

Our ref: SW/TR



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Dear Ms Ryskowska

RE: Representation on Draft CIL Charging Schedule: Station Quarter North

I write on behalf of Ebbsfleet Investments (General Partner) ("EIGP"), a joint venture between Land Securities and Lafarge Cement which controls the Ebbsfleet development site. Peter Brett Associates have been commissioned by EIGP to advise on the potential impact of Dartford's proposed CIL charges on the sites in the event that EIGP were to return to DBC with new applications for planning permission at some point in the future.

Please treat this letter as a representation on the draft charging schedule published on 3 January 2013 in connection with its potential effect on the viability of the part of Ebbsfleet known as Station Quarter North.

This letter, while raising an objection, seeks to continue the positive relationship between Dartford and EIGP. As a result, it sets out positive proposals for ways forward with the balance between the CIL rates and other developer contributions on the Station Quarter North site. The proposed solution would help to alleviate the potential viability block on the development of this strategically important gateway site while still enabling a fair contribution to both infrastructure and affordable housing needs. In this way a potential threat to delivery of Dartford's Core Strategy would be removed.

EIGP are objecting to the draft schedule on the basis that the proposed CIL rates for Zone B do not take account of the potential threat to Core Strategy delivery imposed by applying them with the combination of affordable housing requirements and exceptional costs relating to the Strategic site at Station Quarter North. This runs contrary to the requirements of the CIL regulations and statutory guidance.

Below I set out the background regarding the legislative requirements; detail the objection to the application of the zone B residential rate and the rate for 'other development types' to Station Quarter North in the context of the particular circumstances of that site; and set out a way forward which would remove the potential threat to Core Strategy delivery.

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Legislative Requirements

CIL regulations and statutory guidance require the authority to set a CIL which seeks to raise money for infrastructure while not threatening delivery of the Local Plan/Core Strategy.

Since publication of the preliminary draft charging schedule the government has published new statutory guidance on the setting of CIL rates. Local authorities are obliged by S221 of the Planning Act 2008 to have regard to that guidance, which applies to any CIL proposals submitted for examination from 14 December 2012 onwards. The new guidance sets out several requirements around the treatment of strategic sites and planning obligations which are particularly relevant to issues connected with the Station Quarter North site:

- Paragraph 27 emphasises that the delivery of specific strategic sites and of brownfield sites where the effect on viability is likely to be most significant should be a focus when considering viability;
- Paragraph 29 requires authorities to take account of planning obligation policies, particularly those relating to strategic sites and affordable housing;
- Paragraph 34 allows that a strategic site can be considered as a geographical zone for differential rate purposes;
- Paragraph 15 requires increased up-front transparency over CIL spending intentions and the balance between CIL and S106. It requires that, at examination, the authority should set out both its draft 'Regulation 123' list of infrastructure to be funded by CIL, and those site-specific matters where S106 contributions may still be sought, and paragraphs 84 to 91 add more detail to this new requirement.

These requirements are concerned with considering likely viability threats to plan delivery. So, where a strategic site has a long-standing outline permission prior to CIL it is not appropriate to rule it out of consideration when it is apparent that changing circumstances over time mean a new permission may be required at some point in the future to secure delivery of the site and the Plan overall. Such a permission would attract CIL liability.

Rate Undermines Viability of Station Quarter North Strategic Site

Outline planning permission for the Station Quarter North site was granted 11 years ago. The Core Strategy summarises this as an important strategic site which is key to Dartford Plan delivery. It is an important growth location in the Local Plan, which notes that: "Outline planning permission for a mixed use development covering the area around Ebbsfleet International station, was granted in 2002. Ebbsfleet is to incorporate a business district centred on the international/domestic station with homes, retail, leisure and supporting community facilities." (Para 2.41).

A Quarter Master Plan was approved by the council in May 2008. This envisages a mixed-use district with a significant proportion of residential development, (which will be key to its viable delivery, particularly in the market conditions that are expected to exist for some years to come). This is summarised in the January 2011 update of the Ebbsfleet Valley Strategic Site Background Paper, which forms part of the Local Plan.

The economic climate has undergone significant change since the Outline Permission and Quarter Master Plan were agreed. The market for commercial floorspace is weak. In addition, the site at Station Quarter North is subject to considerable exceptional costs, particularly the substantial cost of relocating existing CTRL car parking to free up the site for the development envisaged by the Ebbsfleet planning permission. The relocation and reprovision of the CTRL car parking is a requirement of the lease of the station and its environs to the Secretary of State and is noted in the Local Plan.



The combination of these factors means that, when the need to contribute to the delivery of affordable housing is also factored in, this important international gateway strategic site is currently not viable and so cannot make its contribution to Core Strategy delivery. Taking into account the uncertain UK economic outlook, it is clear that a return to the conditions which would allow a viable commercial led scheme to be delivered on the Station Quarter North site is unlikely for the foreseeable future (and highly unlikely within the life of the Core Strategy). This creates a fundamental long-term threat to Core Strategy delivery.

Bearing these points in mind, EIGP is considering how development of the site could be delivered in a viable way. This could involve less development, in line with current and foreseeable developer interest in this type of site. The need to relocate and re-provide the CTRL car parking would have to remain part of any potential development. It could be envisaged that over the Core Strategy plan period a new planning permission might be needed, rather than the reworking of the existing planning permission. If a new planning application were progressed then this would add CIL liability to the list of development costs.

Unfortunately, when a combination of current Dartford policy for affordable housing contribution and CIL at the draft schedule rates for Zone B and 'other development types' are taken into account, even a revised development scheme for the site cannot be viable.

This is illustrated by the indicative per hectare figures below:

Land use	£per ha	GVA's benchmark
Lower density residential (X dph) with 30% affordable housing ¹ and £100psm CIL	-£192,000	£740,000
Low / Medium density B1 offices at £25psm CIL	-£250,000	£740,000

Source: PBA, GVA

Removing the Threat to Core Strategy Delivery

In response to the Core Strategy delivery threat identified above, and bearing in mind the provisions of the new statutory CIL guidance regarding strategic sites with exceptional costs, EIGP have explored positive proposals for ways forward with the balance between the CIL rates and other developer contributions on the Station Quarter North site. The aim has been to identify a solution which would lift the potential viability block on the development of this strategically important major site while still enabling a fair contribution to both infrastructure and affordable housing needs.

The table below shows how the delivery threat could be removed if the Station Quarter North Site were treated as a differential rate zone in view of the particular viability issues caused by unavoidable exceptional costs and affordable housing requirements (in accordance with Guidance paragraphs 27,29 and 34). The scenario illustrates how a balanced reduction of affordable housing policy for the site and lower CIL rates would bring the site back to viability. You will note that a surplus residual land value is required (approximately £122,000 per residential hectare above GVA's benchmark) on the residential element to cross-subsidies the cost in bringing forward the office scheme.

¹ 30% affordable housing includes 50% affordable rent at 40% market value and 50% intermediate at 50% market value



Land use	£per ha	GVA's benchmark
Low density residential (X dph) with 10.5% affordable housing ¹ and £50psm CIL	£862,000	£740,000
Low / Medium density B1 offices at £0 CIL	-£80,000	£740,000

Source: PBA, GVA

The exact balance of priorities between these two developer contributions would be a matter for Dartford to determine. However, we calculate that 10.5% affordable housing and £50psm CIL charge equates to just under £250psm of combined developer contribution on the residential element of the scheme. What we propose here is a principle, together with an illustration showing the overall level of reduction required to assist deliverability.

To accompany a solution involving a reduction in affordable housing requirement alongside reduced CIL will require upfront clarity about revised S106 policy regarding affordable housing. The new CIL Guidance emphasises the importance of considering affordable housing requirements and the need for clarity with developers over s106 costs. Policy revisions needed to preserve viability and plan delivery should be shared with developers, made available at examination and implemented at the same time as charging schedule adoption.

Conclusion

EIGP remains committed to working with Dartford Borough Council to secure an agreed way forward, which will enable this important international gateway site to make its planned contribution to the growth needed in the Borough. Following on from our earlier positive discussions, I hope the proposals in this representation will be acceptable. I would emphasise that the scenario presented in this letter is purely illustrative and it is not EIGP's intention to submit a new permission for the site and so give rise to CIL liability. However given the economic outlook and timescales involved we are mindful that a new permission could be possible and are therefore concerned to maintain the viability of the site. EIGP would be happy to meet to discuss this further if required, including to share viability evidence to support treatment of the site as a differential rate zone.

Yours sincerely

For and on behalf of
PETER BRETT ASSOCIATES LLP

Cc Peter Mail Land Securities Plc
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