

Millngate  
Gosport CIL Charging Schedule Examination  
Hearing Statement

Respondent Number: CIL-REP 11

February 2015

**Millngate**  
**Gosport CIL Charging Schedule Examination**

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## 1.0 INTRODUCTION

- 1.1 This Statement has been prepared on behalf of Millngate. This Statement expands on the matters we have already raised in relation to the Consultation versions of the CIL Charging Schedule.
- 1.2 The Inspector and Gosport Borough Council ("GBC") will be aware that Millngate is the owner of a key strategic site within the GBC area. This is land known as the Former Frater House & Civil Service Sports Ground, Fareham Road ("the Site"). The location and extent of the Site is indicated on the Plan and Photograph at **Appendix 1**.
- 1.3 The Site extends to 4.5 hectares and has been totally vacant since April 2013. The Site comprises two policy components: (i) the western element which is previously-developed land extending to 2.28 hectares (allocated under emerging LP Policy LP9b for Economic Development); and (ii) the eastern element which is land previously used for private recreation extending to 2.22 hectares. This reflects the extent of the Open Space designation.
- 1.4 The Inspector and GBC will also be aware that Millngate is the process of formulating a mixed-use development of the Site. This was the subject of community consultation in December 2014 and follows extensive market testing. A summary of the scheme as presented during consultation is outlined at **Appendix 2**. Millngate and their professional team have been assessing development options on the Site since 2008 with external advice from established agents and costs advisors with experience of the South Hampshire / Gosport market.
- 1.5 Based on Millngate's activity in the area and the advice received to date, it has considerable knowledge of the local commercial and residential property market and the economics of bringing forward development in the GBC area. This knowledge and understanding has informed the case presented as part of this Statement.

## 2.0 EXAMINATION CASE

- 2.1 Our case relates to the proposed Retail and Residential (Zone 2<sup>1</sup>) rates.
- 2.2 The evidence on the viability of Retail and Residential development to accommodate CIL is provided in the Viability Appraisals prepared by Adams Integra ("AI") on behalf of GBC, namely: CIL Viability Report, July 2013 (Ref: CIL-5) and Addendum Report, July 2014 (Ref: CIL-6).
- 2.3 Based on professional advice, Millngate has received from national and local agents and national and local house builders, we have formulated a number of observations on the viability approach and inputs for the Retail (Supermarket and Retail Warehousing) and Residential appraisals in the Evidence Base. When allowance is made in the appraisals for a change in these assumptions, there is then a reduction in the financial surplus available to fund CIL. This justifies a reduction in the proposed Retail and Residential rates.
- 2.4 To assist the discussions during both Hearing Sessions, we have provided the following advice received by Millngate:
- Building Costs: letter from Rex Proctor Partners ("RPP") dated 18<sup>th</sup> February 2015 provided at **Appendix 3**.
  - Retail Valuation: letter from Lambert Smith Hampton ("LSH") dated 19<sup>th</sup> February 2015 provided at **Appendix 4**.
- 2.5 This advice provides the appropriate viability evidence that the Regulations require.
- 2.6 This advice and the effect these assumptions have on the Evidence Base appraisals support our original recommendations to GBC that the proposed rates for Retail and Residential development are too high and should be reduced. The Evidence Base supporting the proposed rates is therefore unsound. To address this, the rates should be reduced in order to achieve soundness in accordance with the CIL Regulations.
- 2.7 A proposed reduction in the Retail rate will also specifically protect the ability to deliver economic development investment under emerging LP Policy LP9b. This will ensure a key emerging Development Plan objective can be achieved and an appropriate balance is struck in accordance with the Regulations.

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<sup>1</sup> Our October 2014 Representation contained a typographical error in referring to this as Zone 3.

2.8 Against this background, there is therefore an opportunity to modify the Charging Schedule in order to comply with the drafting requirements of the Regulations.

### 3.0 EXAMINATION ISSUES

- 3.1 Our case is outlined below with reference to the Inspector's Questions. Where we do not provide a specific response to a Question, this is unrelated to Millngate's case so we do not offer a comment.

#### **Retail Warehouses & Supermarkets**

***Question 1: are the conclusions reached on Existing Site Values for retail warehouses and supermarkets justified?***

- 3.2 Our position in relation to the sample of Existing Site Values used in the appraisal remains as per our October 2014 representation (see paragraph 11 first bullet point). We have no further comment to make on this aspect of our case and will comment further as required during the Examination.

***Question 2 (a): does the evidence support the assumed achievable supermarket rental levels?***

- 3.3 Our position in relation to rental levels remains unchanged from our October 2014 representation (see paragraph 11 second bullet point).
- 3.4 The LSH letter provided at **Appendix 4** confirms the assumption on supermarket rental levels and a more realistic representation of unit size based on retailer requirements and emerging schemes. The latter confirms our position in relation to the basis upon which the appraisals should have been undertaken.
- 3.5 This evidence and approach is sound as it is based on LSH's considerable experience of advising on schemes in the South Hampshire / GBC area as outlined in their letter. It is also based on their scheme specific experience of advising on the lettings of the Site. This evidence is far more reliable than AI's own investigations (see Ref: CIL-6 paragraph 11.4.2) which have not been disclosed. The failure to disclose the source of this evidence also highlights the weakness of this aspect of the Evidence Base.
- 3.6 It should also be noted that AI's stated use of a rental level of £162 per sq.m is not actually reflected in the Supermarket Development appraisal provided in the Appendices of CIL-6. This continues to propose a £172 per sq.m level. This further highlights the unreliability of the Evidence Base and in particular the recommended CIL Charge.

3.7 For the reasons explained by LSH, we continue to recommend that a rate of £151 per sq.m is adopted in the Evidence Base. Adequate allowance also needs to be made for a rent-free period of circa 12 months. This is standard industry practice for retail schemes and is reflective of current and anticipated market conditions during the lifetime of the Charging Schedule, even allowing for the potential for review.

3.8 It is agreed that a rental level of £162 per sq.m is appropriate for a Retail Warehouse scheme. This can however only be applied to a terraced retail warehouse scheme alongside discount food. The approach taken by AI to assessing this form of development on a stand-alone basis is unrealistic for the reasons outlined at paragraph 11 (second bullet) of our October 2014 representation. This approach is confirmed by LSH.

***Question 2 (b): does the evidence support the assumed building and external works costs?***

3.9 Our position in relation to building costs remains unchanged from our October 2014 representation (see paragraph 11 third bullet point).

3.10 Our representation was informed by advice from Millngate's experience and advice received from their Quantity Surveyor, RPP. Advice received from RPP is provided at **Appendix 3**. Despite AI increasing building costs / external works in their CIL-6 appraisals, we continue to contend that these levels are too low. This is based on current market conditions in terms of the cost of raw materials, construction and the level of design quality that is expected for both buildings and external areas.

3.11 Based on prevailing and anticipated market conditions, RPP at present recommends £970 per sq.m GIA inclusive of external works for Retail Warehousing. This is a significant increase from the £660 per sq.m GIA allowance that AI proposed inclusive of external works.

3.12 The key area of contention is with the proposed Retail Warehousing allowance. For the reasons outlined in the RPP letter this should be increased in order to provide a realistic reflection of building and external costs for a typical Retail Warehouse scheme. This also allows for the expected continued rise in construction costs as RPP identify in their advice.

3.13 The Supermarket allowance is agreed.



***Question 2 (c): does the evidence support the assumed development duration for retail warehousing?***

- 3.14 Our position in relation to development duration remains unchanged from our October 2014 representation (see paragraph 11 fourth bullet point).
- 3.15 The LSH letter at **Appendix 4** confirms Millngate's expectation of 36 months in relation to the time taken to attract and secure tenants for a multi-tenant Retail Warehouse scheme. This is based on present and anticipated market conditions. It also reflects the experience of LSH and Millngate in assembling tenant interest in the present scheme. For instance, the marketing strategy for the present scheme commenced in 2013 and Millngate has only recently been able to proceed to the community consultation and pre-application stage based on the anticipated tenant line-up. This marketing period has taken circa 18 months and is ongoing. Allowing for the completion of pre-application discussions; determination of a planning application; and construction, the development duration will extend beyond 36 months. This reflects the need for an allowance of at least 36 months as originally recommended.
- 3.16 The Site is one of the most high profile and attractive commercial / economic development opportunities in the GBC area due to its central position in the urban area and location adjacent to the A32. Millngate and LSH's experience should therefore be accepted as a robust and reliable example of a typical Retail Warehousing development duration in the GBC area.

***Question 2: Conclusion & Recommendation***

- 3.17 Based on the deficiencies identified above, Millngate has provided us with the following worked examples of how this affects the findings of the AI appraisal:

**1. SUPERMARKET (2,323 sq.m)**

**A.) ADAMS INTEGRA:**

- Annual rent (£172 per sq.m): £399,556 pa
- Net Development Value: £6,234,880
- Total Cost (before land) including CIL of £139,380 and developer's profit of 20%: £5,532,394
- Land Surplus: £702,486
- Land Value after costs: £615,747
- Existing Site Value including landholder's premium: £500,546

- Amount available to fund CIL: £115,201

**B.) MILLNGATE:**

- Annual rent (£151 per sq.m): £350,773 pa
- Net Development Value: £5,473,549
- Total Cost (before land) including CIL of £139,380 and developer's profit of 20% (adjusted to reflect reduced disposal costs): £5,506,643
- Land Value Surplus/Deficit: -£33,094

**2. RETAIL WAREHOUSE (1,580 sq.m)**

**A.) ADAMS INTEGRA**

- Net Development Value: £3,499,869
- Development Costs (before land) including CIL at £94,800 and developer's profit at 20%: £2,117,217
- Land Surplus: £1,596,172
- Land Value after costs: £1,399,084
- Existing Site Value including landholder's premium: £342,142
- Amount available to fund CIL: £1,056,942

**B.) MILLNGATE**

- Net Development Value: £3,499,869
- Development Costs (before land) including, CIL at £94,800 and developer's profit at 20%: £2,969,514
- Land surplus: £530,355
- Land Value after costs: £464,590
- Existing Site Value including landholders premium: £342,142
- Amount available to fund CIL: £122,148

3.18 This demonstrates that using the more accurate assumptions, there is no surplus available to support CIL for Supermarket development. There is also a significant reduction for Retail Warehousing development.

3.19 Against this background, the proposed Retail Warehouse and Supermarket Rate cannot be relied upon. This is due to deficiencies in the Evidence Base which we have demonstrated is not based on appropriate evidence contrary to the CIL Regulations. This provides clear justification for a significant reduction in the proposed CIL rate.

***Question 3: has an Appropriate Balance been struck?***

3.20 The Evidence Base (see in particular CIL-8 paragraph 3.5) provides a clear expectation that Retail development (of both forms) will take place in the GBC area. The Evidence

Base also confirms that such development is expected to make a significant contribution towards infrastructure as a potential proportion of the overall funding requirement.

- 3.21 In order to expect development to proceed and contribute appropriately towards the provision of infrastructure it has to be viable. The proposed rate should also not represent a threat on the economic viability of this type of development in the area. Based on our observations on the assumptions behind the CIL rate and the conclusions presented under Question 2, there is presently not an appropriate balance as it clearly reduces the ability for sites and schemes to come forward.
- 3.22 By amending the Evidence Base in accordance with our recommendation at Question 2, there will be a more realistic economic basis upon which to support the delivery of schemes in the local area. This is the appropriate balance that the Regulation 14 recommends.

***Question 4: is there sufficient clarity to show when a development would be subject to a Section 106 agreement, and could any such agreements, when combined with the CIL levy, cause a development to become unviable?***

- 3.23 The July 2014 Contribution Strategy document (Ref: CIL-10) seeks to provide clarity on where S106 Obligations will be required in combination with CIL.
- 3.24 Whilst the document provides clarity, it illustrates the scale and range of S106 contributions that a scheme will have to bear. This is due to the characteristics and planning context of the GBC area. Table 4.1 of CIL-10 in particular provides guidance on the range of contributions that schemes will need to provide. In order to provide clarity, information on key sites is then presented in Table 5.1 This Table includes the Site which is referred to as the "Former Frater House site".
- 3.25 Based on this Table, the potential S106 costs that need to be included in addition to CIL are likely to include the following:
- Site specific highways improvements.
  - Transport Infrastructure Contributions – it is unclear from the Guidance whether this will be superseded by CIL. Table 4.1 of CIL-10 and the requirement to provide off-site transport infrastructure would suggest it would not and could be in GBC's gift to negotiate.

- Open Space contribution to reflect the proposed residential units.
- Solent Recreation Mitigation Partnership contribution relating to the nearby Portsmouth Harbour SPA.
- Education / Community Facilities contribution – there remains ambiguity in relation to this item as it is again unclear whether this will actually be replaced by CIL in the case of a scheme-specific impact.
- Children's Services Facilities contribution – this has the same status as Education / Community Facilities.

3.26 It should be noted that we have not made allowance for particular site-specific items such as off-site landscape improvements to Fort Brockhurst currently under negotiation with English Heritage, or loss of open space mitigation as this would not be representative of GBC overall.

3.27 Based on this list, we have calculated the potential post CIL S106 contributions for the scheme will be in excess of £550k. This is a significant sum compared with the allowance made in the Retail Warehouse, Supermarket and Residential Appraisals under the Planning Costs row (see Appendix 4 of CIL-6).

3.28 Against this background, it is clear that insufficient allowance has been made by AI in their Viability Appraisal and that post CIL adoption S106 costs have been substantially underestimated. Due to the level of potential additional cost and how this has not been adequately reflected in the Evidence Base, there is clear potential for schemes on key allocations (such as the Site) to be rendered unviable due to a combination of CIL and S106. This scenario can be avoided by a reduction in the proposed CIL rate.

3.29 There also remains considerable scope for GBC to negotiate additional S106 costs which would otherwise represent community infrastructure and could be covered by CIL under a more definitive Regulation 123 List. We request that GBC explain how this scenario is to be avoided. This will provide greater clarity and certainty for investors and applicants in the GBC area, such as Millngate.

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## Residential Development and General Questions

### *Question 6 (c): does the evidence support the assumed levels of developer's profit for affordable housing?*

3.30 Our position in relation to this matter remains unchanged from our October 2014 representation (see paragraph 14 fourth bullet point).

3.31 Our position has been supplemented by advice received from national and regional housebuilders. This confirms that it is appropriate to seek a level of developer's profit for affordable homes that is equivalent to private market housing.

3.32 Based on the deficiency identified above, Millngate has provided us with the following worked example of how this affects the findings of the AI appraisal:

#### **A.) ADAMS INTEGRA:**

- Private - £8,862,000 (63.30% of built site area (£14m)) x 20% = £1,772,400
- Affordable - £5,138,000 (36.70% of built site area) x 6% = £308,280
- Total Development Profit: £2,080,680

#### **B.) MILLNGATE:**

- Revised – 20% on both Private and Affordable
- Total build £14m x 20% = £2,800,000
- Difference between the two - £719,320.
- If we assume a notional CIL payment of £80 per sq m (on the private only) we end up with a sum of £421,200 (5,265 sq.m x £80).
- The increase in development profit from 20% and 6% to a straight 20% would result in a net loss of £298,120 with no surplus available to support CIL.

3.33 Against this background, the proposed Residential Rate cannot be relied upon. This is due to deficiencies in the Evidence Base which we have demonstrated is not based on appropriate evidence contrary to the CIL Regulations. This provides clear justification for a significant reduction in the proposed CIL rate.

### *Question 8: should the Draft Charging Schedule contain details of discretionary relief available for exceptional circumstances?*

3.34 In accordance with our original representation, this should be confirmed in accordance with CIL Regulation 55.

- 3.35 The provision of discretionary relief in exceptional circumstances allows for those schemes with exceptional costs to still be delivered. The PPG (paragraph 132) recognises that if such relief is available, each case will be considered individually by the authority and at their discretion, but it enables them to avoid rendering sites with specific and exceptional costs burdens unviable.
- 3.36 The benefits of providing such relief is recognised by other authorities in Hampshire, for example both Portsmouth City Council (PCC) and Southampton City Council (SCC) offer discretionary relief for exceptional circumstances. This is reflected in their Charging Schedules to provide clear advice to a developer on the potential availability of relief.
- 3.37 On this basis, we recommend the Schedule is updated to include reference to the availability of discretionary relief.

***Question 10: should the Draft Charging Schedule provide details of the phasing of CIL payments?***

- 3.38 In accordance with our original representation, provision of an instalments policy to allow phased payments is essential in order to allow a developer to understand the cashflow implications for a specific scheme. This is a fairly standard approach that is supported by the Regulations (69B) and PPG (paragraph 56).
- 3.39 It is also commonplace elsewhere in Hampshire. For example, both PCC and SCC allow for payments to be made in instalments. For a chargeable amount of over £250,000, PCC allow for 25% to be paid within 90 days, 25% within 180 days and 50% in 360 days. SCC allow for four equal payments within 60 days, 6 months, 9 months and 18 months.
- 3.40 An appropriate instalments policy is therefore recommended. The absence of a phasing allowance would only raise further concerns over the impact of CIL on scheme viability and delivery, as already set out.

## **4.0 CONCLUSIONS AND RECOMMENDATIONS**

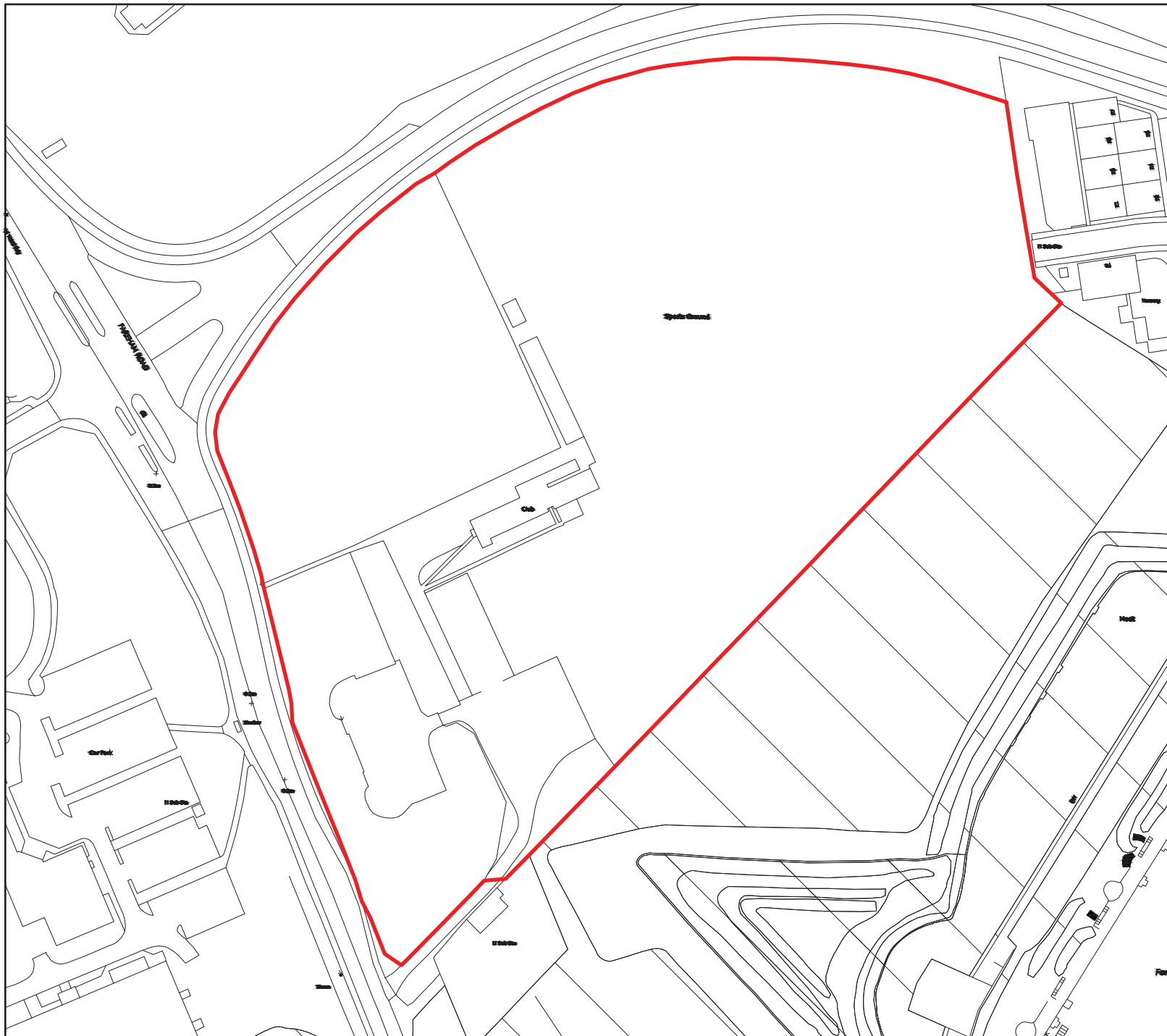
4.1 We have identified that the CIL Charging Schedule is currently unsound for the following reasons relating to viability:

- (i) The proposed Retail Warehouse & Supermarket rate cannot be relied upon. This is due to deficiencies in the Evidence Base which we have demonstrated is not based on appropriate evidence, contrary to the CIL Regulations. Using more appropriate valuation assumptions supports a significant reduction in the proposed rate.
- (ii) The proposed Residential rate cannot be relied upon. This is due to deficiencies in the Evidence Base which we have demonstrated is not based on appropriate evidence, contrary to the CIL Regulations. Using more appropriate valuation assumptions supports a significant reduction in the proposed rate.

4.2 A reduction in the proposed Retail and Residential rates in line with our recommendations for a sound evidence base will ensure the CIL Schedule is sound.

**APPENDIX 1**  
**SITE LOCATION PLAN & OVERHEAD PHOTOGRAPH**





The scaling of this drawing cannot be assured

Revision	Date	Drn	Ckd

### LEGEND

 Site Boundary

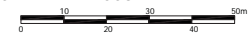


Client: Milln Gate Gosport LLP

Project  
Land at Brockhurst Gate,  
Fareham Road, Gosport

Drawing Title  
Site Location Plan

Date	Scale	Drawn by	Check by
11.02.2013	1:1,250 @A3	ML	MH
Project No	Drawing No	Revision	
20300	P003	A	



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Aerial View - Brockhurst Gate, Fareham Road, Gosport

Client: Millgate  
Date: 02/02/15  
Job/Dwg: 9695 Gosport  
Not to Scale

**APPENDIX 2  
PROPOSED SCHEME**

# Investing in Gosport

**Millngate is pleased to welcome you to view proposals for a major new regeneration scheme in Gosport for shops and new homes.**

We are a medium-sized UK based developer, established in 1997 with a track record of successful mixed-use development projects around the country which have benefitted local communities and the economy.

We recently purchased this site at Gosport which is around 4.6 hectares in size from the Defence Infrastructure Organisation (DIO). The DIO arranged the sale following the site becoming surplus to the requirements of the Ministry of Defence who had used it for offices (demolished in June 2005), car parking and the now disused former Civil Service sports ground. There is much scrub land along the site's perimeter.

Since the site's closure, it has been extensively marketed and there has been no interest shown in it for offices or sports use.

Around half of the site is allocated for economic development in Gosport Borough Council's emerging Gosport Local Plan. It also benefits from being close to the A32, the Gosport Leisure Centre and the Bus Rapid Transport route making it highly accessible. The site therefore represents a unique opportunity to bring forward a comprehensive multi-million investment.

Our proposals will bring this derelict and vacant site back into beneficial use by:

- Creating around 250 new jobs
- Encouraging inward investment in Gosport by attracting new national retail operators including Aldi and McDonalds
- Clawing back an estimated £10 million of trade lost to outside of the Gosport area creating a significant local economic benefit
- Building 100 new homes, including affordable accommodation
- Opening up key views towards Fort Brockhurst through a new area of open space, footpaths and woodland trails for the local community to enjoy

Please do take the opportunity to speak to representatives from Millngate and the project team who are on hand to answer your questions and complete a feedback form before leaving (or free post back to us).

We look forward to discussing the proposals with you.



Land fronting Fareham Road and Heritage Way

**“The site represents a unique opportunity to bring forward a comprehensive multi-million investment.”**

Tony Sweeney, Millngate MD

## Our Proposals – Overview

**Our vision is to create a high quality retail and residential environment in a new and attractive landscaped setting, transforming the site, the prominent part of which has been derelict since 2005.**

We want to significantly enhance the appearance of the site from the A32 Fareham Road, which is a key gateway into Gosport. We also want to improve the appreciation of Fort Brockhurst, an important part of Gosport's military heritage, by opening up key views via a new area of open space, footpath and woodland trails.

Our aim is to bring forward a series of benefits to the local community such as attracting new national businesses to the area; creating new jobs; delivering new and affordable homes; and introducing new open space, footpaths and woodland trails to encourage greater recreational access to the area around Fort Brockhurst.

### The scheme includes:

- Around 4,600 sq.m of retail and restaurant / café floorspace. This is provided in three retail units and two restaurant/café units.
- Aldi has been confirmed as a tenant in a new 1,700 sq.m unit, this will be the largest retail unit in the proposal.
- McDonalds has also been confirmed as a tenant in the unit fronting Heritage Way.
- Around 250 jobs will be created once the scheme is fully occupied and we would anticipate that many of these jobs would be taken by local people.
- 100 new homes accessed from Heritage Way. There will be a range of different house sizes to suit a wide range of needs including family-sized housing and housing suitable for first time buyers.
- Around 40% of the proposed new homes will be affordable.
- New open space which includes a new footpath and woodland trail network around the perimeter of Fort Brockhurst. This will create a new view of the Fort from Fareham Road and improve access to it for the local community and visitors to the area.



Computer-generated image showing how the new development includes new landscaping which will open up views towards Fort Brockhurst and create new open space

## Our Proposals – Retail and Restaurants/Cafés

**The part of the site that fronts Fareham Road and Heritage Way will be the focus of a new and attractive retail and restaurant / café scheme. This will take up around 45% of the site (2.1 ha) and will comprise:**

- Around 4,000 sq.m of retail floorspace in 3 units
- Around 560 sq.m of restaurant / café floorspace in 2 restaurant / café units
- Aldi has been confirmed as a tenant in a new 1,700 sq.m unit. This will offer a real enhancement of the food retail offer of this part of Gosport, improving consumer choice and access to shopping for the local community and clawing back trade lost to Fareham.
- McDonalds has been confirmed as a tenant in the unit fronting Heritage Way.
- The café offer is likely to be a coffee shop.
- Around 250 new jobs will be created once the scheme is fully occupied. The majority are expected to be drawn from the local community.
- The proposals are expected to clawback circa £10m of trade lost to the Gosport area, representing a net economic benefit to the local area.

- The units and car park have been set back from the A32 to provide a new area of publicly accessible open space and create views towards Fort Brockhurst.
- The shops will be designed using high quality and contemporary architecture. The scheme will also follow sustainable construction standards.
- There will be a car park with 274 spaces to serve all shops, including 30 disabled bays and parent & child spaces.
- The scheme will be easily accessed from the existing Fareham Road bus stops to allow access from the Bus Rapid Transport route.
- A new vehicle access will be created onto Heritage Way.



Computer-generated image of entrance to new retail outlets off Heritage Way





# Our Proposals – Retail and Restaurants/Cafés



### About Aldi

Aldi is one of the world's largest privately owned companies with over 7,000 stores across

Europe, North America and Australia and can be counted amongst the leading global retailers. Aldi opened its first stores in the UK in 1990 and currently operate over 500 stores across the country.

### What to expect from an Aldi store

Aldi prices are, on average, between 30 and 40 per cent lower than most supermarkets. Aldi is able to deliver these competitive prices by running an extremely efficient operation, without compromising on the quality of products. This allows Aldi to get the lowest prices from suppliers which can then be passed on to customers. Aldi focuses on quality rather than quantity, stocking a wide range of groceries which complement other local convenience stores to provide everything shoppers need, every day of the week.

### Aldi – Best Supermarket 2013

Aldi was named Which? Best Supermarket of the Year 2013. This prestigious award is measured on customer satisfaction, value for money, reliability and quality. Aldi is the first ever retailer to win Which? Best Supermarket at the Which? Awards for two years running. In 2013, Aldi was also awarded the highly prestigious Grocer Gold Award, Grocer of the Year 2013, beating Ocado, Sainsbury's, Tesco and Waitrose, along with 16 Gold and 10 Silver awards at the Grocer Own Label awards.



### Spend a little Live a lot

Aldi stores offer ranges of fresh fruit and vegetables, fresh bread, wines, toiletries and meal ideas – all selected based on quality. Aldi is a regular award winner for product excellence, often beating well-known brands and retailers.



Aldi aims to provide a clean, modern and friendly store with great products but without those hidden extras.

### Aldi's offering complements local businesses

Aldi has a unique offering and does not act as a one stop shop unlike other larger retailers. Aldi meets only a proportion of customers' convenience needs, meaning customers use other local shops in the nearby town centre to fulfil their grocery shopping requirements.



McDonald's has more than 1,200 restaurants in the UK and employs around 97,000 people.

McDonald's endeavours to be a part of the communities it serves.

In September 2014, McDonald's UK received the Alistair Mews Food Service Award from Freedom Food, the RSPCA's farm assurance scheme, recognising the company's contribution to farm animal welfare.

# Our Proposals – Employment

The proposals will create around 250 jobs.

## Aldi

As well as introducing increased choice for local people to complete their food shopping, the proposals will also create a considerable number of new jobs for the community. The introduction of a new Aldi food store will create up to 40 full and part-time positions, with the vast majority being made available to local people. Additional employment opportunities will also be available throughout the construction of the proposed scheme.

Aldi employees are at the heart of the company and the relationship is built on the principles of cooperation, honesty, trust, respect, individual empowerment, accountability, mutual support and learning. Aldi is committed to supporting its people in the following ways:

- Providing a range of high quality, structured training programmes and development opportunities
- Rewarding excellent performance with positive recognition and attractive remuneration
- Creating a culture of openness, transparency and diversity
- Offering job security
- Local employment opportunities



## McDonalds

### Working at McDonalds.

McDonald's made The Sunday Times '25 Best Big Companies' list for the fourth consecutive year, achieving 7th position. The award recognises the commitment to delivering customer service and the employment initiatives McDonald's has introduced in recent years.

People take a job with McDonald's for all sorts of reasons. Many employees who stay with McDonald's want to get ahead – in fact, 9 out of 10 restaurant managers and one in five franchisees started out as crew members behind the counter or in the kitchens.

## Other employment

The remaining two retail units and the café will generate a further 125+ job opportunities.



# Our Proposals – New Homes

The part of the site that fronts Heritage Way will be used for new homes. This will accommodate 1.8 ha of the site and comprise:

- Around 100 new homes in a landscaped and attractive setting set back from Heritage Way
- A range of homes will be provided to cater for all local housing needs but with a focus on family houses with gardens.
- 40% of the homes will be developed as affordable accommodation to cater for specific and identified local housing needs.
- The maximum height of the accommodation will be 3 storeys to maintain an appropriate density and appearance for this location, taking into account existing properties in the surrounding area and local and national housing guidelines.
- The houses will be built using modern yet locally sympathetic materials and to sustainable construction standards.
- Vehicle access will be taken from a new junction onto Heritage Way. Pedestrian and cycle access will also be provided to link with the wider area including Fort Brockhurst.



## Fareham Road / Heritage Way, Gosport Landscape Proposals

- Key:
- ① Field Of Fire reflected in low maintenance wildflower meadow.
  - ② Native woodland tree mix
  - ③ Existing bus stop
  - ④ Existing Pedestrian Crossing



Scale 1:500 @A1  
 Job Ref: 1071-G503B  
 Date: December 2014  
 Macgregor - Smith  
 Landscape Architecture

Aerial photograph showing proposed development

# Our Proposals – Landscape & Heritage

A key aspect of our proposals is a series of landscape improvements for the site and Fort Brockhurst. This will comprise:

- A circa 0.72 ha area of publicly accessible open space fronting Fareham Road. This will be completed as meadow grassland with new tree planting.
- Works to the existing boundary and area fronting Fort Brockhurst to open up key views of this important heritage asset from the scheme and Fareham Road.
- A new footpath and woodland trail network to encourage pedestrian access from the local residential area and scheme to the area surrounding Fort Brockhurst. This will offer a net community benefit through improved recreational opportunities and a new opportunity to appreciate the Fort.
- A landscape management scheme which will ensure the future maintenance of the scheme to ensure it remains open and accessible.
- This will represent a net benefit in the form and value of open space access from the site and to Fort Brockhurst.

## Fareham Road / Heritage Way, Gosport

Landscape Proposals  
Scale 1:1000 @A1



- ① Field Of Fire reflected in low maintenance wildflower meadow.
- ② Native woodland tree mix
- ③ Path link to new residential area
- ④ Woodland trails
- ⑤ Informal woodland trails
- ⑥ Fort Brockhurst Redan earthwork
- ⑦ Existing bus stop
- ⑧ Existing Pedestrian Crossing
- ⑨ Scrub cleared from South side of external moat bank
- ⑩ Scrub cleared from South side of internal moat bank

Job No: 1071\_G0208  
Date: December 2014



Plan showing proposed development layout

## Our Proposals – Transport

- The planning application will be supported by the submission of a Transport Assessment Report covering the whole site and separate Travel Plans for the retail and residential parts of the site.
- The scope of the Transport Assessment has been agreed with the highway authority, Hampshire County Council.
- The documents will be presented to the planning authority, Gosport Borough Council and the highway authority as part of the planning application.

### Access to the site

- Two new vehicle access junctions will be provided, one serving the retail element of the site and the other serving the residential element. Both junctions will be on Heritage Way. There will be no vehicle access to the site direct from the A32 Fareham Road.
- The proposed junction into the retail units is a give-way junction with a right turn lane to provide sufficient space for queuing vehicles entering the site. As a consequence the existing signal-controlled pedestrian crossing on Heritage Way will be relocated further to the east.
- The proposed junction into the residential part of the development will be a give-way junction.



Aerial photograph showing proposed development

- The site is located in a highly sustainable and accessible location. The A32 is part of the bus rapid transport route from Fareham to Gosport, with high frequency services. Bus stops with shelters are located immediately adjacent to the retail part of the site frontage. Pedestrian/cycle links into the retail development from the A32 Fareham Road linking with these stops are proposed.
- Pedestrian access into the residential and retail parts of the site will also be provided from Heritage Way linking up with existing footway, together with existing and relocated crossing facilities.
- Deliveries to the retail units will be made via a secure service yard within the site.
- Car parking provision for both the retail and residential elements complies with local authority standards, and will be sufficient to ensure that there will not be any overspill into the adjacent areas.
- Whilst traffic associated with the development will increase immediately in the vicinity of the site, many of the trips made will already be on the nearby roads, including the A32.
- In total travel terms, the introduction of new retail units will generally reduce the total distance travelled by people in the local area. This proposal will therefore provide the opportunity for many people to travel shorter distances to carry out shopping trips.
- Notwithstanding this, a detailed review of the A32 corridor in the vicinity of the site, including assessment of the traffic operation of the highway network between Military Way and Tichbourne Road has been undertaken and this demonstrates that the impact on travel time will be extremely modest as a result of the proposed development.

## Our Proposals – Key Benefits

To conclude, the proposals offer a major regeneration opportunity to Gosport which can be summarised as:

- Bringing a redundant site back into beneficial use
- Around 250 jobs to be aimed at the local community by national and well-established operators. The roles will offer high quality training and career progression prospects.
- An enhanced retail offer for this part of Gosport, improving local access to food shopping and clawing back circa £10 million of trade currently spent outside the Borough
- 100 new homes of varying sizes to meet local housing needs, including circa 40 affordable homes
- A high quality and well-designed scheme set in a landscaped setting. This includes opening up a new and key view of Fort Brockhurst from the north.
- New publicly accessible open space, footpath network and woodland trails for use by the local community and visitors to improve appreciation of Fort Brockhurst.
- Around 315 construction jobs will be created.



### YOUR VIEWS

Please complete a feedback form and leave it in the box provided. Alternatively, you can post this to us free of charge. The scheme can also be viewed on our dedicated website [www.Brockhurstgate.co.uk](http://www.Brockhurstgate.co.uk) in due course. Your comments will be reviewed and will help inform the design process prior to the submission of a planning application.

### NEXT STEPS

- Consider consultation feedback and update proposals: December 2014 and January 2015
- Target Planning Application submission: February 2015.
- Scheme completion and opening: Spring/ Summer 2016

**APPENDIX 3**  
**REX PROCTOR PARTNERS LETTER DATED 18<sup>TH</sup> FEBRUARY 2015**

DM/3191

M Harris Esq.  
Barton Willmore  
7 Soho Square  
London  
W1D 3QB

18th February 2015

Dear Mark,

**LAND KNOWN AS BROCKHURST GATE, GOSPORT, PO13 0AF  
GOSPORT BOROUGH COUNCIL COMMUNITY INFRASTRUCTURE LEVY (CIL)**

As you are aware, Rex Procter & Partners Limited are retained as Millngate's quantity surveyors in connection with the land they own, known as Brockhurst Gate, which lies at the junction of Fareham Road and Heritage Way, Gosport, opposite the Gosport Leisure Centre complex.

Rex Procter & Partners Limited have extensive experience within the retail sector working on various retail warehouse schemes and retail complexes throughout the country for a variety of companies including British Land PLC, WMS Morrisons and London Metric PLC.

We are currently engaged on a variety of projects along the South coast including South Hampshire in Christchurch, Havant and Worthing.

We understand that you require our commentary on the building costs proposed by Adams Integra in their Commercial Development Appraisals for retail warehouses as proposed within Appendix 4 of their Community Infrastructure Levy Viability Assessment Addendum Report in Response to the Consultation which is dated July 2014.

In relation to the building cost and external works costs included within Adams Integra's retail warehouse appraisal, we are not in agreement. Their total of building cost and external works amounts to £1,043,511 for a store of 1,580 sq.m which equates to £660.45 per sq.m. which is far too low. Clearly to propose an amount of £49,693 (5% of build cost) for external works which would involve a surfaced and lit car park for around 70 cars, a concrete service yard capable of handling large (40 ft) articulated trucks, security gates, cameras, surface water drainage attenuation, as well as associated landscaping, substation, crossover to the highway and the like is difficult to understand. The level of external works costs is not dissimilar from the assumptions that should be made for a supermarket scheme. Based on our experience and analysis of current construction cost trends, our opinion is that a figure of between £910 and £970 per sq.m is more appropriate, which would increase the building and external works cost to between £1,437,800 and £1,532,600. Such a significant increase would be bound to impact on the appraisal prepared by Adams Integra.

Q:\DAVID\Enquiries\Brockhurst Gate, Gosport\Correspondance\DM Brockhurst 3191 Land Known as Brockhurst Gate 18 02 15.docx

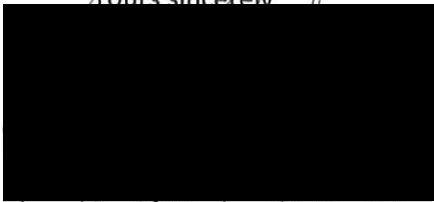
Generally building costs have been rising steadily and are anticipated to continue to do so.

Utilising the BCIS General Building Indices, there is a 3.5% uplift from quarter 2 2013 to quarter 4 of 2015, with further uplifts forecasted in the following 12 months to the end of 2016.

We understand that Millngate's letting agents will be writing to you with commentary on the rental values.

I hope this letter is of assistance.

Yours sincerely



David Meghen Dip Proj Man, MRICS  
For and on Behalf of  
REX PROCTER & PARTNERS LIMITED

**APPENDIX 4**  
**LAMBERT SMITH HAMPTON LETTER DATED 19<sup>TH</sup> FEBRUARY 2015**

19<sup>th</sup> February 2015

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**Lambert Smith Hampton**  
5 Town Quay  
Southampton  
Hampshire  
SO14 2AQ

Our Ref: JB/nb

Dear Mark

**Land Known as Brockhurst Gate, Gosport PO13 0AF  
Gosport Borough Council Community Infrastructure Levy (CIL)**

As you know Lambert Smith Hampton are the retained agents to Millngate in connection with the land they own, known as Brockhurst Gate, which lies at the junction of Fareham Road and Heritage Way, Gosport, opposite the Gosport Leisure Centre complex.

We understand that you require our commentary on the rental levels and retail warehouse development duration proposed by Adams Integra in their Commercial Appraisals for retail warehouses and supermarkets, which appear within Appendix 4 of their Community Infrastructure Levy Viability Assessment Addendum Report in Response to the Consultation which is dated July 2014.

As one of the principal commercial agents involved in the letting of retail warehouses and supermarkets within Hampshire, and having acted for Millngate in connection with the Brockhurst Gate site since 2008 we have considerable knowledge and experience of both these market sectors.

I am the principal contact within Lambert Smith Hampton on matters relating to retail warehousing and supermarket development. I have advised property owners, developers and occupiers in this specialist area of the marketplace for the past 25 years and am currently and most recently employed in the letting of retail warehouse schemes in Ely, Cambridgeshire, Crawley, Waterloooville, Havant, Portsmouth, Christchurch, Shoreham and Bognor Regis. I have been a Fellow of the Royal Institution of Chartered Surveyors for the past 25 years and I am appointed to the RICS national panel of experts determining rental disputes for the past 12 years, again specifically relating to this specialised market sector.

Lambert Smith Hampton have been appointed to act for Millngate in providing development and marketing advice in relation to the letting of retail warehouse and supermarket space within the proposed development at Brockhurst Gate since 2008. We have experienced limited market interest leading to lower levels of market rents reflecting a lack of competitive bidding. In addition there was no demand from what has previously been referred to as a supermarket and only a single and therefore non competitive interest from a discount food /value retailer.

Generally this market sector has been subdued due to the amount of secondhand space that returned to the market following occupier casualties during the post Lehman recession since 2008. In addition increases in development cost and enhanced specifications and incentives have depressed development returns radically reducing the amount of new space being provided. The recent contraction in the foodstore sector and shelving of new store development projects by the big 4 combined with a withdrawal of B&Q and Homebase from new store acquisition over the past 5 years has contributed to fall in real values across the sector.

We have for example recently re-let refurbished space previously occupied by MFI to The Range at only £8psf / £90 psm in Portsmouth as well as completing a new build for the same occupier in Bridgwater on similar terms. We have just completed the re-letting of the ex Comet premises in Eastleigh to Home



Bargains at a headline rental of £14 psf with a 6 month rent free period. Homebase at Bedhampton has closed as has the B&Q in Portswood with both sites being redeveloped for residential use.

It is widely recognised in the marketplace that Gosport property values across all sectors exhibit a substantially reduced level of demand and as such this is reflected in the discounted levels of value achieved. It is essential that these market conditions are reflected in the assumptions informing the proposed CIL rates.

We have reviewed the rental figures proposed within the Adams Integra Appendix 4 referred to in the second paragraph of this letter and would make the following comments:

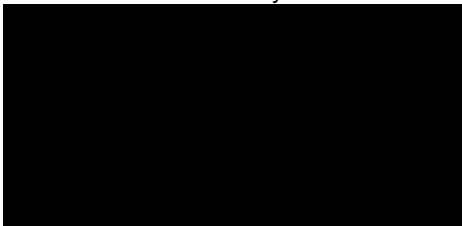
- 1. Supermarkets:** We note that it is recognised by Adams Integra that there is no current demand from the main four supermarket operators, namely Tesco, Sainsbury's, Asda and Morrisons, but that there is demand from the discount food operators, such as Aldi and Lidl. However, we must emphasise that as both Aldi and Lidl are already represented within Gosport any further store would represent a second such store for the operator and indeed a third discount foodstore within the Borough. Consequently we are aware that this will undoubtedly have the effect of depressing the rent the operator would be willing to pay. Furthermore, we are of the opinion that it is incorrect for Adams Integra to suggest that the average gross internal area for this type of store is 2,323 sq m (25,000 sq ft) The current average size lies between 1,650 to 1,700 sq m and in Gosport, to comply with minimum parking standards, a site area of circa 0.77 Ha or 1.9 acres would still be necessary. Finally we note Adams Integra's assertion in paragraph 11.4.2 of the Addendum that, following further research, they consider a rental rate of £162 per sq m to be appropriate (although we also note that the figure used in the appraisal at Appendix 4 is £172 per sq m) For the reasons outlined above, we strongly challenge this view and are quite satisfied that the true rent should be assessed at £151 per sq m with an allowance for incentives being the equivalent of a twelve month rent free period. This of course means that an £11 per sq m reduction on rent (or a £21 reduction on the figure of £172 used in the appraisal) would impact significantly on the Development Value for supermarket as set out in Adams Integra's Appraisal.
- 2. Retail Warehouses:** We do not dispute Adams Integra's opinion of rent of £162 per sq m for a retail warehouse of 1580 sq m but only on the strict understanding that this store is located on a retail park alongside other retail uses including discount food. However we do consider that the total development duration of 36 months as opposed to 24 months to be more realistic. We note the advice provided by Millngate's quantity surveyor, Rex Procter & Partners in their letter to you of 18th February 2015 that the building and external works cost should be £970 per sq m i.e. £1,536,600 as opposed to the figure included in the Adams Integra appraisal of £1,043,511 (£660.45 per sq m)

To conclude, in view of these significant differences it is my recommendation that Adams Integra should be requested to prepare further Commercial Development Appraisals to reflect:

1. In the case of the Supermarket, the reduction in size to 1,690 sq m and a rent of £151 per sq m.
2. In the case of the Retail Warehouse, an increase in building and external works cost to £1,532,600 and an increase in development duration to 36 months.

I can confirm that this letter can be published as evidence to the Examination Hearing.

Yours sincerely



**John S Butt BSc FRICS**  
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encl.