is no detailed commentary provided by the District Council to justify the change on viability grounds (e.g. CIL13 and CIL15).
  - Hampton Magna is not identified in Table 4.4.3 of the Community Infrastructure Levy: Viability Study (2016 Updated) (CIL7) as a settlement within the rural area of a 'Higher Value'. Other settlements within both the Parish and Ward of Budbrooke are of a 'Higher Value'.
  - The Viability Study (CIL7) records schemes located in Warwick and the surrounding lower value rural areas are unlikely to be able to make substantial CIL contributions as well as making a meaningful affordable housing contribution. A rate of £70 per square was, therefore, recommended. Hampton Magna is part of the lower value rural area.
  - Based upon data provided by the Rightmove website, the average sales value at Hampton Magna is £221/sq ft which is well below the 'Higher Value' for the rural area assumed in the Viability Study (i.e. £393/sq ft). At Hampton Magna, residential properties are cheaper than other settlements within Budbrooke Parish and Ward. Therefore, it is reasonable to assume that the land values are lower than at the other near-by rural settlements.
  - The average house price for the typical dwelling size and type at Hampton Manga is less than Warwick according to Rightmove and Zoopla. The average house price in Warwick is currently indicated by to be circa £293,000 and Hampton Magna £273,000 (Rightmove).
  - The available evidence indicates that Hampton Magna should be within CIL Charging Zone A and not Zone D.
5. Although acknowledged to be crude because they do not include matters such as finance/debit costs, two tables are attached as Appendix 1 to this Statement that to seek to illustrate the impact of the difference in applying either the CIL Changing Zone A or D rates to Site H51 at Hampton Magna.
6. The emerging Local Plan identifies the site could accommodate 115 dwellings and this figure is adopted. Generally, the tables have sought to stick as closely as possible to the



assumptions adopted in the Viability Study but vary in the following ways based upon the current knowledge of Richborough Estates:

- The sales revenue for market housing is adopted from the analysis undertaken as part of the objection to Mod2.
  - The income from the affordable housing is based upon recent comparable land sales by Richborough Estates.
  - The base construction cost is less than £105/sq ft assumed in the Viability Study again based upon information from similar sized greenfield sites known to Richborough Estates.
7. In the simplistic and illustrative form presented in the tables it is evident that applying CIL Charging Zone D would reduce the attractiveness to a landowner to sell Site H51 for housing because the benchmark return indicated in the Viability Study, even at the lower end of the range, would not be achieved (i.e. £250,000 per hectare over a 5-hectare site). The return could be achieved with the application of CIL Charging Zone A.
8. There can, of course, be variations to the inputs identified in the tables (number and size of dwellings, changes to the sales revenue or construction costs, account being taken of debt financing, abnormal costs and various financial contributions for off-site works (e.g. £1,500 per dwelling)), but the fundamental point remains that Hampton Magna is not a 'Higher Value' rural settlement because its sales values are more comparable to Warwick and this directly affects viability and which CIL Charging Zone should be applied.
9. Richborough Estates is seeking an amendment to the CIL Zone Map (CIL2) which includes Hampton Magna and the 2 allocated housing sites within CIL Charging Zone A which would substantially reflect the original proposals of the District Council.

### **Issue 3 - Question 3.2**

10. Without the inclusion of Hampton Magna and Sites H26 and H51 within CIL Charging Zone A then there is a question mark whether the 40% affordable housing target sought by the emerging Local Plan at this settlement will be achieved. This will be a matter or a planning application when the inputs and other variables to a full viability assessment will be known.

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## **Appendix 1**



