

EX28 Council Response to Post Hearing Representations Received

26/05/16

Note Paragraph/Item No.	Summary	Officer Response
<p>REVIEW of NLP (on behalf of Callerton Interests: Bellway Homes, Northumberland Estates, Rosalinda Wright, Angela O’Neill) Post CIL Hearing Note (received 4th May 2016 – EX23, appendix 1)</p>		
<p>Infrastructure Costs</p>		
<p>2.1- 2.2</p>	<p>Infrastructure costs as submitted to the Core Strategy CSUCP examination (Callerton Park Revised Infrastructure Delivery Plan, 2014) were estimated to be £54.69m</p>	<p>The total referred to is derived from Callerton Park Revised Infrastructure Delivery Report (2014) (see Appendix 1 to EX19), however, the total infrastructure costs as set out in the conclusion on page 31-32 of the report totals approximately £60m excluding affordable housing (or £70m including affordable housing) and includes improvements to the A1 that are now the subject of DfT committed funding (See T2, page 2 of the IDP Update) (February 2016) (P06).</p> <p>As previously indicated in the Councils’ letter of 19 April 2016 (EX19), total infrastructure costs can be delivered via CIL or other mechanisms as categorised as Non CIL infrastructure. At £60m (excluding affordable housing) the anticipated total infrastructure costs by the Callerton Consortium (2014) exceeds the combined non CIL infrastructure costs and the proposed CIL charge of £15.2m (at £60/sqm) when applied to both the NLP (Callerton) non CIL infrastructure cost (£36m) and the corresponding sum included in the Council’s evidence submitted for examination (£40.3m) (Annex Update) (P04). Thus the combined infrastructure (excluding affordable housing) totals amount to £51.2m (based on £36m non CIL infrastructure cost) and £ 55.2m (based on £40.3m non CIL infrastructure cost).</p>
<p>2.3</p>	<p>The key change between the 2014 report and the Callerton Masterplan (24 March 2016) is the</p>	<p>Page 8 of Appendix 1 of the Callerton IDR (2014) indicates no recreational/sports facilities costs have been included pending the results of the Playing Pitch and</p>

	provision of a community sports hub (£1.2m) and that financial contributions to local swimming pools and sports halls (£3m) will be funded by CIL.	Built Facility Study being undertaken by NCC.
2.6	Having further analysed the Council's response to the NLP Callerton Infrastructure Costs, it is accepted that the costs for amenity open space, allotments and children's play were unintentionally inflated due to a double counting error as a result of difficulty experienced in the interpretation of NCC's Planning obligations SPD.	Noted.
2.7	NLP agree with the list of items of infrastructure that the Council identified in the infrastructure list that was provided in hard copy and discussed at the CIL Examination Hearing. We also agree the items that identified to be provided via CIL.	Noted.
	Appraisal Model	
2.8	We now set out a fresh appraisal model, updated with the proposed £36m s106/ infrastructure requirement for the 15% model and increasing this by £14.535m for off site affordable contributions (Council's affordable housing cost in Ex19).	<p>The Turner Morum appraisals have been updated using the revised Consortium non CIL infrastructure costs for Callerton, combined with a build cost based on a limited (5 year) sample size.</p> <p>The Council maintains that the BCIS (full 15 year sample) data is more representative sample size and is an industry standard (EX 19). It is worth noting, that all other stakeholders have accepted the standard BCIS cost methodology.</p> <p>In relation to the treatment of affordable housing, the CSUCP Policy CS11 requires 15% affordable housing. The Callerton masterplan (submitted to the Council on 24 March 2016) states that affordable homes provision is to be on-site. If indeed, the Consortium were to subsequently seek off site provision any policy compliant proposal for affordable housing contribution should be assumed to be cost neutral.</p>

<p>2.9-2.11</p>	<p>The results indicate there is now a surplus (headroom) figure after s106/ infrastructure deductions compared to the previous negative positions The surplus is small (£41 p sqm) against the (£60 p sqm) charge and a negative buffer is produced. This illustrates that even on the basis of what should be treated as very optimistic viability assumptions the scheme is still not viable with the proposed £60 psqm charge.</p>	<p>The Council does not agree the build cost assumptions adopted in the appraisals and considers the Council’s evidence (Annex Update) (P04) (EX03) is robust.</p> <p>The resultant headroom is £110 psqm (page 22, Table 4) (Background Paper Appendix) (P02) and is considered robust, and provides a 45% viability buffer.</p> <p>The Councils’ also consider there is caution build in to the viability assumptions and does not agree that they should be treated as very optimistic. For example, the council has adopted cautious appraisal assumptions with particular reference to 5% contingency and 5% abnormal for the greenfield sites. The Council has also taken the CSUCP approximate dwelling numbers for the allocation sites whilst planning applications have been submitted for increased numbers (Middle Callerton, Table 2, Appendix 3) (Councils’ Hearing Statement) (EX09). The testing of Plan numbers again adds caution to the appraisals.</p> <p>The Council’s evidence advises of a sufficient viability ‘buffer’ to sustain the proposed CIL charge at £60psqm.</p>
<p>2.12-2.15</p>	<p>The table at paragraph 2.12 indicates that the Callerton scheme can still not viably afford to provide CIL at £45p sqm and at £30psqm (the lowest suggested rate) a surplus (headroom) of £2.8m is generated.</p> <p>The CIL charge at the proposed rate is not appropriate for this strategic allocation, especially when considering the emphasis on deliverability within the NPPF and on avoiding development coming forward at the margins of viability (ref. page 16, Harman report).</p>	<p>The Council has reviewed the evidence included in the representor’s hearing statements and post hearing responses and is confident that the Council’s viability evidence is robust and that the proposed CIL rates in the DCS (incorporating modification) is reasonable and meets the regulations (CIL Regulations 13 and 14). The DCS (incorporating modifications) residential rate should therefore remain as proposed in Zone A at £60 psqm.</p> <p>The City Council has undertaken specific viability testing for the strategic allocation. Given the recent adoption of the CSUCP the proposed CIL rate and resultant headroom Viability buffer (45%) is considered to be a cautious approach providing for a competitive return to a willing land owner/ developer enabling the development to be deliverable (NPPF, para. 173).</p>
<p>2.16</p>	<p>The analysis is considered an optimistic scenario, as the Council has adopted what might be hugely optimistic position on revenues and a</p>	<p>The Council disputes that the revenue assumption is hugely optimistic or that the threshold land value assumptions are conservative.</p>

conservative position on the Threshold Land Value. The result is that this has unrealistically improved the viability of the scheme.

This is a consequence without even reflecting the lack of finance applied to the infrastructure in the Council's appraisal (recommended in Appendix B, Harman report)

Revenues

It is noted that the Turner Morum report (EX10a) states, " for the purpose of this analysis I am prepared to adopt the Council's revenue assumptions although I do consider them to be somewhat optimistic". Reference is made to the Countrywide report and that the site will more likely achieve between £2,130-£2,185 psqm. If this is considered reasonable, it represents just 2.9-5.3% difference.

The Council's post hearing evidence (EX23) sets out an extract of some of the Land Registry price paid data for the High Mid Value Zones in Newcastle. There is a read across between the High Mid revenue assumptions and actual transactions in 2013-14. Some of the actual transaction averages are higher than the Council's viability assumptions and others are lower. For example for the 'detached' property category the transactions vary from £490,000 to £183,000 with the average of £278,662 some 2% higher than the assumed revenue for 4 bed houses at £272,250. For the semi-detached category the transaction data varies from £230,000 to £131,966 with an average of £181,798 some 4% lower than the assumed revenue for a 3 bedroom houses at £189,000.

The Councils' consider this approach meets NPPG guidance that ".Values should be based on comparable, market information. Average figures may need to be used, based on the type of development that the plan is seeking to bring forward." (ID 10 013 20140306).

Threshold Land Values

The Councils' consider the threshold land values assumptions to be prudent and cautious when applying the relevant national guidance. The Harman report recommends the threshold land value is based on a premium over current use values and credible alternative use values (page 29). Agricultural land values for the allocation sites, such as Callerton, are estimated at £21,000 per hectare (DCLG land values estimates for policy appraisal, Feb. 2015).

Newcastle City Council has published the publically available evidence of all known transactions in the Newcastle non urban area since2000, and has analysed

		<p>the relevant transactions (agricultural land proposed for residential) to identify a market average of £110,705 per ha.(see section 3.1 pages 6-9, and page 83 Annex Update, February 2016) (P04).Adopting a premium over existing use value, the High Mid non urban threshold value at £480,000 per net hectare, would amount to 23 times the existing use value and is considered cautious against comparable data in Newcastle and from surrounding authorities including the recent viability evidence referred to at the hearing published to support the preparation of the Northumberland Local Plan (Northumberland County Council Draft Core Strategy Viability Assessment report, October 2015). Northumberland County Council commissioned the District Valuer’s Service to review land values regionally and the conclusions support Gateshead and Newcastle City Councils’ proposed threshold land values.</p>
<p>2.17- 2.18</p>	<p>A sensitivity analysis has been undertaken changing the threshold land value to reflect the lowest of the range of comparable land transactions stated at Appendix 3 of the NLP Hearing statement.</p>	<p>The Appendix 3 data (Callerton Consortium/ Bellway Homes/ Turner Morum) attached to Hearings Statements (EX10/EX11/EX14) are market transaction data. The status of the sites corresponding to the viability methodology is not stated (ie non urban/ urban)</p> <p>However, the transaction in Newcastle (former Walker Technology College) is an <u>urban</u> site located in the Low Mid value zone and is categorised as brownfield in the Newcastle SHLAA (July 2013) (CSUCP-8) (site ref. 5101). The corresponding threshold value assumption would be £600,000 per hectare (compared to the transaction quoted at £557,211 p ha.) (Table F.2) page 25-26 of the Annex Update) (P04).</p> <p>It is difficult to verify the other transaction entries in Appendix 3 as there is insufficient detail in locations outside of the charging authority areas. However, the former Parkside School, Mullen Road, Wallsend and the former NEDL site, The Covers, Wallsend are both urban sites that would be expected to achieve urban land values.</p> <p>The Council does not consider it appropriate, therefore to adopt an urban Low Mid value area market transaction as an alternative threshold land value in a non</p>

		urban High Mid value area, based on Harman Report guidance on deriving threshold land values (page 29).
2.18-2.19	The impact of adopting a higher threshold land value is to eradicate the (headroom) surplus with off site affordable housing and reduce the headroom for the on site affordable housing provision scenario. This results in a negative buffer against the Council's proposed CIL or a reduced CIL rate..	As indicated above, the council does not consider the use of urban transactions to be appropriate for a non urban threshold land value assumption and therefore the subsequent analysis of corresponding buffers would not be appropriate.
2.20- 2.23	<p>The revised viability analysis is arrived at by accepting the Council's proposed s106 charge but accepting more realistic evidence based position on land value. Even if one adopts the adjusted s106 charge as proposed by the Council this scheme cannot viably provide the CIL contribution. There is no 'buffer' generated and runs contrary to the Harman guidance that development should not be assumed to come forward at the 'margins of viability'. Imposing a CIL charge would cause serious delivery issues and run contrary to para. 173 NPPF which advises that 'plans should be deliverable'.</p> <p>The CIL DCS will stifle the delivery of Callerton and cannot meet the legal tests and is inappropriate.</p>	<p>Whilst, the Council has reviewed the Consortium's non CIL infrastructure costs, the Council does not accept:</p> <ul style="list-style-type: none"> - the reduced sample BCIS build cost data used - the assumption that off site affordable housing contributions would be greater than on site provision for a given scheme. -the need to revise the Council's residential revenues (supported by Hometrack data), as the Council's evidence is based on average comparable and market data - the use of urban market transaction data as the basis of deriving a non urban threshold land value assumption. <p>Thus, the Council considers that contrary to the Consortium's analysis, the revised non CIL infrastructure costs for Callerton (£36m) proposed by the Callerton Consortium (EX10/EX23 Appendix 1), would have the effect of increasing the headroom and viability 'buffer' of 45% as stated in the Councils' hearing statement (Appendix 4 Table A) (EX09).</p> <p>The representor has consistently indicated that infrastructure costs for Callerton should equate to approximately £70m (inc. affordable housing) or £23,000-23,500 per dwelling (EX10 Appendix 2 paragraph 5.5) (EX19 Appendix 1.paragraph 6.4). A CIL charge at £60psqm would amount to £15.2m and when added to affordable housing and non CIL infrastructure the total would amount to £70m (£23,00 per dwelling) (EX 19).</p>
3.0-3.2	Housing Delivery The council's' Annual Monitoring Report 2014/15	The Councils Five Year Land supply report includes sites without planning permission including sites that are;

	<p>Appendix 2 sets out the Council's 6.1 years supply of deliverable housing sites. - This includes 'over provision' and is considered inappropriate as the council has not exceeded the area's assessed housing need.</p> <p>-includes sites without planning consent (allocated sites with 'developer interest') and sites with a resolution to approve subject to a s106 agreement.</p>	<ul style="list-style-type: none"> • Allocated in Core Strategy and Urban Core Plan that have developer interest. 'Developer interest' are sites which developers have provided the Council with up to date evidence which supports the deliverability of the sites. • Housing schemes the Council will deliver by the Fairer Housing Unit and have council commitment that they will be delivered. <p>This is consistent with the SHLAA 2013 and with the NPPG</p>
<p>3.3-3.5</p>	<p>The Plan Inspector indicated the need for urgency to proceed in delivering houses at Callerton, by referring to "enable(ing) each Council to achieve its five year land supply at the earliest opportunity". The CSUCP EIP Note (Appendix B of the NLP Post Hearing Note) refers to the proposed Newcastle Housing Trajectory and expectations that greenbelt release sites will deliver to meet objectively assessed needs.</p> <p>The draft Callerton Masterplan recently submitted to the Council will be the subject of public consultation by the Council from 9 May 2016. The masterplan includes proposed delivery rates.</p>	<p>The Council recognises the importance of Callerton for delivering its housing requirements, but consider the delivery rates set out in the draft Callerton Masterplan to be optimistic. The Council assessed delivery rates submitted to the Council in October 2015, when preparing the 5 year land supply The Council included assumed delivery of 1,008 dwellings in the Callerton strategic allocation in the 5 year land supply in contrast to NLP assumed delivery of 1290 dwellings (Callerton).The Council has taken a cautious approach to delivery of Callerton in its Five year Land Supply Assessment.</p> <p>A revised Callerton Masterplan is currently available for public consultation on the Council's website.</p>
<p>3.6-3.8</p>	<p>The Draft Masterplan for Callerton submitted to the Council assumes 3,305 dwellings which is 10% over the approximate 3,000 homes stipulated in the CSUCP Policy NN1. This complies with the policy.</p> <p>The Consortium would question the Council's assertion that it has a 5 year land supply, but is</p>	<p>The Callerton draft Masterplan is now subject of consultation by the Council with the dwelling numbers adjusted downwards to 3,000 homes to comply with Policy NN1, whilst planning applications have been submitted on the two Middle Callerton sites for increased dwellings numbers (see Appendix 3 Table 2, Councils' Hearing Statement) (EX09).</p> <p>See the Website Link below for the Callerton draft Masterplan. https://www.newcastle.gov.uk/planning-and-buildings/planning-policy/have-</p>

	<p>clear of the necessity in achieving a 5 year land supply, and it's ability to maintain this position. Any restrictions imposed on Callerton will have serious implications on the Council's ability to meet the 5 year land supply and housing needs during the plan period.</p> <p>It is not accepted that the Council can demonstrate a 5 year housing land supply without Callerton.</p>	<p>your-say-planning/callerton-masterplan</p> <p>The Council considers it's 5 year land supply to be cautious and recognises the need for Callerton and other allocation sites in meeting it's objectively assessed needs. However, delivery of the city's objectively assessed needs cannot be achieved without CIL as a delivery mechanism to fund the strategic infrastructure needs (CIL Regulation 123 compliance)- this is particularly the case for sites such as Callerton where there are multiple land interests.</p> <p>The Council has 5.5 years supply of housing without the Callerton sites (see NCC AMR 2014/15).</p>
4.1-4.4	<p>If s106 costs are to be taken as given the CIL charge is too high and unreasonable, is not based on adequate evidence, inflexible and will ultimately frustrate much needed housing delivery. The charging schedule is inappropriate.</p> <p>Whilst £30psqm has been shown to be marginally viable we note that any adjustment which lowers revenue, increases build costs or threshold land values would necessitate a further reduction to permit viable development.</p>	<p>The Council considers the CIL evidence is robust and whilst the revised non CIL costs for Callerton Consortium are noted, it would dispute the recently proposed changes to revenues, build cost or threshold land values the viability assumptions. The Councils' have been thorough and used publically available evidence to inform it's approach to rate setting. A £60psqm charge would provide for a competitive return to a willing land owner/ developer.</p>
<p>REVIEW of NLP (on behalf of Callerton Interests: Bellway Homes, Northumberland Estates, Rosalinda Wright, Angela O'Neill) Letter (received 19th May 2016 – EX25)</p>		
Item 1	<p>The data that sits behind Table 1 of EX23 appears to be unduly selective, with some sites identified as £0/sqm in the High Mid values some and other value zones contain no sites with £0/ sqm.</p> <p>There are 50 developments in High Mid area that</p>	<p>The data In Table 1 represents the full extent of the advertised new build sales properties on the market (or about to be released) in Newcastle at the point in time when the sales survey was undertaken in August 2014.</p> <p>Where sales prices were readily available the data was added to the 'price' column. The average sales £/sqm data relates to advertised properties where the</p>

	<p>all form part of Newcastle Great Park, whilst there are 4-10 development types in other value zones.</p> <p>It is considered that the Council should have considered a more equal number of developments across all the value areas to ensure the analysis was more comparable. This approach can lead to a skewing of the analysis on average £/sqm</p>	<p>necessary price and floorspace data was available.</p> <p>As indicated in EX23, the data in Table 4.3 of the Councils' Annex Update (Feb. 2016) (P04) was included for the purposes of comparing properties with/without garages to respond to representations received at PDCS stage and is not the full evidence source used to derive the assumed residential values as stated in Table C) (page 15) of the Annex Update (P04).</p> <p>As referred to in the DTZ Market Assessment Letter (P04, Appendix 9, page 259) the revenue levels assumed by the Councils are broadly consistent with their understanding of the market.</p>
<p>Item 3</p>	<p>Having confirmed the infrastructure costs for Callerton totalling £36m, we have since been informed by the Council that healthcare provision to serve Callerton is proposed by the Clinical Commissioning Group (CCG) through an extension to the existing Parkway Medical facility at a cost of £656,240 to Callerton developers (email dated 13 May 2016).</p> <p>Whilst we are pleased to receive this information, it is disappointing to have received it from the CCG so late. This increases the infrastructure costs above £36m and must not be reflected in the overall costs. We seek absolute clarity and assurance from the Council that there is no further additional costs to be incurred by the developers of Callerton.</p>	<p>The Council has engaged with the relevant primary health care providers over a number of years during the preparation of the Core Strategy and resulting healthcare need was identified in the IDP for additional provision to serve Callerton. As soon as delivery advice was received from the CCG it was passed on to NLP.</p> <p>The cost proposed by the CCG reflects the current financial funding framework to deliver healthcare capacity and represents a relatively minor cost compared to the opportunity cost of accommodating the on site reservations as envisaged in the Callerton masterplan (see ref. to Community/village centres (page 23/24), IDR (April 2014) (Masterplan 'Infrastructure items' 24 March 2016).</p> <p>As indicated in the Harman report, 'some site specific viability tests are still likely to be required at the development management stage' (page 15). NLP have indicated that £36m is the most up to date non CIL infrastructure cost for Callerton. Even with the addition of CCG healthcare costs (if not provided on site), a £36.7m site specific cost deduction from headroom is £3.6m less than accounted for in the Council's viability appraisals (at £40.3m) (See Table.EX03). The Council's site specific costs (as submitted) are thus a more cautious approach to deriving a CIL rate.</p>

		The Council has indicated NLP (Callerton interests) with the known non CIL infrastructure and policy costs.
Item 4	<p>We are of the opinion that the Council are trying to use the BCIS large contracts build cost schedule to justify their tapering system even though it is based on values not the size of contract. Both methodologies are inappropriate and incorrect and the BCIS median cost should be adopted without any tapering adjustment applied.</p> <p>The same build costs would apply whether you build a house in the high, high mid or low value location. This raises 2 questions: how many 'smaller' schemes are included in the high mid value location? And have these tapered costs been applied to all schemes in the High Mid value area?</p> <p>Housebuilders at Callerton will operate across 5/6 outlets with their own separate contracts rather than as one contract for the whole allocation. Housebuilders will also enter contracts with differing requirements and thus cost will not be reduced by the scale of development.</p>	<p>In the letter from the Council to the Examiner (19 April 2016)(EX19) the Council indicates that the build cost assumptions are considered prudent, especially in light of BCIS data supporting reductions for rates in respect of large contracts. The tapering of BCIS build costs is based on value zone and not size of scheme. However, we have not used the large contracts schedule to justify the tapering. Turner Morum have suggested a build cost (3.16 of Report EX10a) of £81.81 /sf (£881/sqm).</p> <p>The build cost figure adopted for high mid value areas indicated on page 18 of the Annex Update (P04) is £836/sqm. This is some 5% lower than the £881/sqm adopted by Turner Morum. It will be noted that the contract sum (large schemes) included in the Councils' Post Hearing Note suggests that a 5% reduction in build cost could be met by a contract size of £6.8m, or 68 units based on an average base build cost of £100,000/ unit.</p>
Item 7	We are doubtful the Council can claim a 5 year housing land supply, however, our clients and the Council are not too far apart in the assessment of delivery rates at Callerton. The Examiner should be aware of 2 typo errors in the Council's tables (Figure 2) from the Annual Monitoring Report . For East Middle Callerton	The 5 Year land supply projects phasing of development which reflects permitted development schemes and forecast delivery. This is not the same as necessarily reflecting dwelling numbers in current planning applications. (see Table 2, appendix 3 of the Councils' Hearing Statement)

<p>the total stipulated is 460, whereas a hybrid planning application was validated in June 2015 for 600 dwellings. For West Middle Callerton the AMR states 540 dwellings whereas the outline planning applications was validated for 550 dwellings. We request the examiner takes the correct figures into account.</p>	
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Item Reference	Summary	Council Response
Review of Barton Wilmore Response (on behalf of Bellway) to Post CIL Hearing Consultation (received 20th May 2016 - EX26)		
Item 1	The data provided only covers Newcastle and not Gateshead. Sales values in Gateshead are lower as set out in evidence we have submitted as part of the examination.	The Councils have applied the equivalent value zones across the whole area (area based viability) – effectively the Gateshead values zones are comparable to the same zones in Newcastle.
	Concern over data sources referred to under item 1. Questions the use of guide price figures which may not reflect actual prices paid.	<p>As stipulated in the Post Hearing Note (EX23) Table 4.3 in Appendix 4 of the Viability and Deliverability Annex Update (February 2016) (P04) is a summary of publically available data surveyed in August 2014 and was analysed for the purposes of comparing properties with garages and those properties that did not have garages to respond to representations received at PDCS stage. The floorspace is gross internal area data obtained from housebuilders, verified and adjusted where necessary.</p> <p>As such Table 4.3 data is not the full evidence source used to derive the assumed residential values as stated in Table C) (page 15) of the Annex Update (P04).</p>
	Land Registry data may not reflect sales discounts for new properties. The values used reflect premium products rather than general sales values in the area.	<p>The Land Registry is a non Ministerial Government department with responsibilities for providing a reliable record of information about ownership and interests affecting land which aims to be recognised as a world leader in digital delivery of land registration. As a robust independent data source it is the most reliable of appropriate available evidence, is the industry standard and national policy compliant (NPPF paragraph 174.).</p> <p>The representors have had a number of opportunities over the years of engagement on the CSUCP and CIL to provide actual transaction data, and it is noted that the analysis in the report (version 01v1) was drafted in 2015 but only submitted on 18 May 2016 after the hearings.</p> <p>As referred to in the DTZ Market Assessment Letter (P04, Appendix 9, page 259)</p>

		<p>the revenue levels assumed by the Councils are broadly consistent with their understanding of the market.</p>
<p>Item 2</p>	<p>In context of clients land interest in Ryton considers that the site should not be identified as being high—mid value area and that the value of £209/sqft (£2250/sqm) is flawed. Refer to evidence submitted for hearing sessions as based on 195 transactions in Ryton in 2015 which shows a rate of £158/sqft (£1,701/sqm), which allowing for new build premium would rise to a maximum of £180/sqft (£1938/sqm).</p> <p>Questions the size and representativeness of the comparable evidence submitted by the Council (6 transactions), and also the Council should clarify how the GIA of the dwellings has been calculated and the source. Some sources underestimate GIA which inflated the residential values achieved. Analysis of values included in GC evidence suggest this has occurred (refer to table/plans in submission), which should therefore be given little weight, and as a result the proposed rate cannot be justified and should be reduced to £0/sqm.</p>	<p>The Hometrack Report submitted at the Examination does not take into account the new development at Stella Riverside despite the site being within the NE21 4 post code and clearly visible from the aerial photo on page 13 of the report. The omission of this site does not provide the full picture of average sales values. The Hometrack report also does not differentiate with private and local authority existing market sales. The inclusion of re-sales for local authority dwellings will bring the average rate down as sale prices on these estates are lower than that of private estates.</p> <p>The comparable evidence supplied within EX26 Post CIL Examination, whilst a smaller sample of evidence, they are close to the subject site. Comparable evidence of private estates close to the adjacent site are a more accurate reflection of average sales revenues that can be achieved compared to post code searches as contained within the Hometrack report.</p> <p>The floor area provided is from the government website for the register of Energy Performance Certificates which is operated by Landmark Information Group. The measurements from the floor plans of the Right Move website are marked ‘not to scale’ and carry the caveat that they are approximate measurements only.</p> <p>Furthermore the stated room measurements for 31 Conway Close from this website shows a floor area of 809sqft (75sqm) and not the 990sqft (90sqm) that Barton Wilmore state in their analysis. There is clearly an error between the overall floor measurement stated and the stated room measurements on the plan.</p> <p>The Council has reviewed the evidence included in the representor’s hearing statements and post hearing responses and is confident that the Council’s viability evidence is robust and that the proposed CIL rates in the DCS (incorporating modification) is reasonable and meets the regulations (CIL Regulations 13 and 14). The DCS (incorporating modifications) residential rate should therefore remain as</p>

		proposed in Zone A at £60 psqm.
Item 4	<p>Object to notion of tapering of build costs as build costs should remain constant across areas. Note reference to Councils letter of 19th April which agrees but which maintains approach as fair given perceived discount on large contracts.</p> <p>It is not appropriate to apply reduction rates for large contracts – volume housebuilders have greater overheads and profit requirements and therefore the costs would be borne elsewhere in the appraisal. If the analysis from the Council were to be consistent and accurate then adjustments would have to be made to overhead/profit to reflect the other costs volume housebuilders incur which allow them to build for a cheaper base cost. A standard non-tapered build cost is more appropriate rather than adjusting numerous inputs.</p>	<p>In the letter from the Council to the Examiner (19 April 2016)(EX19) the Council indicates that the build cost assumptions are considered prudent, especially in light of BCIS data supporting reductions for rates in respect of large contracts. The tapering of BCIS build costs is based on value zone and not size of scheme. However, we have not used the large contracts schedule to justify the tapering. Turner Morum have suggested a build cost (3.16 of Report EX10a) of £81.81 /sf (£881/sqm).</p> <p>The figure adopted for high mid value areas indicated on page 18 of the Annex Update (P04) is £836/sqm. This is some 5% lower than the £881/sqm adopted by Turner Morum. It will be noted that the contract sum (large schemes) included in the Councils' Post Hearing Note suggests that a 5% reduction in build cost could be met by a contract size of £6.8m, or just 68 units based on a base build cost of £100,000/ unit.</p> <p>The Council has assumed a 20% of GDV for developer profit on residential schemes. As set out on page 21 of the Annex Update (P04), this assumption has been widely accepted at examinations across the country and generally accepted in consultation responses.</p>
Item 6	<p>Information on Gateshead's housing trajectory shows a reliance on the early delivery of many of the strategic sites which are subject to the proposed £60psqm tariff. This will threaten the delivery of these sites, the maintenance of a 7.1 year supply of housing land over the relevant 5 year period and the Council's ability to deliver their overall development strategy.</p> <p>The CIL tariff should be reduced to £0/sqm to ensure the delivery of these sites.</p>	<p>As set out in the Council's evidence the proposed charging rates are supported by viability appraisals specifically undertaken on the neighbourhood and village housing growth sites which demonstrate, taking into account the costs of development, sufficient headroom and a sufficient buffer to justify a charge. Therefore, delivery of these sites and their contribution to the Council's housing trajectory, and the 5 year supply of housing land, will not be threatened by the proposed CIL charging rate.</p>

Item Reference	Summary	Council Response
Review of Barton Wilmore Response (on behalf of Taylor Wimpey) to Post CIL Hearing Consultation (received 18th May 2016 – EX27)		
Item 1	Concern over data sources referred to under item 1. Questions the use of guide price figures which may not reflect actual prices paid.	<p>As stipulated in the Post Hearing Note (EX23) Table 4.3 in Appendix 4 of the Viability and Deliverability Annex Update (February 2016) (P04) is a summary of publically available data surveyed in August 2014 and was analysed for the purposes of comparing properties with garages and those properties that did not have garages to respond to representations received at PDCS stage. The floorspace is gross internal area data obtained from housebuilders, verified and adjusted where necessary.</p> <p>As such Table 4.3 data is not the full evidence source used to derive the assumed residential values as stated in Table C) (page 15) of the Annex Update (P04).</p>
	Land Registry data may not reflect sales discounts for new properties. The values used reflect premium products rather than general sales values in the area.	<p>The Land Registry is a non Ministerial Government department with responsibilities for providing a reliable record of information about ownership and interests affecting land which aims to be recognised as a world leader in digital delivery of land registration. As a robust independent data source it is the most reliable of appropriate available evidence, is the industry standard and national policy compliant (NPPF paragraph 174).</p> <p>The representors have had a number of opportunities over the years of engagement on the CSUCP and CIL to provide actual transaction data, and it is noted that the analysis in the George F. White report (version 01v1) was drafted in 2015 but only submitted on 18 May 2016 after the hearings.</p>
	Samples used by the Council are not representative as the Council has chosen top brands/premium products which do not necessarily reflect the general sales values in the	As indicated in the Post Hearing Note (EX23) the Council has relied upon a number of data sets in deriving the assumed residential revenues data. Table 2 of Page 9 sets out an extract of the land registry price paid data for the High Mid value area 2013/14. As stated in the tables it is however the full data for new build detached/

	area.	<p>semi detached/ terrace property transactions registered in the High Mid value areas of Newcastle for the calendar year (see date and month columns).</p> <p>Please note entry for '45 Ministry Close' (detached) is repeated only in the formatting of the data sets for the Note, but not in the analysis. You will note the stated sample size is 197 as opposed to 198 referred to in the George F. White report.</p>
	<p>More fundamentally, the report prepared by George. F White makes its own assessment of sales values and arrives at the conclusion that the £./sqm are substantially less.</p>	<p>The Council's post hearing evidence (EX23) sets out an extract of some of the Land Registry price paid data for the High Mid Value Zones in Newcastle. There is a read across between the High Mid revenue assumptions and actual transactions in 2013-14. Some of the actual transaction averages are higher than the Council's viability assumptions and others are lower. For example for the 'detached' property category the transactions vary from £490,000 to £183,000 with the average of £278,662 some 2% higher than the assumed revenue for 4 bed houses at £272,250. For the semi-detached category the transaction data varies from £230,000 to £131,966 with an average of £181,798 4% lower than the assumed revenue for a 3 bedroom houses at £189,000.</p> <p>The data in Appendix B of the George. F White report is not consistent with the Countrywide Residential Development report data submitted prior to the hearings (EX10, Appendix 3) which concludes that for the High Mid area that revenues are likely to achieve £2,130- £ 2,185/ sqm) (Paragraph 3.2, EX10a).</p> <p>As referred to in the DTZ Market Assessment Letter (P04, Appendix 9, page 259) the revenue levels assumed by the Councils are broadly consistent with their understanding of the market.</p>
	<p>Question lack of clarity on sales values which covers Newcastle and not Gateshead. Land Registry data for Gateshead shows values are significantly lower, even before discounts are taken into account. Analysis appended by George F White suggests the £/sqft is</p>	<p>The data contained in Appendix C of the George F White report does not adequately reflect new developments across the borough of Gateshead. The comparables used are primarily in low value areas of the borough. The data does not consider, for example new build developments at Northside, Birtley, Park View Durham Road or Stella Riverside, where average sales revenues range between £2,052 / sq.m to £2,324 per sq.m.</p>

	<p>substantially less- between £142/sqft (£1,528/sqm) to £185/sqft (£1,991/sqm) for new build properties, as opposed to the assumed £209/sqft (£2,250/sqm).</p>	<p>Please also note that despite the reference at paragraph 2.3 of the George F White Report, no contrary evidence was submitted at the examination regarding values at Sunnyside and Crawcrook.</p>
<p>Item 2</p>	<p>Refers to previous hometrack report for Kibblesworth showing values for high-mid residential of £146/sqft (£1,848/sqm) – which is a major disparity with the assumed level, even allowing for new build premium. Questions the size and representativeness of the comparable evidence submitted by the Council with 3 of the 7 properties not located in Kibblesworth. It is not clear how area measurements have been applied to sales values.</p> <p>Refers to appended evidence as showing lower sales values for Kibblesworth of £106/sqft (£1,140/sqm) to £129/sqft (£1,388/sqm), accepting that there will be a 7-10% premium for new build detached houses. However, the assumed level remains wildly optimistic.</p> <p>Similar comments set out for Ryton, where appended evidence shows values of £157/sqft (£1,690/sqm) and £189/sqft (£2,034/sqm).</p> <p>Consequently the CIL charge should be reduced to a new middle band level between the existing £30/sqm and £60/sqm.</p>	<p>The comparables included in EX23 Post CIL Hearing Consultation are located within the village of Kibblesworth and were chosen as they provide an accurate figure of the re-sale values of residential dwelling houses within the village. The other comparables used were obtained from re-sales on developments close to Kibblesworth. Information on the floor areas for the analysis was taken from the government website for the register of Energy Performance Certificates which is operated by Landmark Information Group.</p> <p>The analysis of Kibblesworth sales revenues contained in Appendix D of the George F White report have been taken from the Coltspool development. This development was a partnership between the local authority social housing provider and a private developer to implement the part renewal of a local authority estate with new housing. The new housing has been built alongside existing local authority housing stock. The Council does not therefore consider values from this estate as a justification for reducing the residential pricing level for Kibblesworth.</p> <p>The data contained in Appendix D of the George F White report does not provide any comparable evidence from within the village of Ryton. The comparables supplied in the document EX23 Post CIL Hearing Consultation statement are from within Ryton and as close as possible to the Village Growth Area Allocation for Ryton within the Core Strategy. The average sales values range from £2,075psqm to £2,454sqm. The Council is confident that the Council’s viability evidence is robust and that the proposed CIL rates in the DCS (incorporating modification) is reasonable and meets the regulations (CIL Regulations 13 and 14). The DCS (incorporating modifications) residential rate should therefore remain as proposed</p>

		in Zone A at £60 psqm.
Item 6	<p>Information on Gateshead’s housing trajectory shows a reliance on the early delivery of many of the strategic sites which are subject to the proposed £60psqm tariff. This will threaten the delivery of these sites, the maintenance of a 7.1 year supply of housing land over the relevant 5 year period and the Council’s ability to deliver their overall development strategy.</p> <p>The CIL tariff should be reduced to a new middle band to ensure the Council’s trajectories are achieved.</p>	<p>As set out in the Council’s evidence the proposed charging rates are supported by viability appraisals specifically undertaken on the neighbourhood and village housing growth sites which demonstrate, taking into account the costs of development, sufficient headroom and a sufficient buffer to justify a charge. Therefore, delivery of these sites and their contribution to the Council’s housing trajectory, and the 5 year supply of housing land, will not be threatened by the proposed CIL charging rate.</p>