Examination – Note for Inspector

Housing Infrastructure Fund (HIF)

Background and Update Information

November 2019
Introduction

1. This note provides background information on the Surrey County Council (SCC) Housing Infrastructure Fund (HIF) Bid for Government capital funding of the major highway improvements necessary to facilitate the proposed South Godstone Garden Community (SGGC) development. This includes background on the supporting information that has been required from Tandridge District Council (TDC) on its commitment to delivery of the SGGC (this is known as the ‘dependent development’). The note also updates on the current position on the Bid and the likely timetables for:

   - Funding decisions
   - Deadlines for HIF capital spend and implications for implementation of the highway improvement schemes

2. The HIF Bid has been progressed in parallel with publication and submission of the Our Local Plan 2033 (LP). Because the detailed Bid submissions and proceedings are confidential and due to Bid process timings, it has not been possible to include full HIF Bid information in published LP evidence. Some of the documents associated with the Bid are available in the evidence library and are referenced below. Most are not, as they consist of:

   - Infrastructure scheme designs and costings still in development. This information could mislead interested parties as to the Highway Authority’s final proposals and intentions (particularly on possible impacts on land outside the highway boundary);
   - Detailed overall costing and viability assessments. These are commercially sensitive in respect of implementation of SGGC, especially for planning obligation negotiations and potential public-sector interventions and partnerships with landowners and developers.

   If this material were to be released in complete form now there could be prejudice to the competitive HIF Bid process, to highway scheme implementation arrangements and to effective public-sector involvement in progressing SGGC.

The Council is in a ‘chicken and egg’ position. Objectors to the LP suggest that viability and implementation of SGGC is dependent on the outcome of the HIF Bid. Homes England (HmE
Background

3. The HIF process / guidance is detailed at the link below:


4. Bids require submission of a very detailed economic, commercial, financial and management case for public investment. The bids are rigorously assessed by HmE working directly with Ministry of Housing and Local Government (MHCLG) and Department for Transport (DfT). A specialist multi-disciplinary consultancy team provides analysis to HmE for the assessment process. Because the requirements are quite onerous from a local authority bidder perspective, HmE provide co-development financial support to bidders where they feel there is a reasonable chance of a successful outcome.

5. A by-product of the HIF Bid process is that the public-sector viability analysis for housing delivery, and the level of scheme development for the highway junction improvements needed, is unusually advanced and detailed for a Local Plan preparation stage.

Bid Position

6. The Bid is titled: *Unlocking Strategic Development Sites – HIF/FF/577*. It was submitted on 22 March 2019. The Bid is made under the ‘Forward Funding’ category of HIF. It seeks grant funding for highway junction improvement ‘schemes’ at the A22 / M25 Junction 6 and the A22 / A264 junction at Felbridge in Tandridge (termed the ‘infrastructure schemes’ in the Bid). Grant funding is intended to facilitate and accelerate ‘housing delivery’ (as described in the bid process – this is the primary outcome sought from the public-sector investment). Where possible funds invested are to be recovered and recycled into the housing delivery part of the project. This would be through planning obligations to require developer contributions to support, for example; further highway improvements, higher levels of affordable housing, community facilities or development design quality.
7. Bids must be made by principal local authorities, in this case SCC, as the Local Highway Authority (HA). Tandridge District Council (TDC) as Local Planning Authority (LPA) has been a very active Bid partner, effectively initiating the bid and providing substantial additional funding for the highway scheme design work involved (DHA and WSP highway engineering consultancies – see below) and economic / financial case, development appraisal and viability analysis (Avison Young Consultancy – see below). West Sussex County Council (WSCC) and Mid Sussex District Council (MSDC) have been strong supporters of the Bid, due to the cross-boundary issues arising from potential development traffic loads on Felbridge Junction from within both counties. The whole junction is within Surrey, but the existence of this partnership will be important to deal with traffic signal coordination with nearby junctions and any need to acquire land outside the highway on the WSCC boundary.

8. HmE awarded co-development support funding of £96,000 in early 2019, in recognition of the clear potential of the Bid for housing delivery, but also because they understood that SGGC was an emerging, local plan led, housing delivery proposition; not one with a long history and designed ‘shovel ready’ infrastructure schemes already in place. The availability of co-development funding has been very helpful in encouraging commitment by SCC / TDC, but it goes only part of the way to funding the extensive technical work required to progress a Bid. Both councils have incurred substantial additional costs, all at their risk on the outcome of the LP and Bid processes. This demonstrates a high level of political and organisational commitment to achieving a step change in housing delivery in Tandridge (an area previously subject to planning restraint and low levels of local infrastructure investment).

9. The Bid is currently in HmE ‘assessment’. There has been no adverse feedback on its prospects to date. The Bid partners feel the cost / benefit attributes of the proposals (scheme cost versus housing delivery outcomes) are generally very favourable when compared to successful bids in other part of the country and to the successful HIF bids by SCC elsewhere in the County (See Bid extracts below).

10. The original timetable for HmE decision was ‘Autumn 2019 (see extract email at Appendix 1). It is now understood that decisions are delayed until early 2020, partly due to the general election in December 2019.
Bid highlight information

11. The bid project summary and high level cost benefit position is reproduced below:

Project summary

What is the name of your scheme?

*Unlocking Strategic Development Sites – HIF/FF/577*

Please provide an Executive Summary for your proposal.

The HIF Project: To enable South Godstone Garden Community (SGGC), through A22 highway (junction) improvements.

SGGC: The proposed new settlement is within the Metropolitan Green Belt, in a District previously subject to development restraint. The area has lacked infrastructure investment and this now constrains large scale development. SGGC is well located, with existing rail infrastructure, but requires Green Belt release (NPPF ‘exceptional circumstances’ justification). It must be clearly viable and deliverable. The proposal has been subject of careful early planning, especially in relation to viability, direct local authority involvement, land assembly / value equalisation arrangements, affordable housing delivery, infrastructure planning and community building. SGGC is an ambitious, but realistic, attempt to ‘significantly boost housing supply’. It demands effective Government support.

Housing market: The local housing market is buoyant. It is close to strategically important economic ‘hotspots’, with high demand and strong values. SGGC will open up a new, more affordable, market sector. On this basis there is a very low risk of ‘displacement’ of private investment through public ‘subsidy’.

Highway constraints: Comprehensive modelling of traffic impacts for the LP indicates that the primary route – the A22 – has very limited capacity to accommodate additional traffic, largely due to junction capacity and design limitations. The scale of traffic impact on two key junctions is judged ‘severe’ by the responsible highway authorities / Highways England. This prevents development until the improvements are made. Thus, SGGC is entirely ‘dependent’ on the junction improvements. Both improvements are needed now, so the junctions cannot be separated as unrelated / optional improvements.

Theoretically, a significant contribution to the cost of highway improvements might be required as part of a grant of planning permission. However full funding by a developer would be unlikely to be fairly and reasonably related (NPPF). Additionally, a requirement for completion of the schemes before development commences and a related ‘up front’ payment would give rise to serious cash flow issues. The complexity of the highway improvements required necessitates direct public sector implementation. This requires pump-priming public funding. The position is however conducive to

**Document Reference TED24:**
*Tandridge District Council – Housing Infrastructure Fund (HIF) Background and Update Information – November 2019*
planning system opportunities for recovery and recycling of the public investment in the longer term.

Whilst not directly part of the Bid, the improvements would have spin off benefits in enabling further housing development at East Grinstead, at the Tandridge / Surrey border. West Sussex CC and Mid Sussex DC strongly support the project on this basis.

The Junction improvements: The bid is for circa £57 million. This would fully fund improvements designed to maximise capacity at:

A22 /M25 Junction 6 (£46m): The roundabout gyratory can be widened to provide additional lanes and signalisation upgrades.

A22 / A264 Felbridge Junction (£11m): The scheme involves widening and adding ‘jet lanes’, with associated signal reconfiguration and improved pedestrian crossing facilities.

Economic and transport benefit / cost: The public investment proposed would enable 4000 homes, with an economic benefit of circa £127M. Overall, the housing benefits to HIF investment Benefit / Cost Ratio (BCR) is 3.52 before additionality (or 2.82 with). This is based on very cautious / robust assumptions. Investment also addresses a pre-existing infrastructure deficit and helps address traffic pressures from the wider programme of housing development, on multiple smaller scale sites. These benefits have been treated as a ‘bonus’ as they are not included in the Bid case, but they are important.

The transport network user benefit /cost analysis cannot be so clear cut. The theoretical BCR is negative. This position arises because the transport modelling looks at development generated traffic pressure on a widespread local network with existing congestion. Significant user benefits at the Bid improvement junctions (circa £25M) are outweighed by the road user dis-benefits from the additional traffic arising from SGGC (circa £614M). Seen in context, this demonstrates more clearly that the major junction interventions are urgently needed and also, that, as planned, the local authorities will need to implement further supporting highway improvements, using developer funding. That said, it is also likely that complete mitigation of the highway impacts of large scale housing growth may not be possible, as there are fundamental funding and environmental limits. This is likely to be the case in most SE England growth locations. However, SGGC, with its existing rail access, offers considerable advantages because alternative transport is feasible.

Please provide an overview of the project, including your project scope for the infrastructure and for the wider project.

Tandridge District Council (TDC – the Local Planning Authority - LPA) submitted its Local Plan (LP) (Appendix 1) to the Planning Inspectorate in January 2019. The LP proposes a 4000 home Garden Community at South Godstone. SGGC is subject to a current Garden Communities Programme Bid (Appendices 2a and 2b).
The proposal is for the ‘Bidder’ (SCC as Highway Authority - HA) to implement one construction package of two concurrent schemes of major junction improvements on the A22 Corridor in Tandridge District. The improvements are required to enable South Godstone Garden Community (SGGC) to come forward.

**Overview and Rationale:**

The major housing development proposed at SGGC depends on access to the A22, which is the main arterial route in the strategic road network for Tandridge and adjoining urban areas, particularly East Grinstead (in West Sussex) to the south. This part of the Surrey and West Sussex road network has very limited capacity to accommodate additional traffic due to junction design limitations.

The highway improvements required are substantial, complex and costly (approx. £57 million). They are off-site highway improvements away from the SGGC development site.

The need for the highway improvements relates not just to the impact of the SGGC but arises from current traffic congestion / service issues and the cumulative impact of small and medium scale developments planned for the area in both TDC’s and Mid Sussex Local Plans (Appendix 1 and 3).

Whilst a significant contribution to the cost of highway improvements might be required as part of a grant of planning permission (planning obligation – Planning Acts legal requirement in a Section 106 agreement, or a unilateral undertaking), full funding by a developer would be unlikely to be readily justified as ‘fairly and reasonably related in scale and kind’ (NPPF Para 56). Additionally, a requirement for completion of the schemes before development commences and a related ‘up front’ payment would give rise to cash flow-based viability issues for the development. The need is current and urgent, whereas the delivery of SGGC is a few years away. Complementary highway improvements elsewhere on the A22, which will be delivered concurrently with housing rather than before, can be reasonably related to, and funded by, the development. These costs have been allowed for in financial modelling. Thus, public funding is only being sought where absolutely necessary.

The HA’s requirement is to improve the junctions before development can start, so there is no prospect of relating phasing of the housing project to developer funding contributions and implementation.

The complexity of the scheme necessitates direct implementation by SCC as responsible HA working closely with Highways England (M25 implications) and WSCC (cross boundary implications). It is not suitable for implementation by a developer under a Highways Act Section 278 agreement.

No public funding is currently available to implement the improvements. HA budgets cannot fund major capital schemes. As noted above, site specific developer contributions are not available. CIL collected to date is insufficient owing to the
historical pattern of piecemeal development in this 94% Green Belt authority and is also heavily committed to other development related infrastructure priorities.

The position necessitates advance funding from a public source. HIF provides the only realistic option in this respect.

All this clearly indicates market failure and a need for public intervention. This is because, whilst the ‘user pays’ principle might apply generally (land owner / developer through land value uplift as a proxy for the future occupants of the housing) there is no practical way of securing sufficient private sector funding from the multiple beneficiaries of the project and scheme.

12. Some information on the **highway improvement schemes** is included in the Local Plan Evidence Library; web links below:

   **A22 / M25 Junction 6 (DHA consultancy developed scheme and Statement of Common Ground with Highways England)**

   INF4 - Tandridge District M25 Junction 6 Briefing Note 2018

   INFE29 - Junction 6 Mitigation Note

   SDTCE23 - Statement of Common Ground Highways England 2019

   A short paper by DHA rebutting a critique of the scheme design submitted to the Examination by a particular objector is also available as an Examination Document.

   It is important to note that the improvement scheme is largely for works on the roundabout gyratory lanes below the M25 over-bridge. The construction is within the Highway boundary and controlled by SCC as HA. There is very limited work to the Motorway slip roads and therefore limited involvement on Highways England (HE) highway. This also reduces potential construction management issues and any possible disruption to flows on the M25 itself.

   **A22 / A264 Felbridge Junction (WSP Consultancy developed scheme)**

   INF3 - Felbridge Junction Feasibility Assessment Note 2018

   INFE31 – Felbridge Junction Executive Summary
13. A high-level breakdown of the **Bid funding sought** is at Appendix 2. These figures contain significant contingency and risk allowances, as required for the bid process. These allowances include sums for land acquisition (Felbridge), which may not be required. The contingencies and risk allowances are particularly high due to the emerging design position, arising from the absence of ‘shovel ready’ schemes at the outset of the Bid. It is likely that planned and out-turn costs will be lower once the scheme design process is complete and at tender. The sum of the construction and design costs is approximately £25 million. This figure can be taken as a realistic estimate of likely out-turn costs and it is a figure that is best used for viability assessment of the SGGC proposal. Roughly equivalent figures are included in the viability assessments for the GC (see below).

14. The high-level **process / programme for highway scheme implementation** included in the Bid is at Appendix 3. This demonstrates the SCC commitment to meet the HIF deadlines for capital spend on the highway schemes (2024/25 year implementation). This is the programme as submitted. It will need to be renegotiated / adjusted to reflect the delay in Bid decisions, but the general deadline is still achievable. Government may eventually offer some flexibility in this respect.

15. **Highway Authority commitment to the Bid / schemes** is set out at Appendix 4.

16. **Transport modelling** demonstrating the need for the highway improvements was undertaken by SCC and is included in the LP Evidence Library; web link below:

   INF28 - Tandridge District Strategic Highway Assessment 2015 (and associated documents)

   This has been further developed, including with DfT standard benefit / cost analysis, as part of the HIF bid.

17. For **viability and delivery of SGGC** the LP Evidence Library includes the overall viability analysis undertaken by Avison Young consultancy (then GVA); weblink below:

   INF2 - Tandridge District South Godstone Garden Community Financial Viability Assessment 2018

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**Document Reference TED24:**

*Tandridge District Council – Housing Infrastructure Fund (HIF) Background and Update Information – November 2019*
This draws on detailed investigation and costing of the range of infrastructure required for a new settlement / community as set out in the Tandridge Infrastructure Delivery Plan; weblink below:

INF1 - Tandridge District Infrastructure Delivery Plan 2019

Viability and deliverability analysis has been considerably developed, detailed and updated, in a full benefit / cost economic modelling context, within the HIF Bid submission and then verified as part of the Bid assessment. Overall the analysis shows that SGGC housing delivery is viable, even without the HIF funding. However, it also demonstrates the considerable advantages of HIF ‘pump priming’ in several respects. Public sector forward funding can:

- create private sector development confidence by reducing early borrowing costs and financial risks
- accelerate the start of the project.
- create headroom for the costs of other aspirations in creating a high quality Garden Community, with greater affordable housing provision. This particularly supports HME’s wider objectives

These are all outcomes that HIF seeks to achieve.

Some additional update SGGC viability and delivery information prepared by AY for the Bid is summarised at Appendix 5.

18. One of the most important attributes of the SGGC proposal is rail accessibility. The possibility of including rail infrastructure improvements in the HIF Bid was considered with HmE and DfT and rail industry interests during the HIF Bid submission and assessment process. It was decided not to progress this once it became clear that the improvements could not be shown to be part of the critical path to delivery, as a good rail service already exists. However, future potential for practical and effective improvement has been agreed. Some background information on this is at Appendix 6. Aside from the rail passenger service from the existing SG Station, it should be noted that representations in respect of Lambs Business Park proposals confirm the existence of licensed / working industrial rail
sidings facilitating employment developments at this location. A letter from Network Rail on this is included in Appendix 6.

19. The HIF Bid has been closely linked to an application for SGGC to be included in the Government’s Garden Communities Programme. This was successfully achieved in June 2019, with an award of £150,000 of funding made, which will be used for development of the AAP and master planning. Details of the application / decision are at Appendix 7.

20. In parallel with, and as part of, the HIF Bid, the Council has been investigating land ownership / assembly issues and preparing to lead the development from a public-sector perspective (potentially with HmE support). This leadership could include use of compulsory purchase powers, if necessary. Details of the land ownership investigations (redacted for commercial confidentiality) are at Appendix 8 (separate attached reports). Details of the Council’s resolution on its role are at Appendix 9.
Dear Paul,

**HIF/FF/000577 – Unlocking Strategic Development Sites**

Thank you for submitting your business case for Forward Funding under the Housing Infrastructure Fund programme. You should have received an automatic acknowledgement of your submission on the Portal.

Due to the large number of bids we have received in this final bidding window, the assessment of your bid will commence in earnest from June, and it is anticipated that a funding decision will be made by Ministers on your bid from Autumn 2019.

As part of the assessment process, we will be conducting initial due-diligence on schemes and have commissioned external consultants to conduct this. During this time, we will ask you for further information. This may be because sufficient evidence has not been submitted in your bid, evidence may not be of sufficient quality, or further clarity is required. This could be about any of the five sections of the business case. During this process, you will not be able to change any fundamentals of your bid. We will only be seeking further evidence or clarification of what has been submitted to support the decision making process on bids.

To ensure that we are able to assess your bid in June and a funding decision can be provided as quickly as possible thereafter, we would encourage you to use the next few months to assemble any key documents evidencing the statements in your bid, if you have not already provided these in your submission. This may require information from any partners you have been working with including delivery partners and consultants assisting you in writing your bids, so you may wish to let your partners be aware of this requirement. As detailed in the prospectus, to properly assess your bids, we expect an open book policy, including any relevant information from delivery partners or consultants such as viability assessments or economic models.

We will be in touch again in June to begin requesting this further information to inform our assessment of your bid.

All HIF queries can continue to be directed to the [HIF@Homesengland.gov.uk](mailto:HIF@Homesengland.gov.uk) in the interim.

Kind Regards

HIF Team
### Unlocking Strategic Development Sites - Cost Plan

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Dear Housing Infrastructure Fund,

Re: Unlocking Strategic Development Sites – HIF/FF/577

As Section 151 Finance Officer for Surrey County Council, I approve the submission for this application.

I am satisfied that the bid meets the requirements set out in the guidance and relevant terms and conditions for the Housing and Infrastructure Fund.

I agree to account for the funds received.

Yours faithfully

Executive Director of Finance

Signed on behalf of Surrey County Council
Appendix 5

1. Delivery Programme

AAP and Planning Application Timing

1.1 In order for the first homes to be completed in the timeframe submitted in the Local Plan housing trajectory, an AAP needs to be prepared and adopted, and planning permissions needs to be secured.

1.2 There has been some concerns raised over the appropriateness or feasibility of overlapping these two processes. However, in our view it is entirely possible, and indeed best practice, for preparation of the AAP and a planning application to overlap and inform each other.

1.3 It is common practice for planning applications to be prepared alongside an AAP, as the more detailed evidence base required of a planning application can be fed into the AAP and help ensure that the latter is robust and deliverable. Deliverability of an AAP is also demonstrated by the fact that a planning application is being advanced, by a developer committed to delivering the scheme.

1.4 This approach also has the advantage of avoiding consultation fatigue, by allowing some combination of consultation processes between the two rather than repeating much of the same content numerous times and over a very long time period.

1.5 None of this is to say that the independence of the AAP or the Council’s role as planning authority is compromised. The planning authority is free to take evidence from the emerging planning application, and representation from the developer, and do with it as it wishes, in combination with consultation responses. As the AAP emerges this is shared with the developer to ensure that the planning application is in conformity. This approach ensures that the preferences, aspirations and requirements of the planning authority and local community are fed directly into the planning application, and that ultimately there is harmony between the two.
1.6 The potential alternative approach, where preparation of the application is only started following adoption of the AAP, risks the application being based on different evidence, reflecting different priorities, and less in conformity with the AAP.

1.7 A fully optimised programme would provide that the application is prepared alongside the AAP, and submitted shortly after the AAP is submitted for examination. The application would then be lodged whilst the AAP is being examined, and would be determined after the AAP is adopted.

1.8 The programme we have suggested below is conservative in that it shows less overlap than this. This is to allow more time for the Council to carefully consider an Outline Business Case and to take sufficient time in securing a delivery partner in the event one is required, and generally in order to be robust. It is noted that in theory the AAP timetable may slip given the Local Plan determination is behind the time envisaged in the Local Development Scheme (LDS). However, the potential for greater overlap with the planning application than has been allowed for would mean that any such delay would not affect the overall programme.

1.9 In our view it is also possible for the AAP to be adopted faster than the period currently shown in the LDS. Whilst we have nevertheless adopted the LDS programme, it is possible for an AAP to be adopted over c 2 to 2.5 years with sufficient commitment of resource. If this is the case then the whole programme could be accelerated.

**Delivery Route and Partner Selection**

1.10 Though the preferred delivery route for the Council is not currently decided, the Council has developed its thinking considerably on this including running a number of workshops, commissioning analysis and putting high level options to Members at Committee.

1.11 The Council is committed to continuing to work with existing landowners and promoters to deliver the GC. However, the objectives of the GC are clear, as are its infrastructure requirements and the need for comprehensivity. Landowners and promoters must develop their proposals in line with these, and be able to demonstrate the ability to deliver. Should this prove not to be the case, the Council is prepared to use its compulsory purchase powers to ensure the GC is delivered, and in accordance with the Local Plan and AAP. This has been confirmed at Committee on multiple occasions.

1.12 The Council is also committed to taking an active role in the delivery of the GC. This extends beyond use of compulsory purchase powers to setting up delivery structures and procuring its own delivery partner if necessary. The Council has explored potential delivery structure approaches from the use of collaboration and equalisation agreements with landowners/promoters, to selecting its own partner and shaping delivery through the use of Development Agreement or Joint Venture models.
1.13 Selecting its own delivery agent and using such partnership structures will afford the Council greater control over delivery in terms of phasing and the form of the scheme. This can include a degree of control over the pace of delivery, including the potential to control the release of serviced land parcels to the market (see below).

1.14 Final decisions on delivery structure and approach are yet to be made, but the Council is advanced in its thinking and its commitments to enable a transition to Council-led delivery well within programme, responding to emerging greater detail on the precise location and form of the scheme as the AAP evolves, and in the event that it becomes evident that it will not be sufficient to rely upon existing landowners and promoters alone. The Council is at a stage where it would be able to advance to determining a preferred delivery method through development of a full Outline Business Case in relatively short order at an appropriate point over the development of the AAP.

**Developer Model**

1.15 It is not currently determined whether the GC will be delivered by a single developer, multiple in partnership, or through a master-developer acting as infrastructure provider and then selling serviced land parcels to housebuilders.

1.16 We would anticipate that the most likely model for a scheme of this size will be a developer directly delivering some housing but disposing of serviced parcels to others. This would fit best with the overall balance of infrastructure cost requirement to value, and scheme size. In our view the infrastructure requirements are not of such as scale as to deter developers, but that the scheme size would suggest that even a housebuilder would seek to dispose of some land in order not to concentrate too much resource on one site and to meet ROCE-based return measures.

1.17 This would also most likely be a preferred approach for the Council given the disposal of serviced parcels can provide for the acceleration of delivery through greater product differentiation and ease of selling through multiple outlets. Given the Council’s willingness to directly drive the delivery of the scheme, if this is determined to be an optimal model through the Outline Business Case process then it will form an integral part of partner selection.

**Land Assembly, CPO and Planning Permission Timing**

1.18 Based on our experience, there is likely to be some overlap between the land assembly process (perhaps including use of compulsory purchase if required) and other workstreams such as planning.

1.19 The programme below shows the land assembly process running from Q2 2021 through to start on site in 2024. Although some initial discussions on availability of land for development have been undertaken, this element of the programme represents the focused period of discussion.
and negotiation with the variety of landowners, option holders, land promoters and others with
an interest in the land required. It can be seen it commences part way through the AAP
process, when it can be assumed the boundary of the proposed GC has been refined through
that process and the area of development identified.

1.20 Preparation of the planning application commences in Q3 2022, with submission assumed after
c 1 year, and determination a year later in Q2 2024, which allows time for full grant as opposed
to just a resolution. The CPO process (if required) comprises making an Order, objection
period, Public Inquiry if required, and decision on the Order. It can be seen that this
commences towards the end of the planning process in Q4 2023 and completes in Q3 2024.
Given this timing, the programme assumes an outline or similar permission would have been
granted prior to any required Public Inquiry into the CPO.

1.21 Preparatory work will be undertaken prior to the making of the Order, in the usual way.
Following confirmation of an Order, the Council would then be in a position to implement the
Order within the usual time limits.

**Overall Programme**

1.22 We would suggest that the overall timetable below is deliverable:

| QUARTERLY | Q1 2019 | Q2 2019 | Q3 2019 | Q4 2019 | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | Q1 2024 | Q2 2024 | Q3 2024 | Q4 2024 | Q1 2025 | Q2 2025 | Q3 2025 | Q4 2025 | Q1 2026 | Q2 2026 | Q3 2026 | Q4 2026 |
|-----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Local Plan Examination | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Local Plan Adoption | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| AAP | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Outline Business Case | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Soft Market Testing | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Delivery Partner Selection | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Land Assembly | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Infrastructure [HIF] | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Planning | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CPO | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Detail/Reserved Matters | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Marketing of Parcels (if required) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| START ON SITE | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Infrastructure [Enabling] | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Parcel Disposals | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Construction | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FIRST HOMES DELIVERED | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

1.23 The programme includes an allowance for delay in adopting the Local Plan until the end of
2021. This does not impact the overall programme, however, as the Council is committed to

*Document Reference TED24:*
*Tandridge District Council – Housing Infrastructure Fund (HIF) Background and Update
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progressing the AAP once it receives the Inspector’s letter indicating soundness of the Plan, following the hearings. In the event there is any delay to the AAP, this is not considered to delay the following stages for the reasons outlined above.

1.24 The Outline Business Case process will be worked up alongside the development of the AAP as the detail of emerging design proposals and the evidence base will feed into the preferred delivery model, including identification of the full funding requirement and timing. This will also allow time to engage further with existing landowners and promoters on the precise requirements of the scheme and to determine which will cooperate through collaboration and equalisation agreements or similar.

1.25 To the extent required, a delivery partner will then be procured, again overlapping with the AAP but timing the procurement to coincide with an advanced stage of the AAP, so that parties have good definition of the scheme to respond to. Securing a partner before the AAP is finalised will also have the advantage of allowing some input from them prior to final consultation.

1.26 In the event a serviced land parcel model is proposed, the programme allows the time for marketing and disposal of plots. The former can take place once there is delivery certainty on confirmation of the CPO, but can take place in advance of the infrastructure works being delivered as disposal terms can be negotiated prior to actual disposal. This is typical practice and allows disposal of plots as soon as infrastructure works are completed.

1.27 Infrastructure works related to HIF funding, namely M25 Junction 6 and the A22 Felbridge Junction, will be delivered early as they are funded separately and this is the required timeframe for HIF funding. We have allowed a further 6 months of infrastructure work prior to any plot disposals.

1.28 We have allowed 15 months from plot disposals to first housing delivery. It is noted that for a housebuilder this would need to allow for both reserved matters consent and construction time. With enough prior work to prepare a planning application, this is achievable. However, if the selected delivery partner is itself seeking to directly deliver homes as well as provide infrastructure, then this is eminently achievable as it will have been working towards implementable permission since the original outline permission 9 months earlier. Indeed, the original permission may even have been a hybrid with a detail first phase. Whether or not this is the preferred approach will be determined through the Outline Business Case, but we would anticipate this form of hybrid approach to be likely to be preferred.

1.29 These timescales have been considered against best practice research (Nathaniel Lichfield and Partners - NLP – Report; Start to Finish How Quickly do Large scale Housing Sites Deliver? Nov 2016). It is important to note the method behind this analysis. NLP count the time period from the point at which the site in question was first ‘formally identified as a potential housing
allocation (e.g. in a LPA policy document)’. The average length of time identified from this point to submission of the first planning application is 3.9 years. Following this, the average time to first housing delivery for large sites is ‘in the order of 5.3 – 6.9 years’. [Housing delivery is the completion of the first unit or where the exact month isn’t known the midpoint, i.e. October, of the annual monitoring period]. This gives a total of 9.2 – 10.8 years.

1.30 The Council selected the Garden Community as part of their spatial strategy in March 2017. A Garden Community consultation, including South Godstone was undertaken in August/September 2017. South Godstone Garden Community was identified as the preferred location in the Regulation 19 document published at Planning Policy Committee in July 2018. If starting from March 2017, delivery of the first homes in 2026/27 as proposed in the submitted trajectory would provide for a total period on a comparable basis of c 9.5 years. If the July 2018 was taken, then a total period on a comparable basis would be c 8 years. On a high level, average basis, the Council’s projected start on site is entirely supported by the NLP analysis as it is within the range found for the sample sites on average. This is before even considering that for SGGC the Council proposes to drive delivery directly, and that the proposed AAP will do much of the work typically required for planning applications.

1.31 The Council is also geared up to commence work on the AAP and, at an appropriate point of development of the AAP, an Outline Business Case. The GC is already on the Homes England Garden Communities programme, including having had some capacity funding assigned, and we are already retained to advise on these next stages of work.

2. Delivery Trajectory

2.1 Quite detailed assumptions on the anticipated housing delivery trajectory for the Garden Community have been developed for the HIF bid. This includes the timing of the first delivery of homes, and the profile of delivery thereafter. The former is dealt with above.

2.2 With regard to the latter, the Local Plan makes an overall average assumption consistent delivery of homes from the first year (i.e. 200 per annum from year 1).

2.3 In reality it is likely that the GC will deliver at a varied rate across its programme, and that it is likely to involve some degree of starting at a slower rate initially and increasing to a peak. However the projected housing delivery of 200 units per annum is nevertheless appropriate as an estimate of delivery on average, given the actual deliver rate will fluctuate and the peak rate may be greater than this average allowance. We have previously advised the Council that a stabilised rate of c 270upa should be achievable.

2.4 The NLP report states that on average larger schemes (over 2,000 units) deliver at a rate of 161 units per annum overall. We would comment that this is just a simple average, and that it

Document Reference TED24: Tandridge District Council – Housing Infrastructure Fund (HIF) Background and Update Information – November 2019
masks a very wide range of delivery rates. The report itself states on multiple occasions that there are a myriad of factors that affect delivery, that every site is different.

2.5 The 161upa average is based on data from 17 sites from all over the country, covering a very wide range from 53-321upa.

2.6 Where the data only shows overall delivery over a number of years we have assumed constant delivery at the same level over this period for the purpose of illustration.

2.7 The chart demonstrates the highly volatile nature of delivery rates for any given year, as well as the wide range of delivery rates across schemes. As stated earlier, it is difficult to draw conclusions from such a widely varying data set, but it is interesting to note the white line, which shows the average delivery rate for every year for which there are at least 5 data points.

2.8 For all but 2 years, this average hovers around the 200upa mark. This demonstrates the reasonableness of the Council’s approach, namely the adoption of a delivery rate not intended to reflect exact figures, but an average overall of rates of delivery over time that may in reality be more mixed.

2.9 Whilst we would accept that delivery on site may not start at a consistent rate, we are of the view that the specific circumstances of the site and proposed delivery approach would allow delivery at a faster peak range that would average to the profile submitted in the Local Plan.
documents. Once stabilised, we are of the view that a rate of c 270upa could be achieved. This is due to a number of factors:

- Market depth/strength of market;
- Multiple outlets; and
- Delivery model.

Strength of Market

2.10 The proposed GC is in an area of very high house prices, in an affluent area of the South East of England, where average house prices are almost double the national average, and are c 14 times local incomes.

2.11 Whilst we would repeat our view of the limitations of the dataset presented in the NLP report, there is an attempt to tie delivery rates to geographical location with reference to strength of market. This is with reference to a metric of CLG land value estimates for Local Authorities (2014). The most recent MHCLG figures for policy appraisal (2017) estimate the residential land value for Tandridge as £6,805,000/ha. This value is quite literally off the scale of the chart presented in the NLP report (repeat below). The trendline, stated to show “a clear relationship between the strength of the market … and average build out rates”, suggests that in an area of such high value a delivery rate of over 200upa would be achieved.
In fact, the Tandridge policy appraisal land value is the 19th highest of all authorities outside of London, making it one of the strongest markets in the country.

Within the viability evidence supporting the Local Plan the housing values adopted are also reflective of the rate of sale envisaged. In order to support rates of sale (to fit the business model of likely developers – see below) the values adopted are significantly below what can typically be achieved for new build housing in the area, because typical development is of a much smaller scale, and targeted at a luxury end of the market. This offers significant scope to deliver homes at more affordable pricing, to target a different market segment and achieve increased rates of sale as a result.

Tandridge also has a housing affordability ratio of 14 times the average resident wage, making it one of the least affordable places to live outside of London. This suggests that there is significant pent up demand for housing priced more affordably, and that housing marketed at lower unit values, likely in the context of a large strategic site with a large quantum to dispose, will sell well and at a strong pace. Notwithstanding this, the adopted sales rate is a typical one.

**Multiple Outlets**

The proposed location of the GC lends itself well to sales through multiple outlets.

Whilst the exact siting and layout of the scheme has yet to be determined, the Area of Search includes many different access points which enables the delivery of multiple outlets from a practical point of view, and to allow differentiation.

The site also provides scope for significant product differentiation. The character of the Area of Search is varied, with varied topography, a number of natural and heritage features and centred on the focal point of a train station. This lends itself to a variety of products and marketing exercises as there will be a range of different settings, and different densities and housing typologies will be suitable in different locations. This differentiation is important for ensuring separate outlets perform in isolation and do not draw on each other’s trade.

In our view, the site could comfortably support 3 or 4 different outlets. Given the expectation of delivery of a high proportion of affordable housing (40% affordable has been tested in the viability evidence), this would provide that for the scheme as a whole to deliver at a rate of 270upa, each outlet would only need to secure sales at a rate of 1 per week. This is an eminently achievable rate, even with some overlap of markets between outlets, and one which housebuilders would often set as a minimum and would typically expect to significantly exceed.
Delivery Model

2.19 As described above, the Council is prepared to take an active role in delivery of the GC and to drive its objectives and the aspirations of the Local Plan aspirations through to delivery, including procuring a development partner if necessary.

2.20 Through the Business Case process the optimal delivery approach, but a masterdeveloper model, where infrastructure is delivered upfront and serviced parcels are disposed to housebuilders, is likely to be preferred, at least within a hybrid model if not adopted solely.

2.21 This approach lends itself to faster rates of delivery both by enabling the provision of multiple outlets described above, including with multiple different housebuilders, and also due to the business models of firms likely to deliver the scheme. Masterdevelopers are driven by IRR and ROCE measures of return which are highly sensitive to timing and phasing. Such developers will look to deliver at healthy rates of sale, either directly of houses or disposals of plots, to support a higher IRR, rather than focussing on profit on cost or revenue metrics that aren’t time-sensitive. Aligning business models to timing in this way will further help to ensure that faster rates of delivery are secured – put simply it will not be the developers’ preference to hold land and delay delivery.

Alternative Profile

2.22 Drawing on the above we consider below a potential delivery profile that may more closely reflect actual on-site rates, though would not provide for a different overall quantum of delivery within the Local Plan period than that submitted for examination.

2.23 We have previously advised the Council that a stabilised rate of c 270upa should be achievable for the GC. This is due to the factors described above, and is supported by evidence. Though the stated average rate in the NLP report is lower, as described above on further analysis a higher average annual rate could be supported using the same data, and there are issued with data variance and sample size.

2.24 The Letwin Review (‘Independent Review of Build Out Rates’, June 2018) has been referred to in discussion of the HIF bid and the Local Plan. We have analysed the Review findings. This assessed delivery rates for a number of large schemes over recent years, much as NLP did, albeit more recently. The schemes were varied in their scale and location, with significant variance in results. The chart below shows the full range:
2.25 ‘Stage 2’ refers to the build-out phase of development following grant of the first detailed planning permission. It should be noted that this may capture a wider timeframe than the build out rates published within the NLP Report. The latter appears to list annual completions on site once completions start to be declared, primarily from annual monitoring data, and therefore would not necessarily capture time between permission being granted and the first completion, i.e. reserved matters/satisfaction of conditions.

2.26 Analysing this in greater detail, the report finds correlation between size of scheme and speed of delivery. This makes sense given larger schemes with longer timeframes are likely to be driven by IRR and ROCE measures of return that are time dependent, and therefore those developers delivering such schemes will focus on a healthy rate of sale above other considerations, even above maximising sales values to an extent. The chart below illustrates the relationship:
2.27 Clearly there are examples well above and below the trend line, but the overall correlation suggests a scheme of 4,000 units such as that proposed at South Godstone should deliver at a rate of c 260 per annum (dotted line our addition). The below chart expresses the same data in terms of percentage of scheme delivered per annum rather than units.
2.28 For a scheme of 4,000 units, the correlation suggests a delivery rate of c 7.2% per annum. This is equivalent to 288 units per annum.

2.29 In addition, one aspect not analysed in the review is the level of affordable housing at each scheme. It is unequivocal that investigations made clear that adsorption of affordable homes is limited only by the delivery of the private homes to cross-subsidise them, rather than any inherent shortage of demand, and that no developers reported difficulty disposing of affordable units. Assuming a viable scheme overall, therefore, it stands to reason that high levels of affordable housing will provide for greater delivery rates overall, given that a greater proportion of the overall deliver will not be subject to normal market absorption.

2.30 Tenure was not a metric measured in the Letwin review. However, we would assume that the delivery of 40% affordable housing at SGGC is towards the top of the range of proportions delivered at the analysed schemes. We would therefore expect that the South Godstone scheme should deliver on the faster side of average compared to the other schemes.

2.31 Besides this analysis, on a more qualitative basis we would consider a stabilised rate of c 270upa to be achievable for all the other reasons described above. We would therefore consider the below alternative delivery profile to be achievable by way of illustration:
<table>
<thead>
<tr>
<th>Year</th>
<th>2026/27</th>
<th>2027/28</th>
<th>2028/29</th>
<th>2029/30</th>
<th>2030/31</th>
<th>2031/32</th>
<th>2032/33</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units Delivered</td>
<td>75</td>
<td>125</td>
<td>175</td>
<td>225</td>
<td>270</td>
<td>270</td>
<td>270</td>
<td>1,410</td>
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<tr>
<td>Private Units Per Week</td>
<td>0.87</td>
<td>1.44</td>
<td>2.02</td>
<td>2.60</td>
<td>3.12</td>
<td>3.12</td>
<td>3.12</td>
<td></td>
</tr>
<tr>
<td>Outlets</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Private Units Per Week Per Outlet</td>
<td>0.87</td>
<td>0.72</td>
<td>1.01</td>
<td>0.87</td>
<td>1.04</td>
<td>1.04</td>
<td>1.04</td>
<td></td>
</tr>
</tbody>
</table>

2.32 This alternative delivery profile would deliver approximately the same number of units over the plan period as that submitted for examination. It is eminently achievable.

2.33 As described above, actual delivery rates may be affected by a wide range of factors and so actual delivery may fluctuate. Hence, the Council’s approach has been to adopt a consistent average rate. The above illustrates one potential profile that could deliver this quantum in practice.

The updated and detailed SGGC financial appraisal prepared for the HIF Bid is summarised below.

This is based on 40% affordable housing delivery and full coverage of IDP infrastructure costs. It allows a £21 million infrastructure cost contingency.
South Godstone Garden Community
Financial Assessment Appraisal

Development Appraisal
Avison Young
01 March 2019

Document Reference TED24:
Tandridge District Council – Housing Infrastructure Fund (HIF) Background and Update Information – November 2019
## APPRAISAL SUMMARY

### South Godstone Garden Community

### Financial Assessment Appraisal

**Summary Appraisal for Phase 1**

**Currency in £**

### REVENUE

<table>
<thead>
<tr>
<th>Sales Valuation</th>
<th>Units</th>
<th>ft²</th>
<th>Rate ft²</th>
<th>Unit Price</th>
<th>Gross Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Houses</td>
<td>1</td>
<td>2,547,840</td>
<td>424.19</td>
<td>1,080,768,250</td>
<td>1,080,768,250</td>
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<tr>
<td>Affordable Houses</td>
<td>1</td>
<td>1,001,984</td>
<td>230.11</td>
<td>230,566,538</td>
<td>230,566,538</td>
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<td>Affordable Flats</td>
<td>1</td>
<td>203,280</td>
<td>256.00</td>
<td>51,709,880</td>
<td>51,709,880</td>
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<tr>
<td><strong>Totals</strong></td>
<td>3</td>
<td>3,843,104</td>
<td></td>
<td>1,380,414,468</td>
<td>1,380,414,468</td>
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### Investment Valuation

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Supermarket</td>
<td>7,150,000</td>
</tr>
<tr>
<td>General Retail</td>
<td>2,850,000</td>
</tr>
<tr>
<td>Pubs</td>
<td>1,100,000</td>
</tr>
<tr>
<td>Food and Beverage</td>
<td>3,300,000</td>
</tr>
<tr>
<td>Industrial</td>
<td>38,100,000</td>
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<tr>
<td>Manual Value</td>
<td>50,500,000</td>
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</table>

### GROSS DEVELOPMENT VALUE

<table>
<thead>
<tr>
<th></th>
<th>1,436,914,468</th>
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<tbody>
<tr>
<td>Purchaser's Costs</td>
<td>5.8% (2,926,000)</td>
</tr>
</tbody>
</table>

### NET DEVELOPMENT VALUE

|                      | 1,433,985,468 |

### NET REALISATION

|                      | 1,433,985,468 |

### OUTLAY

### ACQUISITION COSTS

<table>
<thead>
<tr>
<th></th>
<th>77,779,480</th>
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<tr>
<td>Residualised Price</td>
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<tr>
<td>Stamp Duty</td>
<td>3,879,974</td>
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<tr>
<td>Agent Fee</td>
<td>0.8% 583,346</td>
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<td>Legal Fee</td>
<td>0.5% 386,897</td>
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<td>Town Planning</td>
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### CONSTRUCTION COSTS

<table>
<thead>
<tr>
<th></th>
<th>ft²</th>
<th>Rate ft²</th>
<th>Cost</th>
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</thead>
<tbody>
<tr>
<td>Supermarket</td>
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<td>120.00 p/f²</td>
<td>2,364,000</td>
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<tr>
<td>General Retail</td>
<td>13,455</td>
<td>120.00 p/f²</td>
<td>1,614,850</td>
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<tr>
<td>Pubs</td>
<td>7,000</td>
<td>120.00 p/f²</td>
<td>840,000</td>
</tr>
<tr>
<td>Food and Beverage</td>
<td>15,600</td>
<td>120.00 p/f²</td>
<td>1,872,000</td>
</tr>
<tr>
<td>Industrial</td>
<td>208,820</td>
<td>100.00 p/f²</td>
<td>20,882,000</td>
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<tr>
<td>Religious Facility</td>
<td>1,000</td>
<td>140.00 p/f²</td>
<td>140,000</td>
</tr>
<tr>
<td>Community Building</td>
<td>4,000</td>
<td>140.00 p/f²</td>
<td>560,000</td>
</tr>
<tr>
<td>Private Houses</td>
<td>2,547,840</td>
<td>125.00 p/f²</td>
<td>318,480,000</td>
</tr>
<tr>
<td>Affordable Houses</td>
<td>1,001,984</td>
<td>125.00 p/f²</td>
<td>125,248,000</td>
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<tr>
<td>Affordable Flats</td>
<td>351,950</td>
<td>140.00 p/f²</td>
<td>49,773,911</td>
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<tr>
<td><strong>Totals</strong></td>
<td>4,171,349</td>
<td></td>
<td>521,273,611</td>
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- Build Cost Contingency: 5.0% 26,063,681
- Infrastructure Contingency: 10.0% 21,800,000
- Other Construction: Estate Management Contribution 218,000
- Other Construction: CIL 265,863,681
- Other Construction: 42,100,000

### PROFESSIONAL FEES

<p>| | |</p>
<table>
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<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Professional Fees on Buildings</td>
<td>6.0% 31,275,417</td>
</tr>
<tr>
<td>Professional Fees on Infrastructure</td>
<td>10.0% 21,800,000</td>
</tr>
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Date: 01/03/2019

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**Document Reference TED24:**

Tandridge District Council – Housing Infrastructure Fund (HIF) Background and Update Information – November 2019
# APPRAISAL SUMMARY

**AVISON YOUNG**

**South Godstone Garden Community**

**Financial Assessment Appraisal**

<table>
<thead>
<tr>
<th>MARKETING &amp; LETTING</th>
<th>1.0%</th>
<th>3,194,800</th>
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</thead>
<tbody>
<tr>
<td>Marketing Private Residential</td>
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<tr>
<td>Marketing Commercial</td>
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<td>3,794,800</td>
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<td>DISPOSAL FEES</td>
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<td>Sales Agent Fee</td>
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<td>Sales Legal Fee</td>
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<tr>
<td>Affordable Housing Fee</td>
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<td>3,720,848</td>
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<td>FINANCE</td>
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<tr>
<td>Debt Rate 6.000%, Credit Rate 0.000% (Nominal)</td>
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<tr>
<td>Land</td>
<td></td>
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<tr>
<td>Construction</td>
<td>28,883,421</td>
<td>38,775,271</td>
</tr>
<tr>
<td>Other</td>
<td>17,774,915</td>
<td>38,775,271</td>
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<tr>
<td>Total Finance Cost</td>
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<tr>
<td>TOTAL COSTS</td>
<td></td>
<td>1,070,454,397</td>
</tr>
<tr>
<td>PROFIT</td>
<td></td>
<td>363,531,671</td>
</tr>
</tbody>
</table>

**Performance Measures**

- Profit on Cost%: 34.0%
- Profit on GDV%: 25.3%
- Profit on NDV%: 25.4%
- IRR: 13.5%
- Profit Erosion (finance rate 6.000%): 4 yrs 11 mths
Explanatory extract from Bid:

The GDV estimate has been provided by Avison Young as development consultants.

The strategic scheme is different from any of the existing or recent new build developments in either location and are of a scale where it will need to be competitive on a sub-regional basis rather than just local. The units are also priced to reflect the assumed rates of sale and the quantum of sales to be achieved. Avison Young is of the view that the adopted values are reasonable and appropriate.

All other values including affordable residential and commercial values are based on Avison Young’s professional view. AY has worked on numerous large scale strategic residential schemes, and is currently advising in relation to the North Essex Garden Communities and land at Ifield, West Sussex. Adopted assumptions are therefore based on relevant and current experience at other projects including being informed by comparable evidence and agent opinion.

In relation to shared ownership values, these values are based on an approximate investment approach similar to that adopted by Registered Providers. The values are based on full market values, for which a 30% upfront share of equity is assumed to be purchased. The remaining equity is assumed to be charged a rent of 2.5% per annum. An efficiency deduction and yield is applied to this income stream and then this capitalised figure is added to the upfront equity sold to arrive at an overall asset value. This value is equivalent to c 71% of private sale values, which AY considers is appropriate in this location.

For the rented affordable units, the value is based on Local Housing Allowance levels in the area. It is assumed that this rent can be charged to the tenants of these units; this is effectively equivalent to most of these units being social rent units given the rent is set at local benefit levels. To this rental stream a deduction for maintenance, management, bad debts and voids is applied, as well as an investment yield. This provides for a capital value for each unit, equivalent to 45% - 54% of private sale value (depending on unit type). AY considers this appropriate in this location and potentially conservation if a greater mix of rental values is to be targeted.

The residential mix assumed is 40% affordable housing, split 75% affordable rent and 25% shared ownership, in accordance with emerging local planning policy.

For commercial uses (employment and retail), Avison Young has reviewed local evidence of comparable transactions and combined this with its experience of similar schemes. The Garden Community proposal is effectively to deliver an entirely new centre, so from a retail perspective direct comparability is difficult. AY has therefore formed a conservative assumption based on rents lower than those generally in the surrounding centres, to account for the new location ‘bedding in’ and to reflect developers’ likely to approach; being that little return if any will be sought on this element; rather the focus will be on securing occupiers to deliver appropriate services for the new housing, to support housing prices and sales rates.
In relation to employment uses, much the same logic applies, though to some extent transactional evidence at nearby locations is more instructive as the fact this will be a new community is less relevant for these uses. AY has therefore adopted rents and yields similar to those generally found in nearby commercial locations.
Dear Louise,

SOUTH GODSTONE – HOUSING INFRASTRUCTURE FUND AND RAIL ENHANCEMENTS

As you will be aware, Tandridge District Councillors Martin Fisher and Keith Jecks met with Sam Gyimah MP and the Rail Minister, Andrew Jones MP, on 28 January 2019, to discuss Tandridge District Council’s (TDC) plans for Godstone railway station.

Following that meeting, the Rail Minister wrote to Sam Gyimah MP on 15 February 2019, encouraging TDC to incorporate rail enhancement elements into their Housing Infrastructure Fund (HIF) bid, where analysis and consultation with rail industry stakeholders demonstrated that rail enhancements would be required to permit the level of housing growth needed.

I understand from TDC officials that the analysis conducted has not been able to substantiate a conclusion that rail enhancements are required to support the proposed housing growth. As a result, it is not intended that rail elements are included as part of the HIF bid. DfT supports this intention.

DfT acknowledges and understands the aspirations which TDC has regarding Godstone station and its rail services:

- Improvements to the station building and platforms to (amongst other things) provide step-free access and allow longer trains to call at the station;
- A more frequent service which runs later into the day; and
- The reinstatement of direct services to London.

Should TDC wish to pursue those aspirations, several avenues could be explored.

- DfT has published guidance on capturing housing impacts in transport appraisal which sets out how to make business cases stronger through the inclusion of dependent development; however, this would still require a funding source.
- Engaging with the train operator, Govia Thameslink Railway, to explore the possibility of introducing a higher service frequency with trains running later into the evening.
- Engaging with Network Rail to explore enhancements to either or both line of route or Godstone station. I would encourage you to consider the DfT’s published ‘RNEP’
document on rail enhancements, available here, and discuss the applicability of this with Network Rail. Again, this would still require a funding source to be identified, which could form part of the discussion around any business case development.

- Other options, which are further out on the time horizon, would be discussing specific improvements to the line and station to be delivered through the next TSGN franchise. It is very early on in the reletting process, which may be subject to the outcomes of the ongoing Williams rail review and other extraneous factors, but officials here would be happy to discuss this.

- Additionally, the Brighton Mainline Upgrade may also present an opportunity to reinstate direct services to London; but it is important to note that this project does not currently have guaranteed delivery funding, and it will be many years until this project would be completed, even if funding is secured.

Many of these points are covered in more detail in the Rail Minister’s letter to Sam Gyimah MP, and DfT officials would be happy to support TDC with any approach it wishes to pursue. If you or TDC officials would like to discuss this in more detail, please do contact me using the details above.

Yours sincerely,
I can do Thursday at 1530.

When we spoke to Tandridge to go through the high level plans for Godstone Village I must admit I wasn’t aware of them going for a bid for HIF funding. With regards to Godstone Village we said that with the amount of new homes proposed that works would be required at Godstone Station to cater for the extra numbers of passengers. We have not looked at any rail elements bar the station improvements that could be put into any bid. As you know the Tonbridge to Redhill line has no direct service into London which was part of the May 2018 TT change. This is unlikely to change until at least the Croydon Area Remodelling Scheme happens which is probably a decade away.

I have tried to speak to colleagues about who may have instructed Tandridge not to include any rail elements into their bid but so far I haven’t found anyone.

Regards

Paul

I’m conscious that the deadline for HIF applications is looming and as an industry we owe the council a straight answer. Grateful to discuss this at your earliest convenience.
Hi [Name],

I’ve been passed your details by Mark Bristow at Tandridge Council (although, John, we’ve met before of course). Tandridge have recently been in to meet the Rail Minister to discuss their HIF bid for South Godstone, where they were given a clear steer to put rail elements into their HIF bid where these would be required to support the housing development they are proposing. I understand that NR has advised them not to put rail elements into the bid at all, which has left Tandridge somewhat confused. It’d be really helpful to understand the NR position here; I’m sure we can clear it up with a quick phone call. Would 1330 tomorrow (Tuesday) suit? If not, 1530 on either Wednesday or Thursday would also work.

Many thanks,

[Name]

Senior Planning and Investment Manager
South East, Anglia and Enhancements Portfolio, Rail Infrastructure - South
3/23, Great Minster House
33 Horseferry Road, London, SW1P 4DR
07785 459189
Follow us on twitter @transportgovuk
Many thanks for your email – answers to each of your questions as follows:

a) The Rail Minister suggested the inclusion of rail elements within the bid; rail elements should be included in the HIF bid to the extent that they would be required to unlock housing development that would otherwise not occur. If the required transport capacity uplift can be realised without HIF funding (because it is funded elsewhere, would have happened anyway, or for some other reason), rail elements should not be included in a bid.

b) As above – rail elements should only be included if the viability of the housing plans are predicated on further infrastructure being put in place.

c) If the housing development is dependent on the reinstatement of direct London services from Godstone, this would not be deliverable without an infrastructure-led solution and, if this does remain an aspiration, on which the housing element is predicated, should be included. When councillors met the Rail Minister recently, the discussion centred largely around improving the frequency, capacity and reliability of the current service, as well as having the services run later, rather than on direct services (although this was mentioned). The feasibility of this requires discussion and agreement with the train operator and DfT colleagues are very happy to support here. If a solution can be found by working with the train operator, then this would not need to be included in the bid (noting that additional services would come with an additional cost). DfT officials have discussed this issue with the operator, who have said that the current infrastructure on the line provides sufficient capacity for growth in the foreseeable future. The reliability of the line has been much improved since the start of 2019, following a period of delays due to speed restrictions being in place. In the longer term, works to extend the platforms on this line could be used to run longer trains and consequently expand the capacity, however this would not be strictly necessary until the available options for increased frequency and capacity within the current infrastructure have been explored. The feasibility of this requires discussion and agreement with the train operator and Network Rail, and DfT colleagues are very happy to support here. On the late night services – this would not require additional infrastructure and as a result isn’t related to the HIF bid.

d) If this is an element for which funding was being sought through HIF, I would see TSGN/Network Rail involvement – at this stage – only needing to go as far as ‘in principle support’ for the station enhancements, with information on development and delivery costings (bearing in mind that the promoter is on risk for cost increases once
any funding is secured). It wouldn’t be reasonable to expect – say – a GRIP3 design in the next month, but reasonably reliable costings would need to be included.

I understood from the councillors’ meeting with the Rail Minister that it was hoped that s106/CIL contributions to fund these works could be leveraged from the housing developer; it would be helpful to understand what level of certainty you have over this, and whether you’ve had previous successes on other schemes. If this element isn’t included in the HIF bid and if sufficient developer contributions can’t ultimately be secured, it will be very difficult to make the business case to DfT for funding the improvements, so I would counsel you to keep your options open on the source of funding for the station improvements. As above, if you can successfully make the argument that these station improvements would be needed to support the housing development that would make for a legitimate inclusion in the HIF bid. Steer should be able to assist in advising what evidence would be required to make this argument, and we would again be happy to support.

e) I would encourage you to incorporate rail elements into the HIF bid (for example station redevelopment, platform lengthening or the procurement of additional rolling stock) if consultation with Network Rail and GTR shows that these elements are essential to support the level of proposed housing growth along the line. Officials in the Department are happy to support with these discussions.

f) The ‘normal’ enhancements pipeline process operated by DfT would remain open – more information available here. However on the face of it, I would not be overly optimistic about the likelihood of success as a very strong business case for investment would need to be made to secure government development and capital funding. Given current low demand at the station and existing spare capacity on the services, even should the housing development come to fruition, there are likely to be much stronger and better-developed cases ahead of this one. Other funding options may include Access for All (which will also rely on a strong accessibility case); as well as the possibility of inserting some form of obligation in the next franchise on the route (the caveat being that it is very early on in the development of the successor to TSGN and the franchise may take a very different form. Other extraneous factors such as the ongoing Williams Rail Review may also change the current landscape further so I would not be able to say now with any certainty that this route would remain open). I’d be very happy to discuss this further with you if helpful.

Regards,

Paul Stone | Senior Planning and Investment Manager, South East, Anglia and Enhancements Portfolio, Rail Infrastructure - South, Department for Transport
3/23 | 07785 459189

From: [Redacted] | Sent: 06 February 2019 11:45 | To: [Redacted]
Many thanks for your offer of assistance and more detailed advice. A conversation we had yesterday with MHCLG, Steer Economic Development and Homes England indicated that in their view the inclusion of rail elements would weaken our BID prospects. As such we just wanted to seek some clarification on a couple of points so that we can try and make a better informed decision on how to proceed:

a) We understand that we were advised by the Rail Minister to include the upgrade of Godstone Station infrastructure and as per the email trail below an indication from yourself that we may wish to include Redhill-Tonbridge Line upgrades more generally. Please can you confirm if this remains the case considering the following matters?

b) Please can it be confirmed with Central Government colleagues the true position of DFT and MHCLG as it appears we have received some conflicting advice depending on the day we seek advice/support as to how to proceed?

c) We were advised that we would need to justify the “dependent development” for each of the infrastructure elements that we were seeking funding support for. In relation to rail upgrades across the whole Redhill -Tonbridge Line, in our view this seems a task beyond our capabilities as it was implied yesterday that we have to identify the precise house which causes the tipping point at which the network would break. Please can you confirm if this is your understanding of what needs to be included and this how you will be assessing the rail element should we include it in our bid?

d) Currently we have “high level” thoughts on the upgrades for the station, however, feedback from yesterday indicated that much more detail would be required for inclusion in the bid. As such there is a resourcing and timescale issue particularly if we are to have further discussions with Network Rail and TSGN. You have previously indicated it is essential for these partners to be on board, in your opinion, how vulnerable would it be to not have both of these partners fully on board at this stage bearing in mind the timescales for submission?

e) You have indicated the HIF bid would need to contain costed and achievable interventions that go to achieving the objectives you’re seeking in terms of rolling stock etc. Naturally as a Local Planning Authority, this is has never been something we have had to even contemplate. IT may seem rathe circular, however, can you indicate typical costings for rolling stock etc or point us in the direction of where we might be able to obtain this information quickly? – We would anticipate that a manufacturer would charge different list prices depending on the volume required,
owing to economies of scale etc and indeed it would depend on the preferred provider of such rolling stock?

f) You have indicated if the HIF bid is not successful for whatever reason, there is still the opportunity to seek enhancement funding to deliver the project objectives. Please can you confirm which opportunities there may be available to us to explore that you are aware of, notwithstanding priorities of Government and funding streams come and go and how we might go about accessing them?

Owing to our unusually “nonglacial” timescales a response soonest would be gratefully received.

Kind Regards

Tandridge District Council
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RH8 0BT

www.tandridge.gov.uk

From: [redacted]
Sent: 30 January 2019 08:34
To: [redacted]
Cc: [redacted]
Subject: RE: South Godstone HIF bid

Dear Mark,

Thanks very much for this. I was also at the meeting with the Minister, and would certainly encourage the inclusion of rail elements in the HIF bid. You may not necessarily wish to include the station improvements in the bid if you have a solid-looking funding option through the developers; the HIF bid may be a more appropriate vehicle for the infrastructure on the line of route. I understand that the main problem is the reliability and frequency of the service, along with it not running particularly later into the evening. I would encourage you to discuss the viability of improving this with GTR; a successful HIF bid may unlock the possibility of additional rolling stock – but I couldn’t guarantee this (for in-franchise issues, I’ve copied in my colleague Toby Lorber, who was also at Monday’s meeting). The HIF bid would need to contain costed and achievable interventions that go to achieving the objective you’re seeking, so ongoing discussion with Network Rail will be essential too. It’ll be me that

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ends up appraising rail elements of the bid, so happy to provide more detailed advice once the drafting is available.

If the HIF bid is not successful for whatever reason, there is still the opportunity to seek enhancement funding to deliver the project objectives – although on the face of it, the problem is less an infrastructure one; more a service pattern and timetabling one. Should an infrastructure solution be viable, though, I’d be happy to provide advice on the business case that will need to be produced to support this. I should mention now though – Network Rail’s funding for enhancements is very constrained in CP6 (2019-2024) and a very strong business case would be needed to support the investment that might be required. Happy to discuss this further too.

You also touch on works at East Croydon and Windmill Junction – we have been working with Network Rail for some time on the wider Brighton Mainline upgrade; of which this is one element. We are currently awaiting the results of Network Rail’s design work and will take a view on further funding for this once more is known – this should be later in the year. The desire for direct London services to be reinstated is noted – I’ve copied in Will Saltmarsh, who currently leads on the specification of the new franchise, for his information.

Regards,
Paul

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From: Paul Stone  | Senior Planning and Investment Manager, South East, Anglia and Enhancements Portfolio, Rail Infrastructure - South, Department for Transport
Sent: 29 January 2019 11:08
To: [redacted]
Cc: [redacted]
Subject: FW: South Godstone HIF bid
Importance: High

Dear [redacted],

As part of a proposed Garden Community at South Godstone, it is envisioned that upgrades to Godstone Station will act as a key anchor as part of the development creating a Gateway for the new community.

There is an existing station in place, albeit this consists of a small car park, two platforms and footbridge with a ticket machine. We seek support for the upgrading of this station as opposed to an entirely new station.

Detail of specific upgrade/design is anticipated to take place as part of an Area Action Plan, however, current thinking is that the station can be “re-orientated” so that main access to the station will be predominantly from the south as opposed to the north as is current which it is acknowledged is
limited in space owing to just a small car park and surrounding residential development therefore providing limited scope for increasing capacity and for upgrading.

This re-orientation will provide the necessary room for the provision of enhanced facilities and mobility impaired access as well as a potential station forecourt to serve as part of an integrated transport hub for improved bus services, taxi rank and car parking. Part of the costs of this provision can be offset by development of the air rights over a new station ticket hall, for example by provision of a low-rise hotel, office space and/or residential thus creating a “gateway/destination marker” for the proposed new community. The topography of the locality allows for a scheme to be delivered that would not be visually obtrusive, and the utilisation of air rights would not require air rights over the track itself (except for a mobility impaired access bridge to allow full access to both platforms).

In addition, it is desirable for the ticket hall to include a shop and café to provide an additional income stream through rent which should be of benefit to the franchise holder of the station (currently GTR).

The Topography at this location would require the installation of a lift from a ticket hall at street level.

Proposed upgrade works are:

- Provision of a ticket hall to include ticket office and ticket machines
- Provision of W/Cs
- Real time information
- Mobility Impaired access to both platforms to include lift access to street level
- Station forecourt/ public square
- Taxi rank
- Covered cycle parking
- Bus Shelters with real time information and layby
- New car park with approximately 500 -1000 spaces (to be shared between station users and users of the new community village/town centre)

What we are asking for:

- In principle support for the above mentioned facilities
- In principle support for offsetting costs of the upgrade via rent income generation and low-level air rights development over a new ticket hall
- Pro-active and positive engagement by Network Rail and DfT partners in a timely fashion in order to unlock the full potential of a Garden Community
- A position statement that the upgrades are deliverable at this location
- A requirement of any new Franchise Agreement to include direct services into London

We have not been asking for a commitment of money in relation to a station upgrade as we believe the proposals could be self-financing with initial outlay paid for by the developer(s). This being said, the Leader of the Council met with the Rail minister yesterday and was advised that we should include station upgrades in the HIF Bid and seek HIF funds to assist.
With regards to Direct Access Services/Timetabling we are aware that as part of timetable changes in May of this year, direct services to London have ceased along this line and instead replaced with a shuttle service, we did make representations at the time that we wished for direct services to remain, however, understood that additional capacity was prioritised for the Brighton Mainline as part of the Thameslink initiative.

We are further aware of the constraints on the line from East Croydon and in particular at the Windmill Junction just to the south of Selhurst Depot. We have had discussions with Network Rail in relation to these constraints and expressed support for their work in devising a feasibility study to submit to Government for a funding package. As part of the proposals it is envisaged that further capacity could be created with an additional platform at East Croydon and viaduct and signalling improvements at the Windmill Junction. We have further indicated that our support is based on the allocation of some of the additional train flow paths at peak times in order to enable a reinstatement of a direct services at the very least during these peak times along the Tonbridge to Redhill route.

We seek

- Full support for a reintroduction of direct services from the Redhill – Tonbridge line into London, at least during peak periods, once the upgrades at East Croydon and the Windmill Junction have been completed.
- Any new Franchise Agreement awarded to include such provision
- A commitment that the Redhill – Tonbridge line is not being actively managed to decline.

In relation to this last point, Tandridge District Council is somewhat concerned that it appears that this line is being putti into a managed decline by the current Franchise holder.

I would be happy to discuss further should you like to give me a call.

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From: [redacted]
Sent: 23 January 2019 10:04
To: [redacted]
Subject: FW: South Godstone HIF bid
See below an email my colleague in rail sent but is yet to receive a response. Grateful if I could copied in to any response.

Thank you,

| Area Lead for South East, London, South East and Housing Division, Department for Transport |
| 2/16 | 07977 410624 |

From: [Redacted]  
Sent: 11 January 2019 10:54  
To: [Redacted]  
Cc: [Redacted]  
Subject: South Godstone HIF bid

Dear [Redacted] (cc. Homes England colleagues),

I hope you don’t mind me contacting you unbidden; I understand from colleagues here that you are leading on a potential HIF bid for the South Godstone area, to be submitted by March. By way of introduction, I lead on rail enhancement planning in the Sussex and Kent region for DfT. The purpose of contacting you is to provide you with a few hopefully-helpful pointers on any rail elements of the bid, so that you can incorporate any changes you may wish to make before submitting the bid itself.

I note that you’ve had some engagement with Network Rail on the scheme and its feasibility. This is encouraging, but I would counsel that any rail enhancements required wouldn’t necessarily be able to be funded by Network Rail, who can’t necessarily agree to funding unilaterally; particularly in a funding-constrained environment for Control Period 6 (starting 1 April 2019). So any funding required to deliver improvements may need to be included in the bid itself.

Additionally, it would also be well worth discussing the bid with the train operator concerned (TSGN) and setting out their position on feasibility in the bid. Whilst Network Rail is the competent authority for the infrastructure and timetabling, it would be a train operator who would need to deliver any additional services themselves, with the implications for rolling stock and crew availability which that might bring with it – as well as the potential for impact on existing timetabled services, including those on the heavily-used Brighton Mainline.

I would be very happy to discuss any of these further with you if helpful.

Regards,

[Redacted]  
Senior Planning and Investment Manager, Rail Infrastructure South
7th March 2019

Dear [Name],

RE: Godstone Sidings, proposed resumption of traffic

Further to our dialogue regarding the redevelopment of your Godstone facility and the welcome resumption of rail freight traffic, I summarise below the key points of our latest discussion:

- Your site at Godstone benefits from an active connection to our network, subject to a longstanding and active connection agreement, you could effectively run trains tomorrow.

- The Tonbridge / Redhill line your site connects into is one of the three core routes through Kent linking the Channel Tunnel and London; as such it benefits from advantageous operational characteristics; namely superior loading gauge, 700+ m running length and some 25 freight paths per day enshrined in the working timetable.

- Your refurbishment and reconfiguration of your internal sidings to accommodate the proposed containerised RDF trains is therefore entirely in line with the operational parameters of our network.

- Moreover, the proposed twice daily service frequency envisaged sits readily within the capacity available in this area.

- Operationally, inbound trains would route via Redhill, setting back into your site from the Down line. Outbound trains would depart via the Down line toward Tonbridge (where they may either run-round in Tonbridge West Yard to head toward London or run forward toward Kent / North Kent via Paddock Wood).

Your rail fed development aligns both with Government policy around modal shift and Network Rail's forecasts for further rail freight traffic; we therefore welcome the resumption of rail freight traffic from Godstone.

Regards,

Yours sincerely,

[Name]

Head of Freight Development

Network Rail (Infrastructure) Limited Registered Office: Network Rail, 200 Northumberland Street, London, NW1 2BY Registered in England and Wales No. 2507337

www.networkrail.co.uk

Document Reference TED24:
Tandridge District Council – Housing Infrastructure Fund (HIF) Background and Update Information – November 2019
South Godstone
Supporting Document
A submission to join the Garden Communities Programme

Document Reference TED24:
Tandridge District Council – Housing Infrastructure Fund (HIF) Background and Update Information – November 2019
1.0 Government Support

The Council wishes to maximise certainty, speed of delivery, community engagement and quality of outcome at the South Godstone Garden Community. We have an aspiration to transform the settlement at South Godstone to promote good growth and we are progressing our Local Plan in order to bring this exciting project closer to reality. The Council is also committed to preparing an Area Action Plan in order to release the land necessary for the proposed scale of growth but this is a very large proposal for the Council and therefore, separate to these statutory responsibilities, we will be seeking government support to enable us to prepare for delivery.

Resource Funding

We will be seeking capacity funding for the following:

- Additional staff for external support with the appropriate delivery skills and experience to provide a clear, dedicated and focused lead for the Council on preparing for delivery.

As is indicated in the prospectus, the government’s experience on other large scale projects is that this single minded focus on building relationships with the land owners and developers and preparing for delivery has shown value in helping to support the delivery of garden communities.

We will want to engage the local community and other stakeholders in the preparation of the masterplan, the preparation of design codes, and a street and highways manual, to ensure that we get meaningful engagement with the existing residents and can genuinely push the design to demonstrate what good growth looks like.

In order to prepare for delivery, we propose commissioning a delivery strategy which we are keen to develop in partnership with the land owners and developers. This will go beyond the planning processes and set out details of the processes such as how non residential and mixed use areas will be delivered, how land will be disposed of to house builders and what the future stewardship and onward management arrangements are going to be.

Delivery Advice and Support

The Council would also like specific support from Government for its ambitions around combined heat and power from the nearby proposals at Lambs Business Park, including how to model a sustainable means of power and heat against costs and how residents of the community could benefit from reduced power costs and maintain a sustainable reliable supply. We will be keen to commission a technical report to establish the costs and feasibility of this potential approach.

We see the delivery of new homes working hand in hand with delivery of opportunities for jobs. We see the labour market underpinning the housing market
and particularly being closely related to sustainable development and sustainable travel patterns. We would wish to work with Government and the Local Enterprise Partnership in developing innovative mechanisms to ensure not just the delivery of employment space within the Garden Community but also the delivery of the businesses that will provide the jobs. We wish there to be a joint and joined-up strategy for delivery of employment space but also the delivery of jobs.

The Council would also like specific support to assisting house builders in setting up a supply chain that would allow modular construction of housing on site from components built off-site. We are keen to explore the framework that can be put in place to deliver sustainable construction and a more sustainable workforce. We would wish to have assistance from Government in pushing significantly social value outputs.

**Delivery Vehicles**

The Council would like support from the Garden Communities Programme to work through the detail of the most appropriate delivery arrangements to ensure that South Godstone delivers the exemplar of good growth to which we aspire. Given the scale of development and this Council’s desire to be involved as land-owner and landlord we would benefit from advice in setting up the best delivery vehicle to ensure the objectives and principles are made a reality. The Council would wish to tap into Government’s knowledge and expertise in delivering a range of housing products that suit current conditions yet are flexible enough to prosper through changes to the housing market over time.

**Cross-government brokerage**

We are particularly keen to have support for cross-government brokerage, particularly around Network Rail, Highways England and the Department for Transport, all of which are crucial for successful delivery. We would wish to use the expertise of Government to understand the future of car ownership and use, changes to the use of sustainable means of transport and the impact of onsite job provision. This is to ensure that the Garden Community is forward looking; that its development approach looks at and responds to changes in use and attitudes to personal transport in the future. We wish to understand the potential change to current baseline transport modelling taking account of the Government’s current policies towards car related transport.

**Peer learning and networking opportunities**

This Council would benefit substantially from the peer learning and networking opportunities that would be derived from being on the programme. Being part of the Garden Villages forum would provide an opportunity for us to benefit from best practice and the sharing of support.

**An Ongoing Dialogue**

We are available to discuss any aspect of our plans and to provide additional information or clarifications as required. We have a clear ambition to put our plans in place and ensure that high quality delivery is achieved and we will welcome an ongoing conversation with Homes England and MHCLG about how we can together support the delivery of this important and exciting opportunity.

**Document Reference TED24:**

*Tandridge District Council – Housing Infrastructure Fund (HIF) Background and Update Information – November 2019*
Document Reference TED24:
Tandridge District Council – Housing Infrastructure Fund (HIF) Background and Update Information – November 2019
4.0 The South Godstone Garden Community
A transformational proposition to secure good growth

South Godstone: Past
South Godstone lies south of the Surrey Hills Area of Outstanding Natural Beauty, in low-lying Weald countryside. The settlement of South Godstone, which can trace its origins to the mid-19th century with the arrival of the railway and A22, is an outlying community of Godstone which lies some 2 miles to the north.

South Godstone straddles the A22 Eastbourne Road linking London and the M25 to Sussex (Eastbourne). The existing settlement is also well connected by rail, being located on the ‘Tonbridge Line’ - London Charing Cross via Redhill.

The landscape surrounding South Godstone has been the subject of a wider Landscape Capacity and Sensitivity Study which has identified the capacity of the landscape to accommodate a new community.

South Godstone: Present
South Godstone is washed over by the Metropolitan Green Belt. It does not have a ‘traditional village’ character and has a relatively recent history stemming from the establishment of the rail line which defines its southern boundary. The settlement is characterised by a mix of housing types on looped roads straddling the A22 with relatively few community facilities and shops.

The settlement is home to around 1,500 people and is characterised by approximately 570 homes with some limited community infrastructure including:

- St Stephen’s C of E School, a single form entry school with nursery class
- St Stephen’s Church
- Community Hall with associated playing pitches
- Children’s play area
- Local convenience Shopping is provided by the petrol stations
- Restaurant converted from the community pub

The site seeks to provide 2700 jobs with an amount of employment space commensurate with needs and settlement size. South Godstone is also located near Lambs Business Park, which is proposed to be upgraded to a strategic employment site and expanded in the Local Plan. Further, on the same A22 corridor the Local Plan will allocate Hobbs Barracks as a strategic employment site to allow its expansion to meet greater jobs need within the district.

The proposals for South Godstone support the ambitions of the Local Enterprise Partnership, Coast to Capital. Their ambition for the region is to “build sustainable, prosperous communities, which support the development of the regional economy, [that] meet our future demographic challenge, and maintain the quality of life and attractiveness to investors which are fundamental to the region.” The LEP shares our vision for delivering a place that attracts families and people of all ages to the region by creating the right environment within which permitted sites can be brought forward.

Further the LEP specifically supports the proposition of new development corridors and have particular...
The vision for the community is founded on the following objectives which have been agreed following initial consultation and set out in more detail in our formal application:

- **Housing: Great Homes**
- **Employment: Well-designed Places**
- **Governance: Strong Local Vision and Engagement - Legacy and Stewardship Arrangement**
- **Land Capture and Investment: Sustainable Scale**
- **Sustainable Design, Efficiency and Quality: Well-designed Places - Great Homes**
- **Landscape, Green and Blue Infrastructure: Clear Identity - Healthy Places - Green Space**
- **A Healthy and Social Community: Clear Identity - Well-designed Places - Strong Local Vision and Engagement - Legacy and Stewardship Arrangements**
- **Sustainable Transport: Minimising need to travel, maximising alternative sustainable transport modes**
- **Community Infrastructure: Clear Identity - Sustainable Scale - Future Proofed**

**Document Reference TED24:**
Tandridge District Council – Housing Infrastructure Fund (HIF) Background and Update Information – November 2019
identified their desire to work with Government about the potential for investment to bring forward plans around the A22 corridor. The LEP recognises, as does the vision for this development, the need to address the relationship between cost of housing and out-commuting. They have stated:

"Meeting the cost of housing can be particularly difficult for the local workforce, who typically earn less than those who commute out of the region for work. This issue was at the heart of representations that we made earlier in the year to the Government’s consultation on the Industrial Strategy." (J Sharrack C2C Chief Executive, 2018)

Our vision is to reimagine South Godstone and for the Garden Community project to deliver significant benefits and enhancements to existing residents and businesses.

**South Godstone: Future**

We have established a clear vision for the future growth of South Godstone that will be genuinely and intentionally transformational - Good Growth. The vision is to catalyse the community to flourish and on a truly sustainable foundation, building on its underutilised railway connectivity and fantastic landscape setting to establish a community characterised by an environment that supports health and wellbeing and has an exceptional sense of place.

This vision is still evolving. We wish to develop the vision thorough a structured process, a secure planning framework and excellent community engagement.

The Garden Community principles set out in the Garden Communities prospectus provides a clear structure to ensure that the development of the plans create a Garden Community that we can be proud of.

Our vision is for a development with: a clear and distinct identity; a scale that enables it to be self-sufficient on a day to day basis; a well-designed layout and a vibrant place with a mix of uses; a diverse range of types and tenure of homes; strong engagement from the local community; respect for our natural and historic environment; an integrated and well connected network of transport and pedestrian routes; a focus on health and wellbeing; plenty of well connected green spaces; a long term stewardship plan in place; and a place that can adapt and accommodate changes in the way we live.

We work in collaboration with our partners to structure our strategy to allow the settlement to become predominately self-sustaining – creating housing for jobs and drawing on the settlement’s rail and highway connectivity. The proposed masterplan will secure its integration into the local landscape and recognise the value of historic and natural environment assets.

Our proposal is to grow the new community bringing benefits and enhancements including well planned development and social infrastructure to the existing community. We intend to create a focus and heart to the collective whole which is presently lacking, be sensitive to the local community and produce a masterplan that is responsive to the local landscape character. We will work with landowners and developers to prepare this concept masterplan for the new community and we see our role as a Planning Authority to explore future partnership and leadership models and behaviours founded on a development framework and principles embodied in the AAP. We want the best growth strategy to come forward as a single masterplan that has a strong cohesive sense of place.

Our Strategic Framework Plan (one of the several options) illustrates our early concept and general distribution of development within the Local Plan Area of Search and in response to our emerging landscape led vision for the community. This plan is not fixed but illustrative and will be the subject of ongoing work.

The defining characteristic of the Strategic Framework Plan is to ensure the community is connected to and defined by its landscape.

Our Plan will be structured around clearly defined qualities including:

- Strong Local Vision and Engagement
- Effective transport and good movement
- Healthy Places
- Green Space
- Legacy and Stewardship arrangements
- Future Proofed
Dear Sam,

I am writing to inform you that, following a competitive bidding process, Government will be supporting the delivery of a new Garden Village in your constituency of East Surrey.

South Godstone Garden Community is one of 19 Garden Villages selected following the publication of our prospectus in summer 2018, inviting local partners to come forward with ambitious locally-supported plans for new Garden Communities. The response to the prospectus was very strong and we are pleased that South Godstone Garden Community has been successful.

The Garden Communities programme makes a crucial contribution both to the Government’s ambition to increase the supply of new homes to 300,000 a year by the mid-2020s, and to the creation of a stable longer-term pipeline of homes. But this is not a numbers game – these places have the potential to become vibrant new communities and to create a legacy for future generations to cherish and enjoy. Our ambition is that these holistically-planned places, when delivered at scale, will support local areas’ ambitions for housing and economic growth.

The Government’s support will enable our local partners to plan for development that is sustainable, beautiful and benefits from the right infrastructure – provided at the right time. It is important that the Garden Villages stand out from the ordinary and bring infrastructure and facilities that benefit new and existing communities alike.

We will provide Tandridge District Council with £150,000 of capacity funding this financial year to help progress the design and delivery of South Godstone Garden Community. Delivering a Garden Village carries costs that go beyond those typically incurred by local authorities. The capacity funding Government provides ensures places have the resources they need to fulfil their growth ambitions. The funding will be used to procure dedicated project teams, holistic master-planning and the key studies needed to anticipate and offset the impact of housing growth. Other aspects of our support offer include expert delivery advice from Homes England and cross-government brokerage to help resolve policy barriers to delivery.
Whilst solving the housing supply crisis is not straightforward, Garden Villages play an increasing role in helping us bridge the gap. I welcome the ambition shown by Tandridge District Council and I look forward to helping it progress from design to delivery.

KIT MALTHOUSE MP
Appendix 8

See separate copy reports attached:

- DRAFT Land Assembly Strategy Report - South Godstone Garden Community
- South Godstone Garden Community Tandridge District Council; Further Analysis of Tandridge District Council’s Delivery Options June 2019
THE DISTRICT COUNCIL OF TANDRIDGE

PLANNING POLICY COMMITTEE

Minutes and Report to Council of the meeting of the Committee held in the Council Chamber, Council Offices, Station Road East, Oxted on the 19th December 2018.

PRESENT: Councillors Jecks (Chair), Duck (Vice Chair), Ainsworth, Black, Botten, Dennis, Dunbar, Farr, Fisher, Harwood, Jones, Lockwood and Sayer.


IN ATTENDANCE: Virginia Blackman (Senior Director, National Head of Compulsory Purchase, GVA).

204. MINUTES

The minutes of the meeting held on the 15th November 2018 were confirmed and signed by the Chair.

COMMITTEE DECISION
(Under powers delegated to the Committee)

205. OUR LOCAL PLAN: 2033 - SUBMISSION DOCUMENTS (REGULATION 22)

The Committee considered a proposed Local Plan for submission to the Secretary of State for independent examination in accordance with Section 20 of the Planning and Compulsory Purchase Act 2004 and Regulation 22 of the Town and Country Planning (Local Planning) (England) Regulations 2012.

The proposed Local Plan was accompanied by a raft of supporting documents, together with a covering report which informed Members about:

- the responses to the Regulation 19 consultation that took place between the 30th July and 10th September 2018;

- the schedule of main modifications arising from the above consultation and further work with statutory partners; there were no substantial changes in terms of site allocations or policies – however, the schedule did propose that the requirements for some individual allocated sites to generate specific infrastructure provision should be amended (such provision would still be retained within the infrastructure delivery plan);

- a reduction in the previously objectively assessed need (OAN) for housing in the district from 470 to 398 per annum (during the 20 year plan period) - the actual number of dwellings which the Local Plan intended to provide was 303 per annum;

- progress on obtaining agreement with neighbouring councils on statements of common ground in accordance with the duty to cooperate;
• further work in respect of the South Godstone garden community proposal, e.g.:
  ➢ an assessment by GVA Grimley Limited (property and planning advisers) concluding that the project is viable and that the required infrastructure can be funded from the captured land value of the site;
  ➢ commitments from Engie (a multinational energy infrastructure provider) and Clarion Homes to work jointly and proactively to deliver the community;
  ➢ discussions with Homes England, the Highways Agency and Surrey and West Sussex County Councils regarding the bid for central government infrastructure funding;
  ➢ the intention to seek to increase the initial build out rate of 200 homes per annum to around 270, particularly if the Council built its own homes.

The following comments and opinions were expressed during the debate:

• the proposed Local Plan presents a deliverable strategy for the District and balances the conflicting needs of providing additional housing (especially affordable homes for younger people) and protecting the Green Belt;

• the absence of a Plan would present unacceptable risks and a submission needed to be made on or before the 24th January 2019 to avoid uncontrolled development and exposure to the higher OAN housing requirements of the Government’s revised National Planning Policy Framework;

• the Council was achieving significant buy-in from key prospective infrastructure providers.

These views were countered by the following concerns and criticisms:

• certain aspects of the plan represented a poor outcome, especially for Tier 1 settlements, and the threat of 6000 new homes having to be built throughout the District was unjustified – the opportunity to strike a better balance between new housing provision and open space protection had been missed;

• Oxted was misrepresented in the settlement hierarchy (officers explained that regardless of the number of points allocated to Oxted and whether it ranked above Caterham or not, it would always still constitute a Tier 1 settlement);

• the Local Plan documents were weak, flawed, inconsistent and not compliant with national planning policy;

• the plan was not infrastructure led with no guarantee of the infrastructure required to support new developments; the Coast 2 Capital Local Enterprise Partnership had submitted representations about the soundness of the plan and Surrey County Council’s significant budgetary deficit cast doubt on its capacity to support key projects;

• additional, recently published local plan documents should have been consulted upon;
the alleged negative consequences of not submitting the intended plan at this stage were being exaggerated and the intended plan was now being rushed through;

- Tier 1 areas were vulnerable to excessive windfall development and developers should be held to account regarding the provision of affordable housing;

- the Council needed to demonstrate leadership and champion residents’ needs and reasonable demands.

The circumstances behind housing allocation policy HSG13 (land west of Red Lane, Hurst Green) were clarified, i.e. it reflected the County Council’s ambition for the Hurst Green infant and Holland junior schools to merge within a new building to be funded via the possible sale of the infant school site. Regarding other school sites, it was confirmed that SCC:

(i) had not withdrawn its interest in relocating and expanding Warlingham Village Primary School as referred to in housing allocation policy HSG15 (land west of Limpsfield Road, Warlingham); and

(ii) had not committed funding for improvements to Burstow Primary School.

Discussion ensued about policy TLP 25 (retail frontages) and the requirement for 50% of frontages in ‘local centres’ remaining in A1 use. Warlingham Parish Council had advocated that, where a proposed change of use would result in the proportion of A1 frontages falling below that threshold, planning permission could still be granted if it was demonstrated that the proposed use would make a positive contribution to the vitality and viability of the area. It was agreed that officers would review the wording against the evidence which underpinned the policy for local centres in response to the Parish Council’s representations.

Councillor Fisher moved that the recommendations within the report be put to the vote. Upon being seconded, this motion was carried and the Chair advised that he would be conducting four separate votes, i.e. on recommendations:

- A, B and D;
- C;
- E; and
- F

Recommendations A, B and D were duly carried.

Councillor Sayer moved that recommendation C be amended by the deletion of the following words:

"the schedule of main modifications attached as Appendix ‘H’ [to the agenda] be approved and authority be delegated to the Chief Executive, in consultation with the Chair of the Planning Policy Committee, to submit such further main modifications as she considers necessary, including such modifications as currently appear as minor modifications by way of tracked changes in the Local Plan which the Council is subsequently advised constitute main modifications."

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**Document Reference TED24:**
Tandridge District Council – Housing Infrastructure Fund (HIF) Background and Update Information – November 2019
The Chair proposed the following counter amendment which was duly seconded:

‘the schedule of main modifications attached as Appendix ‘H’ be approved and, subject to her notifying members of the Planning Policy Committee in advance, authority be delegated to the Chief Executive, in consultation with the Chair of the Planning Policy Committee, to submit such further main modifications as she considers necessary, including such modifications as currently appear as minor modifications by way of tracked changes in the Local Plan which the Council is subsequently advised constitute main modifications’

The Chair clarified that, at its meeting on 16th January 2019, the Committee would have the opportunity to consider the proposed main modifications for submission to the Planning inspectorate. Upon being put to the vote, the counter amendment to recommendation C was carried.

Recommendations E and F were then subjected to separate votes, both of which were carried.

**RESOLVED** – that:

A. the Local Plan (Appendix ‘A’ to the agenda) be submitted to the Secretary of State for independent examination before 24th January 2019, together with the:

   (i) Infrastructure Delivery Plan (Appendix ‘B’ to the agenda);
   (ii) Sustainability Appraisal (Appendix ‘C’ to the agenda);
   (iii) Habitat Regulations Assessment (Appendix ‘D’ to the agenda);
   (iv) Equalities Impact (Assessment Appendix ‘E’ to the agenda);
   (v) Policies Maps (Appendix ‘F’ to the agenda); and
   (vi) Regulation 22(3) Statement of Consultation and responses received (Appendix ‘G’ to the agenda);

B. power to make minor alterations to those documents prior to such submission be delegated to the Chief Executive;

C. the schedule of main modifications attached as Appendix ‘H’ to the agenda be approved and, subject to her notifying members of the Planning Policy Committee in advance, authority be delegated to the Chief Executive, in consultation with the Chair of the Planning Policy Committee, to submit such further main modifications as she considers necessary, including such modifications as currently appear as minor modifications by way of tracked changes in the Local Plan which the Council is subsequently advised constitute main modifications;

D. the Chief Executive be authorised to submit additional or amended documents to the examination library as the need arises, subject to her notifying members of the Planning Policy Committee in advance;

E. the amended Local Development Scheme, attached at Appendix I to the agenda, be approved; and
F. the ambition to increase the rate of delivery of homes in the South Godstone Garden Community be noted and, to that end, the acquisition of land by the Council within the area of search for the South Godstone Garden Community, including by use of its compulsory purchase powers if necessary, be agreed in principle.

Declarations of interest:

(i) At the beginning of the meeting, Councillor Jecks declared that his brother lives in Blindley Heath. Whilst not a disclosable pecuniary interest under the Members’ code of conduct, he wished this to be recorded in the minutes in view of the South Godstone garden community policy within the local plan.

(ii) Arising from the debate about the Local Plan, Councillor Botten declared that he was the chair of governors at Burstow Primary School. This amounted to a non-pecuniary interest under the Members’ code of conduct.

Rising: 9.35pm
THE DISTRICT COUNCIL OF TANDRIDGE

STRATEGY & RESOURCES COMMITTEE

Minutes and report to Council of a meeting of the Committee held in the Council Chamber, Council Offices, Station Road East, Oxted on the 5th February 2019 at 7.30pm.

PRESENT: Councillors Fisher (Chair), Elias (Vice-Chair), Ainsworth (sub), Botten, Bourne, Cannon, Childs, Jecks, Orrick (sub), Pursehouse and Wren (sub).

APOLOGIES FOR ABSENCE: Councillors Black, Davies, Harwood, Jones and Lee.

ALSO PRESENT: Councillors Duck, Lockwood, Farr, Mills, Morrow and White.

IN ATTENDANCE: Matt Hayes (GVA Grimley Limited) for minute 229.

228. MINUTES

The minutes of the meeting held on the 11th December 2018 were confirmed and signed by the Chair.

COMMITTEE DECISIONS
(Under powers delegated to the Committee)

229. OPTIONS FOR THE COUNCIL’S PARTICIPATION IN THE DELIVERY OF THE SOUTH GODSTONE GARDEN COMMUNITY

The Garden Community was a key component of the draft local plan which had been submitted to the planning inspectorate on the 19th January 2019. The Planning Policy Committee had agreed, in principle, that the Council should seek to acquire land in the proposed area of the Garden Community, both to accelerate housing delivery and to optimise the proportion of affordable accommodation. In light of this, a report was presented with the following broad delivery options:

A - planning led approach

➢ The Council would rely solely on its development control powers. Funding could be secured through Section 106 and Community Infrastructure Levy (CIL) mechanisms with development undertaken by the private sector.

B - landowner led approach

➢ The Council would be proactive in taking ownership of land and driving engagement between different landowners and promoters. This would include negotiations aimed at sharing infrastructure costs between landowners to achieve comprehensive delivery. Funding could be secured through S106, CIL and, possibly, an uplift in the value of the Council’s landholding. Private developers would be the likely delivery agents following purchase from landowners and promoters.
C – partnership approach

➢ The most proactive approach, whereby the Council would select a delivery partner (according to certain terms and conditions) and control the process having acquired the necessary land, including via compulsory purchase powers where appropriate. Other landowners/promoters could still deliver a proportion of the community, assuming they contribute towards costs. The Council would also seek to ensure robust community engagement, possibly involving a board of stakeholder representatives. As per the above two options, it would be necessary to draw up an area action plan in the prescribed manner.

Approaches B and C would enable the Council to build Council homes through Gryllus Housing Limited and/or the Housing Revenue Account.

The report was accompanied by an appraisal of the three options from the Council’s property and planning advisers, GVA Grimley Limited (GVA) as attached at Appendix ‘A’. The report also advocated that GVA should be commissioned to:

(i) provide further advice and analysis if the Council was minded to pursue approaches B or C; and

(ii) support the Council with other aspects of the Garden Community, including the preparation of a bid to the Housing Infrastructure Fund (HIF) for £30 million towards improvement works to the A22 and junction 6 of the M25.

GVA’s estimate for two initial sessions to define a preferred approach and to support the HIF bid was £15,000 and £7,500 respectively. A significant amount of extra support would be required in connection with approach C. The report advocated that the next phase of consultancy work should be undertaken by GVA without proceeding with a tendering process which would otherwise be required by the Council’s contract standing orders. It was also explained that the costs would be met from the budget set aside for the local plan in the first instance.

During the debate, Members expressed the view that option A would be unacceptable and that the Council needed to have a controlling stake in the project to secure maximum benefit for the community. A hybrid of options B and C was favoured. The use of the term ‘garden community’ (as opposed to a garden village) was discussed, along with the need for residents to know what they were entitled to expect from the development. The Chief Executive and Mr. Hayes responded to questions about the Council’s eligibility for funding under the HIF scheme and a recent funding bid to Homes England.

RESOLVED – that

A. the committee agrees, in principle, that a combination of the following approaches to the delivery of the South Godstone Garden Community be investigated further by officers:

(i) an approach based on the acquisition of some land in the garden community area (Option B); and/or

(ii) an approach whereby the Council takes direct control of the delivery of the garden community (Option C)