

Jennifer Howard

From: Jessica Hill
Sent: 11 July 2014 13:34
To: EHDC - Idf Shared
Subject: FW: Community Infrastructure Levy (CIL) Draft Charging Schedule Consultation

Jess Hill - Planning Policy Technical Officer
East Hampshire District Council
Penns Place Petersfield GU31 4EX
Direct Tel: 01730 234219

From: Lindford Parish Clerk [mailto: [REDACTED]]
Sent: 11 July 2014 13:12
To: Jessica Hill
Subject: RE: Community Infrastructure Levy (CIL) Draft Charging Schedule Consultation

Lindford Parish Council has discussed this consultation document at a recent meeting and would like clarification on the following point.

Lindford is/was included in the Whitehill Bordon Eco-town policy zone boundary but it is not clear which band Lindford is included in the residential use section 9 – Preliminary Draft Charging Schedule rates

As discussed by phone with Valerie Dobson earlier in the week the Parish Council cannot make comments until this point is resolved – and as agreed the Parish Council would like to reserve making comment until there is a decision.

Many thanks for your help

Kind regards

Annette Gould
Clerk to Lindford Parish Council
[REDACTED] (am only)

From: Jessica Hill [mailto:Jessica.Hill@easthants.gov.uk]
Sent: 30 May 2014 16:44
Subject: Community Infrastructure Levy (CIL) Draft Charging Schedule Consultation

To: All Consultees

East Hampshire District Council is moving forward with the process of developing a Community Infrastructure Levy (CIL). The first stage of consulting on the Draft Charging Schedule is now underway and will run until **5.00pm on Friday 11 July 2014**.

The consultation letter and Draft Charging Schedule are attached to this email for reference. Copies of all the documents including the supporting studies (the draft Infrastructure Delivery Plan, Viability Study and FAQs) are available on our website.

If you have any queries relating to any of the documents or the consultation process then please do not hesitate to call the Planning Policy team on 01730 234280.

Regards,

Valerie Dobson - Principal Policy Planner
East Hampshire District Council
Penns Place Petersfield GU31 4EX
Direct Tel: 01730 234152

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Jennifer Howard

From: Ian Stevens [REDACTED]
Sent: 11 July 2014 17:01
To: EHDC - Idf Shared
Cc: Charles Collins
Attachments: 140711 East Hampshire Consortium CIL Rep.pdf; ATT00001.txt

Dear Sir / Madam

Please find an enclosed letter outlining our representation on behalf of a developer consortium.

I should be grateful if you could acknowledge receipt.

Kind Regards

Ian


Ian Stevens
Senior Planner
Planning

Savills, Embassy House, Queens Avenue, Bristol, BS8 1SB

Tel : [REDACTED]
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savills

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11 July 2014
140711 East Hampshire Consortium CIL Rep

Community Infrastructure Levy (CIL) Project Manager
East Hampshire District Council
Penns Place
Petersfield
Hampshire
GU31 4EX

VIA E-MAIL:
ldf@easthants.gov.uk

Charles Collins
E: [REDACTED]
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2 Charlotte Place
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Dear Sir/Madam,

East Hampshire District Council Community Infrastructure Levy Preliminary Draft Charging Schedule Representation submitted on behalf of Cala Homes, Crest Nicholson and Persimmon Homes

1. Introduction

- 1.1 This representation has been submitted to influence the emerging Community Infrastructure Levy (CIL) Charging Schedule proposed by East Hampshire District Council (EHDC). It is made on behalf of Cala Homes, Crest Nicholson and Persimmon Homes, hereafter known as 'the Consortium'. Crest Nicholson has interests as development manager for Defence Infrastructure Organisation (DIO), Cala homes – land at Four Marks, and Persimmon has interests at Cadnams Farm Alton (shared with Martin Grant Homes), and at Larkham Road, Petersfield.
- 1.2 Savills, as part of the Home Builders Federation (HBF) CIL Initiative, is representing house builders and landowners nationwide on emerging CIL Charging Schedules, to scrutinise available evidence, notably in respect of infrastructure provision and the testing of viability against both the emerging planning policy requirements and the housing land supply. The objective is to ensure a reasonable rate of CIL, which allows for the policy requirements for sustainability and affordable housing, and also importantly, the level of Section 106/278 and other site specific infrastructure anticipated.
- 1.3 The representation is made in respect of the Preliminary Draft Charging Schedule (PDCS) published for public consultation in the period May to July 2014. Our clients' particular comments relate to the proposed rates for residential development which range from £0 to £180 per sq m, depending on the area of the District. Our clients also wish to question the proposed Alton Sports Centre tariff of £10,000 per dwelling for schemes of 10 or more dwellings within 10 minutes driving time of the sports centre in so far as it relates to the CIL Regulations 122 and 123 regarding limitations on the use of planning obligations.
- 1.4 The Consortium has come together to outline best practice and monitor the emerging EHDC PDCS, notably regarding the viability of the proposed rate for residential development. The Consortium's land holdings across the EHDC area will likely contribute to the maintenance and delivery of the housing land supply (to meet identified housing needs). The rate of CIL is therefore of critical importance to our clients.

Offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

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Registered office: 33 Margaret Street, London, W1G 0JD



- 1.5 No alternative viability appraisal has been prepared at this stage, owing in part to the fact that the Consortium's position reflects the planning interpretation of the evidence. Some comment is made on the Viability Report prepared by Adams Integra (March 2014).
- 1.6 Following a thorough review of the PDCS, the Consortium wish to make the following key observations:
- The three tiers of Section 106 contributions used in the viability testing require close scrutiny against the levels previously achieved. There is a risk that the proposed levy rate and 'actual' Section 106 costs when factored in, as opposed to the low figure adopted in the viability report, will render many schemes unviable.
 - Clarification is sought on the status of the Council's published Infrastructure Delivery Plan (IDP) (July 2013) and whether this forms the appropriate evidence base in the form of a Regulation 123 list as per Regulation 14 (5) of the CIL (Amendment) Regulations 2014.
 - The data used to inform the house prices are not accurately refined due to the inclusion of the South Downs National Park within the sales values assumptions as well as the mix of new and resale stock. We would request that refined and fully analysed market evidence is provided in supporting the values adopted.
 - There are concerns about how the threshold or benchmark land value (BLV) has been obtained, and how these relate to the identified market areas. Evidence of the levels quoted is therefore requested.
 - In addition to the limited market evidence provided for land values and house prices, there are concerns as to the evidence and appropriateness of the construction cost assumptions.
 - Regard must be had to large site typologies, including large consented sites, in so far as they contribute to the overall strategy and land supply. The viability study has omitted assessments above 75 units where an element of off-site infrastructure might be required.
 - Based upon the findings in the Viability Report and the Savills research (CIL – Getting it Right, January 2014) the CIL rate combined with the emerging affordable housing policy will render some schemes unviable, impacting upon the deliverability of the Local Plan. There is a clear trade of between the provision of affordable housing and the CIL rate.
 - The approach to net: gross development ratio is not clear. It appears from the Viability Report that varied levels of dwellings per hectare (25 to 60 dph) are assumed per dwelling size. This risks a misleading result, as this approach pays no attention at all to the interrelationship between gross and net land, which has an impact on the land value assumptions.
 - It is also not clear whether the housing mix assumptions included in the viability report are reflective of schemes that have come forward in recent years and whether they are compliant with the adopted Core Strategy policy on housing tenure, type and mix.



- The Viability Report adopts a 20% profit on private accommodation, with an 6% profit on affordable housing, instead of the industry standard, minima 20% on Gross Development Value (GDV).
- On a practical note, as differential rates are proposed, the CIL map will need to be based on a clear OS base, so that the boundaries may easily be defined.

1.7 The representation is structured in three parts. The first part of the representation outlines commentary on the proposed CIL charging rates and the adopted Joint Core Strategy. The second provides commentary on the Viability Report prepared by Adams Integra. The final part addresses infrastructure and Section 106 contributions.

2.0 The Proposed CIL Charges and the adopted Joint Core Strategy

2.1 This representation is made in the context of the Community Infrastructure Levy (CIL) (Amendment) Regulations 2014 and relevant statutory guidance (February 2014). These Regulations and associated guidance came into force on 24 February 2014. It should be noted that the standalone CIL guidance has since been added to the Government's Planning Practice Guidance (PPG) web based resource, as of 12 June 2014. The publication of the PDCS for consultation from June 2014, after the date that the 2014 Amendments to the Regulations came into force, means that the PDCS will be subject to the requirements of these latest set of Regulations and Guidance.

'Striking an Appropriate Balance'

2.2 A key change in the Regulations is in the onus within Regulation 14(1) regarding the balance between the funding of infrastructure from CIL and the impact on the economic viability of development across the area. The Regulation previously required the Charging Authority to '*aim to strike what appears to the Charging Authority to be an appropriate balance...*' (emphasis added), but the amendments now mean that the Charging Authority is **required** to 'strike an appropriate balance'. The onus has therefore shifted away from being a matter of opinion to a matter of fact. This should be considered by EHDC further, in the context of the representations received, prior to producing a Draft Charging Schedule (DCS) for consultation.

2.3 Essentially CIL must not threaten the delivery of the development plan. The National Planning Policy Framework (NPPF) notes that for local plans to be found 'sound' the plan should be deliverable over the plan period¹. The rate of CIL is therefore a significant consideration and should be set to facilitate development.

Affordable Housing

2.4 The 2014 CIL Guidance (now contained within the PPG) states that '*Development costs include costs arising from existing regulatory requirements, and any policies on planning obligations in the relevant Plan, such as policies on affordable housing and identified site-specific requirements for strategic sites.*'²

¹ Paragraph 173 - NPPF

² Paragraph 020 Reference ID: 25-020-20140612 PPG – CIL Guidance

- 2.5 This is supported by the NPPF³ which notes that local planning authorities should assess the likely '**cumulative impacts**' of the entire existing and proposed local and national standards. Meeting these standards should not therefore put implementation at risk.
- 2.6 EHDC's policy position is set out in the Local Plan: Joint Core Strategy which was adopted on 8 May 2014. The CIL rates are based on an affordable housing policy of 40% for all areas outside of the Whitehill & Bordon Eco-Town and 35% for Whitehill & Bordon.
- 2.7 It is welcome that CIL viability follows shortly after the adoption of an up to date development plan. However, it should also be added that it is best practice to incorporate a viability 'buffer' when setting the rate of CIL (discussed further below) to ensure that the delivery of both private and affordable housing is not adversely affected. As the CIL has been forwarded post the Core Strategy process, the opportunity to alter the affordable housing policy can no longer be taken.

Savills Research

- 2.8 Savills has recently published research which assesses the impact of CIL on development viability, notably the delivery of affordable housing⁴. This research, which is attached to this letter, demonstrates the trade off required to enable a deliverable five year housing land supply, in respect of the level of CIL against affordable housing provision.
- 2.9 The research notes that the ability of large Greenfield sites to support CIL, Section 106 and affordable housing provision is largely driven by the strength of the local housing market. Where the housing market is stronger (higher £ per sq ft) the total 'pot' available for these contributions increases. In contrast, lower value areas see reduced viability and subsequently a reduced 'pot'. It therefore becomes a question for local authorities to consider what the appropriate trade-off should be, taking into account adopted affordable housing policies. In the case of EHDC, the flexibility is the CIL rate, as the affordable housing policy is now settled.

3.0 The CIL Rates & Viability Study

- 3.1 Section 211 (7a) of the Planning Act 2008 (as amended) which established CIL, requires EHDC to use '**appropriate available evidence**' to inform the Charging Schedule, which in the case of the PDCS is a Viability Report produced by Adams Integra (March 2014).
- 3.2 The fundamental premise is that to enable delivery, sites must achieve a credible land value and developers the required return on investment, otherwise development will be stifled. This is recognised by the NPPF⁵ and is certainly 'in-built' within the CIL Regulations (as amended). It is also the basis of the definition of viability with the Local Housing Delivery Group report, Viability Testing of Local Plans⁶.
- 3.3 Owing to the key test of Regulation 14(1)⁷ it is important that the viability appraisals prepared are fit for purpose. In addition, at Examination the Charging Schedule will need to be supported by 'relevant

³ Paragraph 174 - NPPF

⁴ CIL - Getting it Right, Savills (UK) Ltd, January 2014

⁵ Paragraph 174 - NPPF

⁶ Viability Testing Local Plans - Advice for planning practitioners. Local Housing Delivery Group Guidance (2012) - page 14

⁷ CIL Regulations 2010 (as amended)



evidence⁸. Within the CIL Regulations (as amended), Local Planning Authorities (LPA) must strike an appropriate balance and justify that balance with evidence at the examination, showing and explaining how the rates will contribute towards the implementation of their relevant Plan⁹.

3.4 At this stage no alternative viability evidence has been prepared, although Savills or our clients may do so at the DCS stage if it is felt this is required. We offer below some initial thoughts on the assumptions within the viability assessments and outline our concern about the interpretation of the viability evidence when setting the proposed CIL rates.

3.5 Savills wishes to make the following broad comments:

- All methods used in the Viability Report assume a Section 106 contribution at three tiers £0, £2,000 and £5,000 per dwelling. These figures will require scrutiny against the levels of Section 106 previously achieved, which has not been included in the viability report or supporting evidence. £0 is an unrealistically low figure and in practice this figure can vary between £5,000 - £10,000 (plus) per dwelling, depending on the site specific constraints (notably for strategic sites). There is a risk that the combination of the proposed levy and the 'actual' S106 costs will render many schemes unviable. We would therefore ask that more detailed historic information on Section 106 costs in the EHDC area be made available alongside a draft Regulation 123 List (which outlines the restrictions proposed on the operation of Section 106 and 278 for County highways). This will ensure that the combined total cost of Section 106 and CIL is not in excess of historically delivered Section 106 costs and will not adversely impact the deliverability of any sites coming forward.
- The data used to inform the house prices are not accurately refined due to the inclusion of the South Downs National Park within the sales values assumptions as well as a mix of new and resale stock. From our review of the viability assessment, the information sources used for gathering information on the value of completed residential values has been mainly internet based research with no confirmation of findings. Agents opinions and actual evidence is required. The residential values adopted in assessing the viability of projects have been assessed on quoting prices less a 5% discount, this we see as not being an acceptable practice in establishing the true market revenues. Due to market variances and incentive packages that developers offer, we would ask that analysis of completed sales are undertaken using confirmed prices and floor areas with full allowance for any incentive packages in forming a robust approach and establishing an accurate picture of residential sales values in a geographical context.
- Paragraph 4.13.4 of the Viability Report states that second hand market modern houses and flats have also been studied and the relevant tables are included in appendix 1. Accurate, well evidenced and credible residential sales values are a key component of the viability appraisals which inform the proposed CIL charging schedule. The assumed revenue applied to each of the geographical districts should be based on a comprehensive data set of recently completed new build development so as to be appropriate and relevant in the context of future supply. Whilst existing sales values can provide a context for the values of future new build dwellings, it is important that second hand comparables do not distort the

⁸ Ibid. Regulation 11(1) (f) / 19(1) (e)

⁹ Paragraph 008 Reference ID: 25-008-20140612 - PPG CIL Guidance

evidence where significant premiums have been paid, particularly in the 'pockets of value' that the Viability Report refers to¹⁰.

- The sales data listed in appendix 1 includes values from settlements within the South Downs National Park, principally the settlements of Liss and Petersfield. The inclusion of such data has the effect of distorting the assumptions and overall assessment as for example in the resale average prices tables at the end of appendix 1, Petersfield is amongst the most expensive areas with resale prices. We therefore request that a refined and fully analysed market evidence is provided in supporting the values adopted.
- The Viability Report proposes a series of viability threshold figures (also referred to as Benchmark Land Values – BLV) to indicate the point at which a land value per hectare exceeds the value of alternative uses. Paragraph 4.7.15 of the Viability Report refers to the 'Harman guidance'¹¹ and that a threshold land value should be based on an appropriate premium above current use value and in line with the NPPF, provide a 'competitive return' to a willing landowner. The Viability Report provides a 20% premium.
- The resulting figures range from £450,000 per hectare for existing Greenfield agricultural use, to £2,772,000 for higher residential value. There appears to be no evidence of how the figures were obtained and to what extent they reflect different market areas across EHDC.
- We would therefore ask that Adams Integra provide further market evidence and commentary to explain, in relation to each market typology tested, which BLV is most appropriate. Clarification should also be provided on how the threshold land values have taken account of future plan policy requirements, to the extent that they will impact on land values and landowner expectations¹². This will ensure that the analysis of the viability appraisals is appropriate given the nature of the sites coming forward for development.
- We understand that the build costs adopted have been taken from the Build Cost Information Service (BCIS) with the information dating back to 2013. Although the Viability Report states that only a 0.4% rise has been recorded in the index, market evidence would suggest rising build costs for base materials which is reflective of the increase in house building. A review of more recent figures should therefore be undertaken and evidenced.
- We have assumed that all costs are based on a Gross Internal Area (GIA) basis, although this is not stated in the Report and we would ask for this to be clarified.
- We would also comment that we would expect variations in build cost to be adopted in the identified typologies to reflect the geographical and development specific variances proposed and the difference between lower density Greenfield sites and higher density previously developed lands. We would ask this is considered in revised appraisal work.
- Within the Viability Report it is assumed that the 15% costs for external works have been included in the build costs per sq m as per the previous Adams Integra viability reports undertaken for EHDC.

¹⁰ EHDC Viability Report for CIL – Paragraph 4.13.1

¹¹ Viability Testing Local Plans - Advice for planning practitioners - Page 29

¹² Ibid.- Page 29



- We consider this too low having regard to the lack of five year housing land supply¹³ and suggest that scaled external costs are considered for the identified typologies. According to the HCA, analysis completed by BCIS for the Housing Corporation in 2007 indicated that the average cost of external works and infrastructure on residential schemes started since 2003 was equivalent to an additional 27% of building costs, including a wide range of site specific circumstances. It is also relevant to note, that an additional allowance should be made for larger strategic sites, as quoted in the Harman Report¹⁴ as within the range of £17,000 - £23,000 per dwelling, to take account of site enabling costs (scheme abnormal costs). These are increased for larger strategic sites. Savills would therefore ask that appraisals are reconsidered with higher external costs factored into the typologies reflecting the proposed development typologies appraised.
- Only four development scenarios have been progressed (5, 10, 25 and 75 units) with the additional testing of 1 and 3 units on the assumption of commuted payments in lieu of on-site provision. The Viability Report states that these numbers are designed to reflect the range of developments that might arise across the plan area, although they are not intended to include more strategic sites where an element of off-site infrastructure might be required.¹⁵ A greater range, including larger site typologies should also be progressed. Regard must be had to large site typologies, including large consented sites, in so far as they contribute to the overall strategy and land supply; for example, a number of larger strategic sites have been identified in the Council's Strategic Housing Land Availability Assessment.¹⁶
- The approach to net: gross development ratio is not clear. It appears from the Viability Report that a varied level of dwellings per hectare (25 to 60 dph) is assumed per dwelling size. This risks a misleading result, as this approach pays no attention at all to the interrelationship between gross and net land, which has an impact on the land value assumptions. This is an important issue as highlighted in the 'Harman guidance' at Appendix B:

'Many viability studies model housing schemes assume a housing and plotting density per unit area. Such an analysis is a legitimate starting point and, provided the assumptions in relation to sales revenue and build cost are correct, produces a fully serviced land value per net developable area.

However, the assumption is then made that the net developable area (ie. Income generating land) equates to the area of land that is to be acquired following the grant of planning permission.

In all but the smallest redevelopment schemes, the net developable area is significantly smaller than the gross area that is required to support the development, given the need to provide open space, play areas, community facility sites, public realm, land for sustainable urban drainage schemes etc.

¹³ East Hampshire Interim Housing Policy Statement (27 February 2014)

¹⁴ Viability Testing Local Plans - Advice for planning practitioners – Appendix B, page 44

¹⁵ EHDC Viability Report for CIL - Paragraph 4.5

¹⁶ EHDC SHLAA – Included sites outside of the South Downs National Park (as of June 2013)

The net area can account for less than 50%, and sometimes as little as 30% on larger sites, of the site to be acquired (i.e. the size of the site with planning permission). Failure to take account of this difference can result in flawed assumptions and inaccurate viability studies.'

- It is accepted that for the 5 and 10 unit schemes tested, 100% site coverage is not an unreasonable assumption (though in reality that may be somewhere between 90-100%). However, for the reasons outlined in the guidance, the 25 and 75 site unit schemes should be tested at reduced site coverage, below 100%. Strategic schemes over 100 dwellings will have far reduced net developable areas, as these sites incorporate on-site infrastructure such as open space and Sustainable Urban Drainage systems.
- It is not clear whether the housing mix assumptions included in appendix 3 of the Viability Report are reflective of schemes that have come forward in recent years and whether they are compliant with the adopted Core Strategy policy CS11 on housing tenure, type and mix. Criterion c of policy CS11 states that new residential development will be required to provide a range of dwelling tenures, types and sizes to meet housing needs. It is vital that the assumptions tie in with both recent market evidence of what has been delivered on sites of varying densities in locations across EHDC and the adopted policy requirements.
- The viability report adopts a 20% profit on private accommodation, with an 6% profit on affordable housing. This equates to a weighted average profit margin of 17.5% on GDV. The minimum profit margin that the lending institutions are currently prepared to accept, on residential development, is 20% on GDV. This profit level was endorsed via the Manor appeal decision in Shinfield decision (Ref: APP/X0360/A/12/2179141, 8 January 2013). Savills has consistently adopted a 20% minima, as this is the figure which we are consistently informed by developers is the minimum acceptable to proceed with development (typically more).
- Savills are of the opinion that profit levels in the appraisals do not offer competitive returns and are too low to promote sustainable development. In addition, Savills are also of the opinion that the profit margin should not be split to reflect the affordable elements within the scenario appraisals, in particular, if developers are to accept reduced contractual margins on the build cost associated with the affordable housing development as suggested by the Adams Integra report.
- We would therefore ask that the typologies are re-assessed considering a revised profit level that is more reflective of the scale of development proposed.
- The Viability Report states that an allowance has been made for site surveys, which might include soils, topographical and ecology and take the view that a degree of site preparation is inevitable before construction of individual units can commence. No figure has been quoted in the Report and this should be included and evidenced as required.
- It is the view of the Consortium that the contingency element of 3% of build costs is too low and a higher contingency would be more reflective of the risks associated with the development pipeline within EHDC, the majority of which are complex large Greenfield developments. It is noted that the South Downs National Park Authority, along with many other Viability Reports, allow for a 5% contingency on build costs.



Other Development Costs

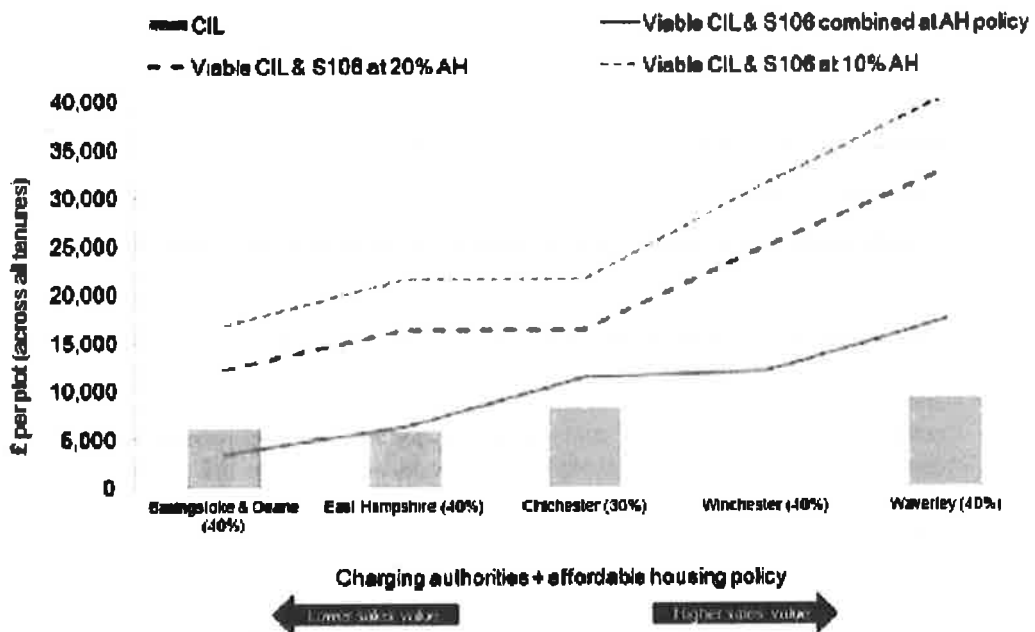
- 3.6 As outlined, large, strategic sites require a significant amount of land to enable them to deliver certain items of on-site infrastructure, such as public open space and educational facilities. Consequently the reduction from gross land area to net developable area can range substantially with reductions ranging from 40 – 60%.
- 3.7 In the recent examination of the East Devon District Council CIL DCS the Inspector refers to the Harman¹⁷ report identifying that *“failing to take into account that the net developable area on all but the smallest sites is likely to be significantly smaller than the gross area can result in flawed assumptions and inaccurate viability studies”*. The Inspector acknowledges that the Harman report identifies that the net to gross ratio of around 50% is not untypical for strategic sites.
- 3.8 As outlined, the LHDG Guidance (2012) suggests in order to factor in strategic infrastructure such as utilities, sustainable urban drainage etc. typical costs might be in the range of £17,000 - £23,000 per dwelling. This equates to £510,000 - £690,000 per hectare assuming 30 dwellings per hectare. This range has been confirmed with several local developers who are undertaking cost assessments within the District. Savills has also provided evidence to support the Harman range in representations recently submitted to Chichester District and Wokingham Boroughs.
- 3.9 It does not appear that EHDC has had any regard to the net:gross ratio in their appraisals and as previously stated, there have been no assessments of strategic sites above 75 dwellings where the greater infrastructure land take up is likely to be required. We would therefore ask that appraisals are revised and/or clarified to reflect increased site servicing costs.

Application of a Viability Cushion

- 3.10 Site specific circumstances mean that the economics of the development pipeline will vary from the typical levels identified via analysis of the theoretical typology. This is inevitable given the varied nature of housing land supply and costs associated with bringing forward development. We therefore recommend that a viability cushion be incorporated either into the benchmark land value or elsewhere through the CIL assessment process to ensure delivery of sufficient housing to meet strategic requirements. CIL, once implemented, is a fixed charge, and unlike Section 106 is non negotiable.
- 3.11 This is supported by the CIL Guidance which highlights the importance of a charging authority recognising the need for an appropriate balance when determining CIL rates - *“The authority will need to be able to show why they consider that the proposed levy rate or rates set an appropriate balance...between the need to fund infrastructure and the potential implication for the economic viability of development across their area.”*¹⁸
- 3.12 Based upon the findings in the Viability Report and the Savills research (CIL – Getting it Right, January 2014) the £180 per sq m CIL rate combined with the emerging affordable housing policy will render some schemes unviable, notably larger Greenfield sites, and hence impacting upon the deliverability of the Development Plan. There is a clear trade-off between the provision of affordable

¹⁷ Viability Testing Local Plans – Advice for planning practitioners – Appendix B, page 44

housing and the CIL rate, but also the need for a robust and credible appreciation of site specific Section 106 (scheme mitigation).



- 3.13 Utilising the Savills CIL Getting it Right report it can be seen from the above chart that based on the policy compliant 40% affordable housing, the proposed rate of CIL in zone 1 (£180 per square metre) is marginal at best. It would create no headroom for additional scheme mitigation or enabling costs, which would affect scheme delivery of larger sites (100 dwellings plus). In comparable locations (Chichester and Waverley) more headroom is proposed in the CILs. In Winchester, three strategic sites have no CIL charge, it is noted that a similar approach to taken for Whitehall / Bordon in EHDC.
- 3.14 EHDC will have to be confident that the range of typologies tested in the viability appraisal are sufficient enough analysis from which to judge whether the proposed CIL rate pays a sufficient buffer to the maximum theoretical viable level. The result may well be the need to apply further differential rates.
- 3.15 In our experience, a minimum viability cushion of 30% should be adopted to minimise risk to the housing supply, particularly when EHDC is not achieving a five year housing land supply. We would therefore ask that the proposed CIL rates are reviewed to include an appropriate viability cushion once the above recommendations are taken in to account.

Instalments Policy

- 3.16 The PDCS states that the Council can offer the payment of CIL by instalments to provide flexibility and support for more complicated developments. An 'instalment policy' stating the parameters of this process would be published alongside the adopted Charging Schedule. The PDCS does not currently introduce an Instalments Policy. The introduction of this policy is vital for larger sites.



- 3.17 The need for significant upfront costs would suggest that both timescale and occupation triggers should be considered. We would therefore recommend that the initial contribution (%) payable at the commencement of development should vary depending on the scale of the total CIL payment due, with the remaining payments linked to occupations. This will have a positive impact on the cash flow of the development and ensure that sites continue to come forward.
- 3.18 We would also recommend that there is an overriding mechanism which allows CIL instalment payments to be negotiated on a one-to-one basis in the event that CIL payments threaten the viability, and thus the deliverability, of the scheme proposed.

4.0 Infrastructure & Section 106/278 & Absence of an Emerging Regulation 123 List

- 4.1 The CLG CIL Guidance (now contained within the PPG) places a strong emphasis on the need for local authorities to demonstrate, when setting their charging schedule that they have been realistic, when testing viability, about what residual Section 106 and 278 requirements will remain. They should provide confidence in these assessments through a draft list of relevant infrastructure (so called 'Regulation 123 List') and revised policy on planning obligations that demonstrate how obligations will (or will not) be scaled back. It is now widely accepted that Regulation 123 permits the differentiation of infrastructure (as defined by the 2008 Act) by 'type' or 'project'. This permits EHDC (in liaison with Hampshire County Council) a large degree of flexibility to outline what is and is not to be infrastructure delivered by CIL, notably for larger scale sites.
- 4.2 The CIL Guidance states that *"When a charging authority introduces the levy, section 106 requirements should be scaled back to those matters that are directly related to a specific site... For transparency, charging authorities should have set out at examination how their section 106 policies will be varied, and the extent to which they have met their section 106 targets"*¹⁹.
- 4.3 The new Community Infrastructure Levy (Amendment) Regulations 2014 require the Regulation 123 List to form part of the evidence base (Regulation 14 (5)). EHDC has produced an IDP to support the Joint Core Strategy. Whilst paragraph 2.23 of the IDP states that it forms part of the published evidence for the PDCS, and an updated version will be prepared for submission with the DCS in anticipation of the CIL examination. Paragraph 2.24 then states that IDP evidence does not, in its current form, provide a clear steer as to how the authority intends to spend CIL. Clarification is therefore sought on the status of the IDP and whether this document with its date of July 2013 forms the appropriate evidence base to inform a Regulation 123 list as per Regulation 14 (4) of the CIL (Amendment) Regulations. In short, a draft Regulation 123 List is required to inform the likely onward use of Section 106/278, to inform the revised Viability Report.
- 4.4 Subject to clarification on this important point and further to the related comments raised below, a significant amount of comment from the Consortium shall have to be reserved for the DCS consultation.

Infrastructure Delivery Plan (July 2013) – Alton Sports Centre

- 4.5 An infrastructure list is provided in IDP Appendix 1, which defines infrastructure needs by Parish, and outlines whether this infrastructure may be funded by CIL or S106. The IDP outlines an estimated overall cost of identified infrastructure requirements for £41,940,000 with a funding gap of

¹⁹ See PPG

£19,440,000. This includes a funding gap of £8,650,000 within the South Downs National Park Authority area.

- 4.6 With regard to Culture and Leisure infrastructure category, one of the critical requirements is the refurbishment work at Alton Sports Centre. The costs are estimated at £12,000,000 and are to be sought by continuing S106 contributions. This is evidenced and supported by the Alton Sports Centre Feasibility Report (2013).
- 4.7 The Council approved a 10 minute drive time from Alton Sports Centre in which contributions would be sought towards improvements of the Centre, with £10,000 per dwelling²⁰ sought on schemes of 10 dwellings or more. Whilst it is appreciated that consultation has recently closed on whether the threshold area should be extended to a 15 minute drive time, which based on survey data would capture 87% of members as opposed to 60% in a 10 minute drive time, there is still a concern that this threshold would not comply with Regulations 122 and 123 of the CIL Regulations. This is principally because a planning obligation may only constitute a reason for granting planning permission for a development if the obligation is:
- *necessary to make the development acceptable in planning terms;*
 - *directly related to the development; and*
 - *fairly and reasonably related in scale and kind to the development.*²¹
- 4.8 EHDC should therefore review the funding mechanism for Alton Sports Centre and consider whether the enhancement works proposed would best be funded through CIL.
- 4.9 There are also concerns that the infrastructure contribution sought would fail to meet Regulation 123 (3) which states that a planning obligation ("obligation A") may not constitute a reason for granting planning permission to the extent that:
- (a) obligation A provides for the funding or provision of an infrastructure project or type of infrastructure; and*
- (b) five or more separate planning obligations that -*
- (i) relate to planning permissions granted for development within the area of the charging authority; and*
 - (ii) which provide for the funding or provision of that project, or type of infrastructure, have been entered into before the date that obligation A was entered into.*²²
- 4.10 It is therefore considered that the contribution per dwelling is contrary to the CIL Regulations (122 and 123 combined) and this has implications on the IDP and subsequently the PDCS and Viability Report. EHDC should review the infrastructure evidence in advance of publishing a fully compliant Regulation 123 list. It should also review the relationship between CIL and S106 as it moves forward to the April 2015 date for CIL implementation where the ability to seek S106 contributions will be significantly scaled back thereafter. Clarification should be provided on the proposed policy for scaling back S106 agreements. As stated earlier in this representation, more detailed historic information on S106 costs in the EHDC area should also be made available.

²⁰ Guide to Developer Contributions (2014) – paragraph 2.12

²¹ CIL Regulations 2010 – Regulation 122 (2)

²² CIL Regulations 2010 – Regulation 123 (3)

- 4.11 It is likely that should EHDC wish to provide funding toward Alton Sports Centre, that CIL will need to be used. It is by definition, 'strategic infrastructure' and hence out-with the site-specific operation of Section 106, post CIL (or April 2015, whichever is sooner). The Government makes clear this distinction in the PPG, notably re: the operation of Payments in Kind (see below).

Payments In Kind

- 4.12 The CIL (Amendment) Regulations 2014 recently came in to force and have made changes to the operation of Payments in Kind. Intended as a remedy for site specific development/infrastructure costs, the revised Payments in Kind mechanism enables developers to provide on-site infrastructure that is included on the Regulation 123 List, in lieu of a levy payment, provided that the said infrastructure is not required to mitigate the impact of the development (i.e. secured by a planning condition or Section 106 provision).
- 4.13 It is Savills opinion that this will significantly reduce the application of this mechanism and it is therefore essential that the CIL rate is set correctly, as the application of Payment in Kind will be limited. Through the confirmation of the operation of Payment in Kind, the 2014 Regulations have also confirmed that Section 106 should continue to be used to mitigate the impact of the development for matters specific to the site.
- 4.14 EHDC should also consider providing details of how, in practice, the operation of Payments in Kind may work, notably for infrastructure provision. This might be a useful mechanism to avoid the risk of 'double counting' Section 106/infrastructure provision, with CIL.

Reviewing CIL

- 4.15 The CIL Guidance outlines that Charging Authorities '*must keep their Charging Schedules under review*²³ to ensure that CIL is fulfilling its aim and responds to market conditions. If the CIL is set at too high a rate, the delivery of housing will be put at risk. Regular monitoring is required to ensure that any detrimental impact of the CIL on delivery is noticed promptly and remedied. It should be borne in mind that, in reviewing the CIL rates, the same charge setting process and procedures are required to be followed and therefore there will be an inevitable delay until any deficit in delivery can be remedied.
- 4.16 Our clients consider that EHDC should have a clearly defined review mechanism and suggest that monitoring takes place on a 6-monthly basis. Monitoring data and reviews should be regularly published, for example on the Council's website. Regular monitoring is key to ensure that CIL does not stifle development in the right locations.

5.0 Conclusion

- 5.1 Three of the key tests of the examination of a Charging Schedule are that:
- i. "the charging authority's charging schedule is supported by background documents containing appropriate available evidence";
 - ii. "the proposed rate or rates are informed by and consistent with, the evidence on economic viability across the charging authority's areas"; and

²³ Paragraph 043 Reference ID: 25-043-20140612, PPG)

iii. "evidence has been provided that shows the proposed rate would not put at serious risk overall development of the area".

5.2 The assessment of planned development and its viability is therefore an inherent test of the Examination. It is important therefore for the CIL to adequately reflect the land supply (both consented and emerging). It must have adequate regard to strategic development sites (existing and proposed).

5.3 Given the above, it is clear that the proposed CIL rates for residential developments would affect the delivery of all residential developments. The approach must accord with NPPF paragraphs 173-177 and not put at risk the delivery of the adopted Joint Core Strategy.

5.4 Moving forward, we welcome the opportunity to liaise and open dialogue in respect of the key inputs to the Viability Report, a meeting to discuss aspects listed below would be worthwhile:

- Levels of Section 106 likely on strategic sites / influence on a draft Regulation 123 List (which should be made available), including research on historic levels of S106 sought
- Benchmark Land Values – providing fully analysed market evidence
- Viability Assumptions – house prices, construction costs, net:gross site coverage, housing mixes and development costs
- Operation of the Payment in Kind for Infrastructure and recognition by EHDC that Section 106/278 may continue to be used to mitigate the impact of development ('site specific'), subject to the tests of Regulation 122/123
- Therefore that the proposed 'tariff' for Alton Sports Centre, should be 'strategic infrastructure' and hence infrastructure funded via CIL
- Operation of the Instalments Policy
- Inclusion of a viability buffer to the proposed CIL rates, to ensure that the majority of the land supply is delivered
- Amendments to the Viability Report to reflect all of the above, notably the additional site typology assessments needed (75 units plus).
- Finally, as differential rates are proposed, the CIL map will need to be based on a clear OS base map, so that the boundaries may easily be defined.

5.5 If you have any questions related to this representation please do not hesitate to ask.

Yours faithfully,

Charles Collins
Savills Planning

Encl. Savills CIL – Getting it Right Publication

CIL - Getting it right

January 2014



Setting Community Infrastructure Levy Rates to Support the Construction of More New Homes

■ For local planning policies to be viable, there is a three way trade-off between the costs of CIL, Section 106 funding of Infrastructure and affordable housing policy, with the costs of local standards and the move to zero carbon being additional costs to be factored into the trade-off.

■ Based on generic assumptions and before local specifics, the capacity to pay CIL and Section 106 on large greenfield sites equates to between 20% and 30% of unserviced land value in many markets. However, this capacity falls away towards zero where affordable housing policies apply at higher percentages in excess of 30%, and at lower percentages in markets in which potential sales values for volume sales are below £250 per sq.ft.

■ These are important markets, in which 85% of residential development outside London takes place. At sales values of £225 per sq.ft., in order for there to be enough 'in the pot' for CIL and Section 106 combined to be paid at £10,000 per plot, affordable housing policy would need to have been set at 10%. This is the trade-off that needs to be recognised when Local Plans are tested for their viability.

■ In stronger markets, there is more capacity to fund infrastructure via CIL and Section 106. At a sales value of £300 per sq.ft., with a 30% affordable housing policy, there is enough 'in the pot' for CIL and Section 106 to be paid at £15,000 per plot. However, this falls away to around £10,000 per plot if affordable housing policy is set at 40%.

■ The capacity to pay CIL varies widely, according to local policy on Section 106 payments. Even with scaled back Section 106 policy, the cost of Section 106 infrastructure is unlikely to be less than £3,000 per plot on large greenfield sites and it can often amount to significantly more than £10,000 per plot.

■ Viability testing of CIL cannot be robust if there is no clarity on Section 106 policy. From the other end of the lens, a zero CIL rate for strategic sites offers the greatest flexibility to use Section 106 to fund infrastructure and mitigate site impact, subject to the restrictions in the revised regulations.

Consistency is key

CIL is designed to contribute towards the funding of local infrastructure, to facilitate sustainable development. This is clearly a desirable outcome, provided the levy is set at a level that does not threaten the viability of the development plan.

Our objective in this report is to seek more consistency in the rate setting process, with particular regard to viability assessment, as the majority of authorities move towards implementation of CIL charging schedules. It is written with our experience of advising and representing members of the Home Builders Federation on appropriate rate setting at a local level across England and Wales.

Within this report, we review the rates at which CIL is being set by charging authorities across the country for the residential development of large greenfield sites, as these are such an important part of national housing land supply. Alongside this, we present a new benchmark for the capacity to pay CIL and Section 106 on such sites, based on a broad view on development economics, local market strength and affordable housing policy.

This paints a picture of the diverse approach that charging authorities are taking to the rate setting process. The result is wide variation in how authorities are striking the balance between fund raising and economic viability, in order to facilitate the scale of development outlined in their Local Plans.

What is the benchmark?

■ The benchmark is based on the residual development appraisal of a large greenfield site, with generic assumptions relating to significant variables. It gives a starting point for review of policy viability, before examination of local specifics.

How much CIL can be paid?

The National Planning Policy Framework requires that local planning policies should be tested for their viability, such that:

“The sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.” (para 173)

The costs of CIL and planning obligations are paid out of land value, as long as there is sufficient value remaining for the land to come forward for development (benchmark land value). If the residual value remaining (after deduction of all costs from total revenues) is too low, then the land is not economically viable to develop, as shown in Graph 1 below.

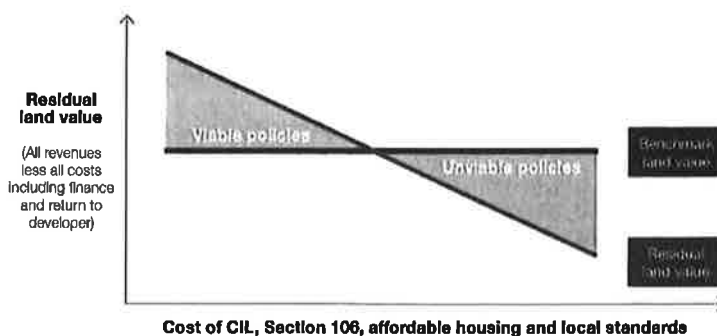
“It is rarely, if ever, the case that the pot of money is large enough to fund all policies”

The most crucial assumption in the policy testing process is the benchmark level of land value required to provide a competitive return to land owners, across the types of site that make up the housing land supply in the charging authority (usually the local authority area). This should be set at a level which includes a ‘viability cushion’, as recommended in the Local Housing Delivery Group guidance on the viability testing of local plans. When testing the viability of CIL, this reflects the government guidance that CIL should not be set at the margins of viability. This is particularly important for CIL, which is a fixed charge with no flexibility for variance, should individual sites be unviable.

The viability test will establish the pot of money that is available from development, to fund policies. It is rarely, if ever, the case that the pot of money is large enough to fund all policies, as the cost of delivering infrastructure is so substantial. If viability testing of the Local Plan and CIL is carried out concurrently, then the local authority can choose which policies take precedence.

However, if introduction of a CIL charging schedule follows the Local Plan, then the policies in the Plan must be costed fully in the testing of CIL. This includes affordable housing policy, Section 106 funding for infrastructure, any local standards that go beyond national standards and the additional known policy costs of moving towards zero carbon by 2016. In this case, CIL may be ‘crowded out’ by the cost of other policies.

GRAPH 1 **Cumulative impact of policy on financial viability**



Source: Savills Research



How does viability vary across markets?

To take a view on the viability of policies across the country, we have developed a model for the viability of large greenfield sites in different strength markets. The output is a benchmark amount available to pay CIL, Section 106 infrastructure funding and the cost of local policies, taking account of affordable housing policy. It gives a starting point for review of policy viability, before examination of local specifics.

Table 1 shows the benchmark amount per plot, as an average across all tenures. This varies significantly, according to sales value and affordable housing policy, with little or no level of CIL being viable in lower value markets, where sales values are at £175 per sq.ft. In these markets, developers and local

authorities need to work together to find ways of bringing sites forward, using policy flexibility and whatever public investment in infrastructure that can be made available.

Even in mid-priced markets there is a viability squeeze. For instance, at sales values of £225 per sq.ft., in order for there to be enough 'in the pot' for CIL and Section 106 combined to be paid at £10,000 per plot, affordable housing policy should be set at 10%.

In stronger markets, there is more capacity to fund policies. At a sales value of £300 per sq.ft., with a 30% affordable housing policy, there is enough in the pot for CIL and Section 106 to be paid at £15,000 per plot. However, this falls away to around £10,000 per plot if affordable housing policy is set at 40%. Viable amounts

at lower affordable housing policies of 10% and 20% in higher value markets are greyed out in the tables, as such policies are unlikely to apply in these areas.

This is all based on generic assumptions relating to significant variables, such as the proportion of the site that is developable, the costs of site infrastructure and local land values. The specifics of the local market may differ from these generic assumptions.

If there is evidence of Section 106 payments having been agreed and paid at higher levels, then the specific circumstances of these sites should be understood, to test whether they are representative of the economics of the bulk of the land supply pipeline in the district.

TABLE 1
Amount available for CIL and S.106 (£ per plot, all tenures)

Affordable Housing %	Sales value per sq.ft.								
	350	325	300	275	250	225	200	175	150
0%	45,800	39,400	33,000	26,600	20,200	13,800	7,400	1,000	0
10%	38,300	32,700	27,100	21,500	15,900	10,200	4,600	0	0
20%	30,900	26,000	21,200	16,400	11,500	6,700	1,800	0	0
30%	23,400	19,400	15,300	11,300	7,200	3,100	0	0	0
40%	16,000	12,700	9,500	6,200	2,900	0	0	0	0
50%	8,600	6,100	3,600	1,100	0	0	0	0	0

Source: Savills Research

TABLE 2
Amount available for CIL and S.106 as % of unserviced land value

Affordable Housing %	Sales value per sq. ft.								
	350	325	300	275	250	225	200	175	150
0%	37%	37%	36%	35%	34%	31%	26%	8%	0%
10%	35%	35%	34%	33%	31%	28%	20%	0%	0%
20%	33%	32%	31%	30%	27%	22%	11%	0%	0%
30%	30%	29%	27%	25%	21%	14%	0%	0%	0%
40%	25%	23%	21%	18%	11%	0%	0%	0%	0%
50%	17%	15%	11%	5%	0%	0%	0%	0%	0%

Source: Savills Research

Land Value Capacity

Expressing the benchmark as a proportion of land value gives a useful perspective on the capacity to pay CIL and Section 106. In higher value markets, the capacity to make the combined payment is between 20% and 30% of unserviced land value at 30% affordable housing, but this falls away towards zero at higher affordable housing policies in excess of 30%, particularly in markets where sales values are below £300 per sq.ft. (Table 2).

This is important, as more than 70% of residential development is in markets where new build sales value potential for volume sales is no more than £250 per sq.ft, as shown

in Graph 2. Outside London, 85% of development is in these markets. Clearly, development does take place in these mid- to lower-value markets, generally on smaller sites that are less expensive to develop. Sales values on these smaller sites are not constrained by the competitive sales environment found on larger sites, so their viability can be supported by sales values that are higher than those achievable on the larger sites.

What is at issue here is the urgent need to bring forward large sites in areas where unmet housing need is greatest, as national housing need cannot be met without development of such sites. The analysis demonstrates there is only a limited potential to

fund infrastructure from planning obligations and levies in markets where sales values are less than £250 per sq.ft. Many of the country's allocated greenfield sites are located in these markets, so other sources of infrastructure funding will be required here. It also indicates that allocation of more large greenfield sites in higher value markets would release more capacity to fund infrastructure from obligations and levies.

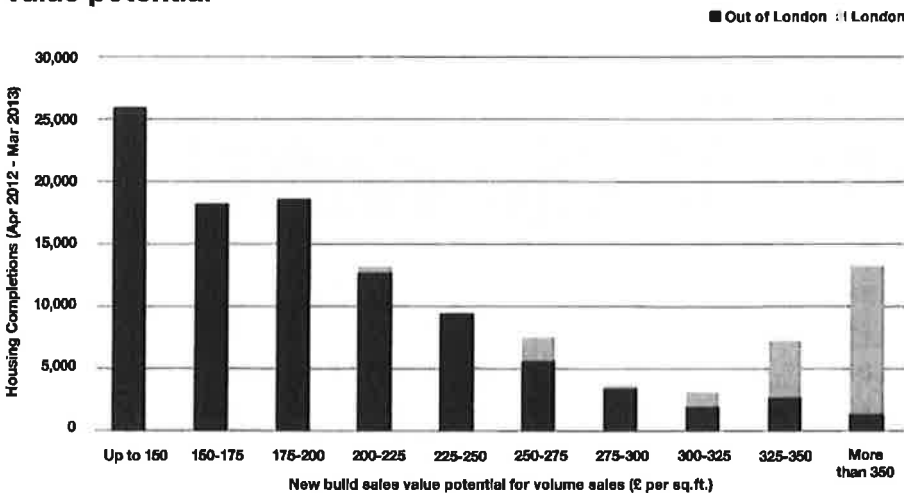
The Three Way Trade-Off

Section 106 payments are varying considerably in the emerging CIL world, depending on whether local policy is to scale back Section 106 alongside CIL, or whether significant site specific infrastructure will continue to be funded via Section 106. Some authorities have stated that Section 106 on large sites will be scaled back to amounts in the order of £3,000 per plot, to cover the amounts typically payable for smaller scale road and pedestrian connections, play parks and community buildings.

In other cases, major items of transport and education infrastructure will be funded via Section 106 on the large greenfield sites. At the East Cambridgeshire examination, a higher figure of £10,000 per plot was used as an assumption, but funding of such items of major infrastructure can exceed £15,000 per plot.

Whether Section 106 payments are nearer £3,000 or £15,000 per plot has a dramatic impact on the amount of CIL that is payable within our benchmark amount, as shown in

GRAPH 2
Housing completions in England, by volume new build sales value potential



Source: Savills Research Note: London sales values are shown for context only, as these are not relevant to the values achievable on greenfield sites.

TABLE 3
Amount available for CIL – assuming £3,000 S.106 per plot (all tenures)

Affordable Housing %	Sales value per sq.ft.								
	350	325	300	275	250	225	200	175	150
0%	300	300	300	230	170	110	40	0	0
10%	300	330	270	200	140	80	20	0	0
20%	300	280	230	170	110	50	0	0	0
30%	290	230	170	120	60	0	0	0	0
40%	210	160	110	50	0	0	0	0	0
50%	110	60	10	0	0	0	0	0	0
0%	11%	10%	9%	8%	6%	5%	2%	0%	0%
10%	10%	9%	8%	7%	5%	3%	1%	0%	0%
20%	9%	8%	7%	6%	4%	2%	0%	0%	0%
30%	8%	7%	5%	4%	2%	0%	0%	0%	0%
40%	6%	5%	3%	2%	0%	0%	0%	0%	0%
50%	3%	2%	0%	0%	0%	0%	0%	0%	0%

Source: Savills Research

TABLE 4
Amount available for CIL – assuming £15,000 S.106 per plot (all tenures)

Affordable Housing %	Sales value per sq.ft.								
	350	325	300	275	250	225	200	175	150
0%	300	260	180	110	50	0	0	0	0
10%	260	190	130	70	10	0	0	0	0
20%	300	140	80	20	0	0	0	0	0
30%	120	60	0	0	0	0	0	0	0
40%	20	0	0	0	0	0	0	0	0
50%	0	0	0	0	0	0	0	0	0
0%	8%	7%	6%	4%	2%	0%	0%	0%	0%
10%	7%	6%	4%	2%	0%	0%	0%	0%	0%
20%	6%	4%	2%	1%	0%	0%	0%	0%	0%
30%	3%	2%	0%	0%	0%	0%	0%	0%	0%
40%	1%	0%	0%	0%	0%	0%	0%	0%	0%
50%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Source: Savills Research

Tables 3 and 4. At the scaled back level of Section 106 of £3,000 per plot (Table 3), the viable level of CIL reaches £170 per sq.m. (around 5% of sales value) in higher value sales markets of £300 per sq.ft., at an affordable housing policy of 30%.

However, at the 40% affordable housing policy that often applies in such markets, this is squeezed to £110 per sq.m.

At higher levels of Section 106 of £15,000 per plot (Table 4), the capacity to pay CIL in addition is much lower, falling away to zero in most markets, other than the higher value markets in which sales values exceed £300 per sq.ft.

The revised CIL Guidance recognises the need for clarity on the interaction between CIL and Section 106, by formalising the need to be explicit

on what is funded via each mechanism during the rate setting process.

As such, the so-called 'Regulation 123 list' of infrastructure is now part of the evidence base required during the rate setting process, although it is regrettable that the proposed requirements for formal consultation on any subsequent changes to this list have not been introduced.

Appraisal assumptions

The benchmark is the result of a residual development appraisal, adopting a standard set of assumptions which are shown in Table 5. Amongst these, the appraisal should allow for a competitive return to the developer. We use 20% margin on gross development value across all tenures, in line with evidence that this is a minimum requirement across the cycle.

The allowance for on-site infrastructure, at £20,000 per plot, is in the middle of the range of £17,000 to £23,000 per plot outlined in the Local Housing Delivery Group guidance.

The proportion of the site that is developable varies widely. We have assumed 50% of the site is developable for residential use, but this is often lower and can be as low as 30%, in which case the amount available to pay CIL and Section 106 will be lower than the CIL benchmark presented here.

Land Value and Viability Buffer

It is crucial to set a benchmark land value to represent a competitive return to land owners, such that the local land supply will continue to come forward for development.

Our benchmark appraisal uses a benchmark land value that includes a viability cushion. This has regard to

TABLE 5
Assumptions summary

Net Dev Area (% gross area)	50%		
Interest rate	6.5%		
Marketing (% of sales)	3%		
Professional fees (% of build costs)	12%		
Additional build cost to 2013 Building Regulations (£ per dwelling)	1,000		
Infrastructure (£ per dwelling)	20,000		
Density (dwellings per acre)	14.2		
Dwelling size (sq.ft.)	1,030		
Coverage (sq.ft. per net dev acre)	14,600		
Developer profit on all GDV (excluding marketing and finance, to cover overheads)	20%		
Sales value (£ per sq.ft.)	300	250	200
Affordable value as % of market value	43%	48%	55%
Build cost (£ per sq.ft.)	97	91	86
Land value benchmark inc. buffer (£000 per gross acre)	290	190	95

These are generic assumptions for larger sites with a capacity of more than 500 homes. Local specifics will vary. On smaller sites, costs of Infrastructure may be lower but benchmark land values are likely to be higher.

both minimum land value and market land value, as shown in Graph 3.

Minimum land value represents the lower end of land owners' expectations of realisable value. It is a feature of option agreements between land owners and developers, representing the minimum value at which land will be released by the land owner to the developer.

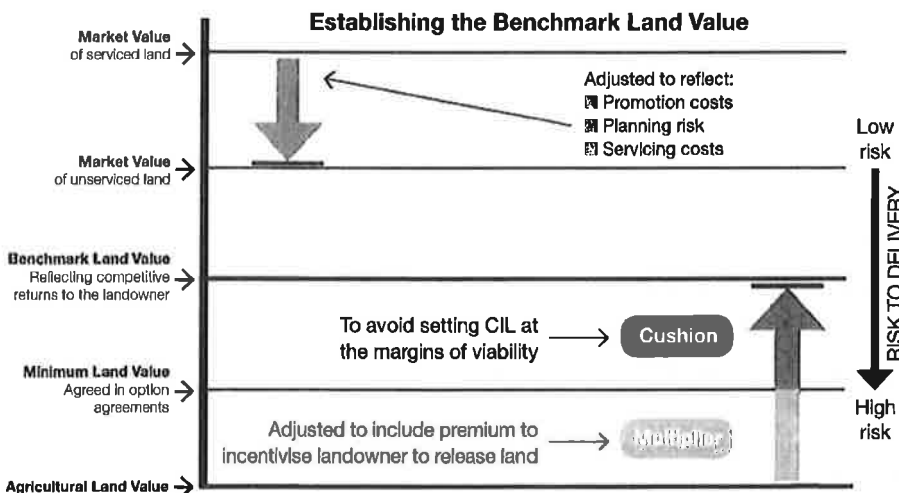
The Local Housing Delivery Group guidance recommends that evidence of minimum land values in option agreements is used as a reference point for setting a benchmark land value, subject to addition of a viability cushion, to include consideration of the costs and risks involved in promoting land through the planning system.

Market land value is, by definition, the value at which land will trade freely in the current system. If benchmark land value is set at the lowest end of the range between minimum and market land values, then high risks of non-delivery will be introduced into the development market.

Accordingly, we set the viability cushion at 50% of the gap between minimum land value and the market value of unserviced land (before considering deductions for CIL and Section 106).

"It is crucial to set a benchmark land value to represent a competitive return to landowners"

GRAPH 3
Land value benchmarks and risks to delivery



Source: Savills Research

Variation in approach to rate setting at local level

We have compared adopted and emerging CILs with our benchmark, in charging authorities where large greenfield sites form part of the housing land supply.

It can be seen in Graph 4 that many implemented CILs have been set at a level in excess of our benchmark, indicating a threat to delivery of the authority's development plan.

If this is the case, having taken account of local specifics, then the charging authority will have failed to demonstrate that they have struck an appropriate balance between the desirability of funding from CIL and its effects on the economic viability of development across the whole area, as now required by the latest amendments to the regulations.

Some of these early adopters did not appraise affordable housing policy at the full requirement that is shown in the chart. Following current practice at examination, an authority would now have to formally adopt a lower affordable housing requirement in order to set CIL at these levels. Graph 4 shows the increased headroom for CIL and Section 106 that is created by adopting a lower affordable housing requirement of either 10% or 20%.

In the one case where the benchmark sits above CIL in the chart, there is headroom for Section 106 in addition to CIL. In the case of Oxford, there is likely to be headroom for Section 106 to be paid at around £6,000 per plot in addition to CIL, according to the benchmark.

Charging authorities should be explicit about their policy intention on additional Section 106 when setting CIL rates. As noted above, such payments can be substantial on a large greenfield site, to mitigate the impact of development of that site. The need for clarity on this point has been emphasised by the forthcoming changes to the CIL Regulations.

The charging schedules that are at the examination stage (including those examined but not implemented) include fewer authorities where little or no CIL is viable at the adopted affordable housing policy (Graph

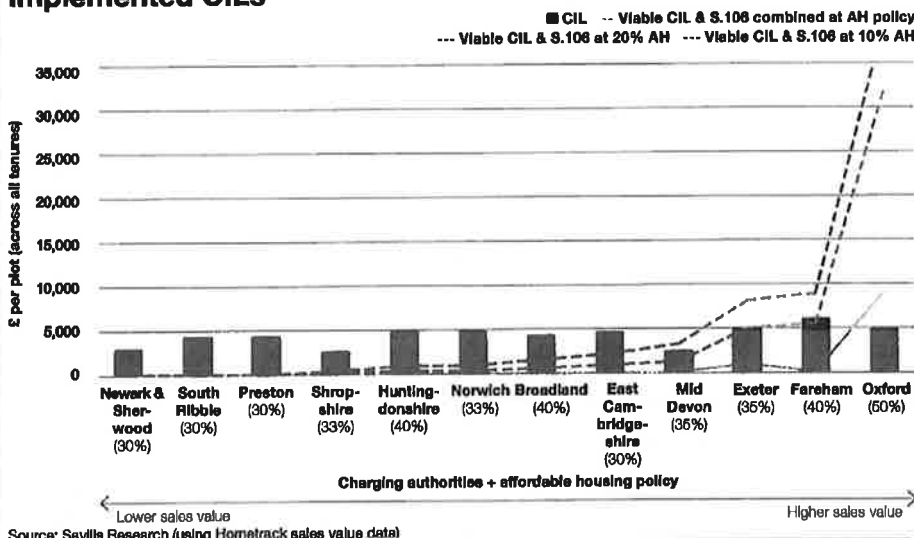
5). This is partly because there are fewer authorities within this group with relatively low sales values, which continue to hold back the viability of larger sites.

However, of these areas with CIL at examination, few have the headroom to pay a substantial amount of Section 106 in addition to CIL. Winchester is the exception, where there is likely to be headroom for Section 106 to be paid at around £10,000 per plot.

The Winchester headroom is a consequence of a zero rating of large greenfield sites for CIL, mindful of the benefits of creating flexibility for the Section 106 payment.

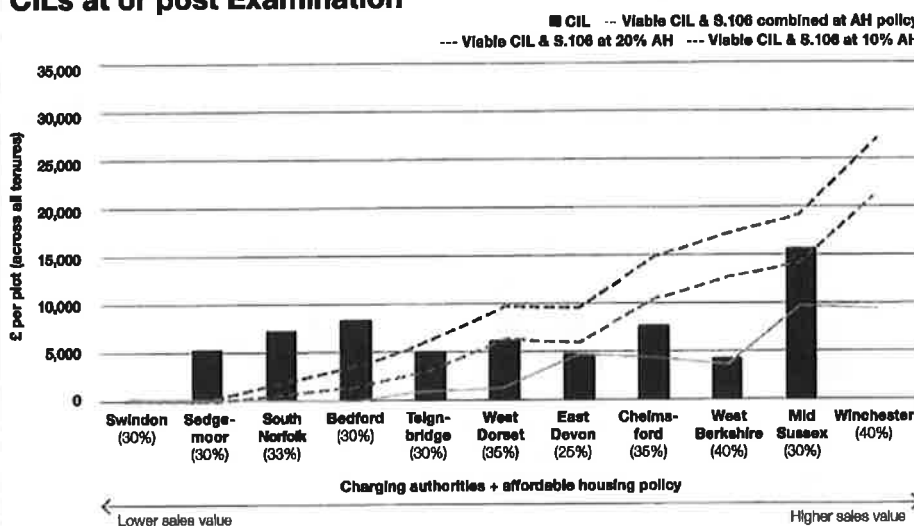
The contrast with the unviably high level of CIL proposed in Mid Sussex is stark. The same patterns have emerged amongst CILs at the draft (see Graph 6 overleaf) and preliminary draft charging schedule stages.

GRAPH 4 CIL and S.106 benchmark for large greenfield sites: Implemented CILs



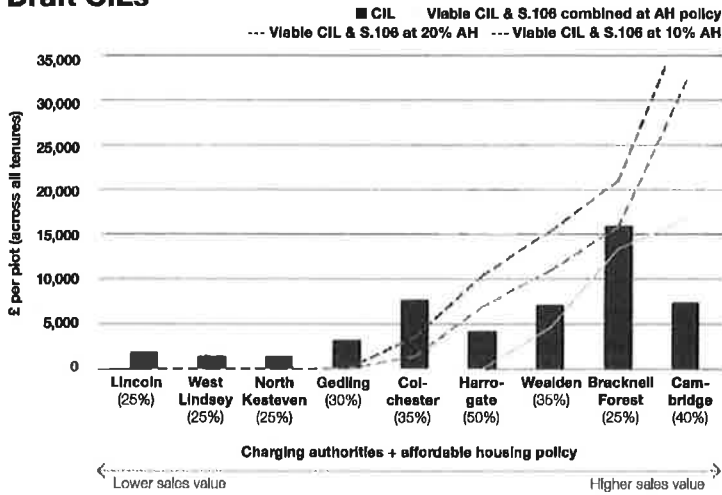
Source: Savills Research (using Hometrack sales value data)

GRAPH 5 CIL and S.106 benchmark for large greenfield sites: CILs at or post Examination



Source: Savills Research (using Hometrack sales value data)

GRAPH 6
CIL and S.106 benchmark for large greenfield sites: Draft CILs

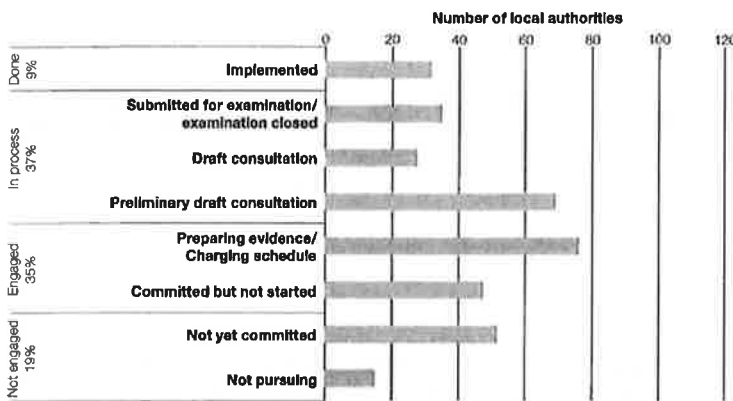


Source: Savills Research (using Hometrack sales value data)

"This exercise has revealed inconsistencies in the way in which setting of CIL viability is being approached across the country"

In these areas, affordable housing policy has been set at too high a level in mid-to lower-value markets for there to be any headroom for either CIL or Section 106. Whilst some authorities with draft schedules, such as Cambridge, have headroom for Section 106, others have proposed unviably high level of CIL. In the case of Bracknell Forest, the 25% affordable housing policy gives some room for CIL, compared with other authorities at 40% affordable housing. However, the proposed rate is unviably high, given the substantial items of infrastructure that will be funded by Section 106, in addition to CIL.

GRAPH 7
Progress on CIL implementation (England & Wales)



Source: Savills Research (as at 20 January 2014)

More consistency needed

This benchmarking exercise has revealed inconsistencies in the way in which setting of CIL viability is being approached across the country. So far, only 31 CILs have been implemented, with a further 34 at examination (Graph 7). A large proportion (27%) of authorities are either at draft or preliminary draft consultation and a further 35% are engaged in the process at an earlier stage, so there remains scope for greater consistency in rate setting. Our intention is to seek such consistency in the rate setting process, as the majority of authorities move towards implementation of CIL charging schedules. ■

Please contact us for further information

Savills Research & Consultancy



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3

Jennifer Howard

From: Katie Bewick [REDACTED]
Sent: 20 June 2014 12:39
To: EHDC - ldf Shared
Cc: [REDACTED]
Subject: East Hampshire Preliminary Draft Charging Schedule consultation [IWOV-GATWICK.FID395154]
Attachments: East Hants signed PDCS representation.PDF

Dear Sirs

Please find attached a representation on the Preliminary Draft Charging Schedule, made on behalf of Asda Stores Limited.

Please let me know if you would like a word version of the document.

With kind regards

Katie


Katie Bewick
 Trainee Solicitor
 for and on behalf of Thomas Eggar LLP



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Thomas Eggar LLP is a limited liability partnership registered in England and Wales under registered number OC326278 whose registered office is at The Corn Exchange, Baffins Lane, Chichester, West Sussex, PO19 1GE.

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Authorised and Regulated by the Solicitors Regulation Authority. Lexcel and Investors in People accredited.

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By Email and by Post

Our ref: PPG/CD/KB/45119238
Your ref:

20 June 2014

Dear Sirs

**Community Infrastructure Levy Regulations 2010 (as amended)
Preliminary Draft Charging Schedule Consultation closing 11 July 2014
Response to Consultation on behalf of Asda Stores Limited**

We act for Asda Stores Limited ("Asda") and are writing on behalf of Asda to make representations in respect of the Council's Preliminary Draft Charging Schedule.

Under Regulation 14 of the Community Infrastructure Levy Regulations 2010 ("CIL Regulations") the Council's primary duty when setting the level of Community Infrastructure Levy ("CIL") charge is to strike an appropriate balance between the desirability of funding the cost of infrastructure required to support development from CIL and its potential effects on the economic viability of development.

In our view, the approach taken to assessing the Preliminary Charging Schedule does not achieve an appropriate balance between these two objectives.

We wish to object to the approach taken to assessing the Preliminary Charging Schedule on the following grounds:

1. The fact that the consultation study fails to take account of major changes to the Community Infrastructure Levy Regulations 2010 by the Community Infrastructure Levy (Amendment) Regulations 2014/385;
2. The impact on policies enhancing economic performance;
3. the financial assumptions and viability assessments contained in the Council's Viability Study;
4. issues relating to State Aid; and
5. concerns about the Council's approach to setting CIL charges generally.

1 Impact of Community Infrastructure Levy (Amendment) Regulations 2014/385

As the Council will be aware, the Community Infrastructure Levy (Amendment) Regulations 2014/385 came into effect in February.

These regulations have made a number of wide-reaching changes to the CIL regime, the most important of which, for the purposes of this letter, are summarised below:

- Regulation 14 has been amended so as to strengthen the obligations on the Council objectively to justify the adopted charging rates. Reg 14 now states that a Council "*must strike an appropriate balance*" as opposed to simply aiming to do so;
- Examiners are now being asked to assess whether an appropriate balance has, in fact, been struck;
- The Regulations governing payment in kind have been amended to allow local authorities to accept items of infrastructure as well as the transfer of land;
- Draft Regulation 123 lists should now be made available much earlier in the rate-setting process and these will be capable of being examined at inquiry; and
- There have been significant changes to the various CIL exemptions; which will significantly affect the Council's expected levels of receipts.

The Draft Charging Schedule and the viability report on which it is based, do not consider the impact of these amendments. We note that the Council have not yet produced a draft Regulation 123 list. We would urge the Council to do this now as without this we are unable to make any meaningful comment on the level of residual funds needed via s106.

In light of this, we would urge the Council to undertake a further, more detailed, viability appraisal based on the CIL regime as it now is, and to re-consult on the Draft Charging Schedule once the results of this second appraisal are available.

2 Impact on policies enhancing economic performance

We will not repeat the Council's strategic objectives contained in its Local Plan in full here, but in order to achieve its Vision and Overall Objectives, it will be important for the Council to set an appropriate CIL charge to encourage new development to come forward. An appropriate CIL charge will encourage new development and promote redevelopment to create employment and ensure a range of shopping choices for consumers and enhance the vitality and viability in district and local centres.

The proposed retail CIL rates would discourage larger retail developments and would not ensure that the relevant retail and employment aims of the Vision and Overall Objectives are met. This could have the effect of reducing the range, variety and choice of retail shopping and, if no redevelopment or regeneration schemes are put forward, then existing buildings are unlikely to be refurbished and re-used.

It is our view that if the retail charges set out in the Preliminary Draft Charging Schedule are adopted, there will be several consequences across the Borough that will put the Council's ability to achieve its key objectives at risk. For example:

- All other forms of development will receive a significant subsidy at the expense of retail schemes; and
- There will be a corresponding disincentive (and market distortion accordingly) to investment in this sector of the local economy.

The Government is keen to encourage the creation of additional employment across the economy and the retail sector as a whole is one of the largest employers and the largest creator of new jobs at the present time as well as being one of the most dynamic and innovative sectors within the UK economy.

Asda example 1

ASDA has a proven track record of investing in local communities and of creating jobs within these areas. For example, of the 123 colleagues recruited for the ASDA store in Tunbridge Wells, 76 colleagues (71%) were previously unemployed.

The supporting papers do not acknowledge this trend nor do they fully assess the role of retail within the national economy. They simply assert that large scale retail is performing stronger in comparison to the other aspects of the retail sector and accordingly, it implies that large scale retail establishments have the capacity to pay potentially very large sums of CIL, whereas the Town Centre comparison and small convenience retail rates are much lower.

Any CIL schedule that imposes a substantial CIL charge on superstores or supermarkets and a very low or nil rate on all other uses could effectively undermine the retail function of local and town centres, detracting from their viability and vitality as large scale retail developers would be discouraged by the imposition of CIL.

Asda example 2

Asda stores regularly rejuvenate and regenerate existing centres, and the surrounding areas, and draw new shoppers to them, which benefits the existing retailers, and those who open stores in Asda-anchored centres in their wake. For example in 2006, Asda opened a store in Romford, transforming a derelict brownfield site through an extension of an existing retail mall and creating 347 jobs. This helped to propel Romford into the top 50 UK retailing cities. Indeed, due to the success of the store in attracting more footfall to that part of the town's Primary Shopping Area, the local authority redrew the town centre boundary to include the edge of centre Asda store into the heart of the Romford town centre.

3 The financial assumptions and viability assessments contained in the Council's Viability Study

We also have a number of concerns about the study Adams Integra conducted in March 2014 (the "Viability Study").

The Viability Study contains retail development assumptions that in our view are inadequate as they do not make sufficient allowance for the costs involved in obtaining planning permission for a development scheme.

By excluding the true cost of residual planning for a commercial development, the Council has underestimated the true cost of retail developments and artificially inflated the residual land values used for the financial viability models. This will, in turn, have inflated the amount of CIL proposed for these uses.

The Viability Study does not make any allowances for residual s106 and s278 agreements, in addition to CIL, that may be borne by developers within retail. We urge you to make allowances for such residual contributions.

Although the Council will not be able to pool section 106 contributions once CIL is adopted, the types of commonly pooled contributions tend not to make up a large proportion of the contributions sought from commercial schemes – which are usually focussed on site specific highways and access works, employment and training contributions, environmental mitigation works and other, site specific, requirements.

Taking the example of a 4,675 sqm convenience supermarket used in the Viability Report, this sized store, would be expected to bear a CIL payment of £467,500 and building costs of £5,471,810 (£1,178 per sqm). In addition, it would potentially fund all of the following potential costs:

- demolition, remediation and on site highways works
- the cost of any off-site highways works required to make the development acceptable in planning terms including junction improvements, road widening schemes, new access roads, diversion orders and other highways works;
- the cost of extending the Council's CCTV or public transport network to include the scheme (including the costs of creating new bus stops, real time information and providing new bus services to serve the site);
- monitoring costs of compliance with employment/apprenticeship schemes and travel plans;
- environmental off-set contributions to mitigate the loss of habitat or greenery caused by the scheme;
- The cost of any remediation and decontamination works to be carried out by the council on the developer's behalf;
- payments for town centre improvements intended to mitigate the impact of the development on the town centre or neighbouring areas; and
- the costs incurred by the Council of maintaining any site specific infrastructure required by the development.

The Viability appraisal allows 5% of build costs for external works (£273,591) and 5% of construction costs for any contingency payments (£273,591), equating to a budget of £547,182 to meet all of these costs.

To put this in context:

- the section 106 Contributions incurred in relation to a c.3,000 sqm food store in Ware, Hertfordshire amounted to £871,800. These sums related to bus service contributions; development of a community centre, nursery; education contributions; various highway safety improvements; youth service contribution; residents parking schemes and open space contribution. In addition to these Contributions, green travel plan contributions, monitoring fees and architectural lighting on pedestrian routes between the store and city centre were also incurred.
- the section 106 Contributions incurred in relation to a c.6,700 sqm food store in Newhaven, East Sussex amounted to £1,345,544. These sums related to contributions for improvements to and an extension of the local bus network; economic initiatives; contributions for relocating local habitats; improvement of recreational space; recycling contributions; residential and retail travel plan auditing; transportation and town centre contributions.

With this in mind, we again, suggest that the Council has significantly underestimated the impact of CIL on the viability of such developments and request that the underlying viability evidence be revised accordingly.

4 State Aid

We wish to bring it to your attention that there will be EU State Aid issues arising out of the setting of differential rates for different types of commercial entity within the same use class. Introducing such differential rates confers a selective economic advantage on certain retailers depending on the size of the shop they operate out of, or their type of business. For example, setting the levy for comparison retail schemes at a lower rate than an equivalent convenience retail scheme provides an economic advantage to comparison retailers. Alternatively, basing rate differentials on the size of a store favours smaller retailers over their larger competitors.

As far as we are aware, the UK government has not applied for a block exemption for CIL. CIL charges do not form part of the UK's taxation system and there does not appear to be an exemption in place to cover any State Aid issues that may arise. With this in mind, we would be grateful if the Council adopted a flat levy rate for comparable sectors of the economy/use classes or, if it is not prepared to do so, providing an explanation as to why State Aid issues are not engaged by the setting of differential rates within use classes to the Inspector at the Inquiry.

5 Concerns about the Council's approach to setting CIL charges generally

The stated purpose of CIL is to raise revenue for infrastructure necessary to serve development. CIL is intended to address the imbalance of raising funds for infrastructure under the section 106 route, where larger schemes have effectively subsidised minor developments. However, CIL does not replace the section 106 revenue stream - it will simply provide additional revenue for infrastructure.

In light of this, we have some further concerns:

Concerns relating to change of use and conversion projects

The Council appears only to have taken the economics of regeneration projects into account when considering the strategic development areas as otherwise the viability assessments do not appear to have given any weight to this consideration (particularly for retail developments).

As you will be aware, Regulation 40 of the CIL Regulations only permits developers to deduct pre-existing floor space from the CIL calculation if it is 'in lawful use.' Lawful use is defined in Regulation 40 (10) and essentially requires part of a building to have been in use for a six month continuous period in the three years before the date of the planning permission permitting the development.

However, many regeneration projects on brownfield land or town centres involve demolishing, converting or redeveloping buildings that have lain vacant for some time. This is particularly true of schemes which involve changes of use from employment land, where the fact that a unit has been vacant for a considerable time is often a key factor in the Council's decision to grant planning permission for the scheme.

The Viability Study does not acknowledge that the economics of conversion schemes are very different to those of new build schemes. It is difficult to see how the Council can assess whether the imposition of CIL will put the majority of these schemes at risk without having considered its impact on their viability.

ASDA's SUGGESTIONS

1. Instalment Policy

We note that the Council proposes to publish a draft instalments policy for CIL. We would encourage the Council to introduce an instalment policy, as managing cash flow during development is often key in determining whether a scheme will be successfully delivered.

2. Exceptional Circumstances Relief

We note that the Council has indicated that it may offer some exemptions from CIL.

We would also encourage the Council to adopt an Exceptional Circumstances Relief Policy, the Council will have the flexibility to allow strategic or desirable, but unprofitable, development schemes to come forward, by exempting them from the CIL charge or reducing it in certain circumstances.

3. Flat Rate Levy

Accepting for the purpose of this argument the premise that CIL is necessary for the purpose of funding Borough-wide infrastructure, a much fairer solution would be to divide the Council's estimate of total infrastructure costs over the charging period (and in this connection, it is important to remember that the Government's guidance as recorded in the National Planning Policy Framework is that only deliverable infrastructure should be included) by the total expected development floor space and apply a flat rate levy across the Borough and across all forms of development. That will have the least possible adverse effect upon the market for land and for development, and yet the greatest possible opportunity for the economy to prosper and thrive and for jobs to be created.

The potential impact of a flat rate levy on the viability of those types of development which are not currently identified as viable could be balanced by the Council's implementation of Exceptional Circumstances Relief, as mentioned above.

Consequently, reducing the levy proposed per square metre on retail and residential floor space would not result in a proportionate increase in the levy required on other forms of commercial or other development. However, applying the current proposed levy could run the risk of diminishing substantially the number of such retail stores built, with a consequential loss of employment opportunities and investment.

4. Provision of Infrastructure as Payment in Kind

As stated above, the latest set of amendments to the CIL Regulations have now made it lawful for authorities CIL contributions to be paid by the provision of infrastructure in certain circumstances. Given that the provision of infrastructure is often key to unlocking unimplemented planning permissions and enabling developments, we would urge the Council seriously to consider adopting a policy to allow payment in kind in this manner.

CONCLUSION

For these reasons, we would ask that the Council undertakes a rethink of its position and substantially alters its Charging Schedule in so far as it relates to retail development.

Accordingly, we would request that the Council:

- Revisits its viability assessments for retail development, to address the concerns set out above;

- Adopts a staged payments policy
- Adopt an Exceptional Circumstances Relief Policy
- Considers the allowing developers to pay their CIL Liability through the provision of infrastructure; and
- Adopts a single flat rate levy across all development within its boundaries.

Yours faithfully

Deleted: ¶

Thomas Eggar LLP

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Direct Dial:

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CIL Project Manager
Penns Place
Petersfield
Hampshire
GU31 4EX



ldf@easthants.gov.uk

By Email and by Post

Our ref: PPG/CD/KB/45119238
Your ref:

20 June 2014

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GA: 3537936_1

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CONCLUSION

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Yours faithfully

[Redacted Signature]

Thomas Eggar LLP

Email: [Redacted]
Direct Dial: [Redacted]
Direct Fax: [Redacted]

4

Jennifer Howard

From: christopher.hemmings [REDACTED]
Sent: 11 July 2014 16:12
To: EHDC - ldf Shared
Cc: [REDACTED]
Subject: CIL Draft Preliminary Charging Schedule
Attachments: CIL Charging Schedule Rep - HCA and Selborne Road Landowners.pdf

F.A.O Valerie Dobson

Dear Valerie

Please find attached our representations to be CIL Draft Preliminary Charging Schedule made on behalf of the Homes & Communities Agency and Landowners East of Selborne Road.

Yours sincerely

Christopher Hemmings
Associate Director

Please [Click Here](#) for our May edition of the Planning & Environment newsletter.

WYG

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East Hampshire District Council

Consultation on the Community Infrastructure Levy Draft Preliminary Charging Schedule

Representations made on behalf of the Homes & Communities Agency and Landowners East of Selborne Road, Alton (James'/Gibbons')

11 July 2014

Thank you for the opportunity to make comments on the East Hampshire District Draft Preliminary CIL Charging Schedule. We set out below a series of point, which we hope the Council will take into account in assessing the rates of CIL proposed for different parts of the District.

General Comments

The Draft Preliminary Charging Schedule varies the residential CIL rate across the District, with land in the southern part of the District subject to a rate of £100 per sq.m., land in the northern part of the District subject to a rate of £180 per sq.m. and land at Whitehill & Bordon (excluding Eco-Town) subject to £60 per sq.m.

As it stands, there is a lack of explanation for this wide variation within the current Draft Preliminary Charging Schedule. More specifically, the Schedule would benefit from a detailed articulation of the link between infrastructure requirements, identified in the appropriate available evidence and the proposed level of CIL rate. For example, it is unclear why there is such a difference between the southern and northern residential CIL rate. It is not helped that the Infrastructure Delivery Plan (IDP) is incomplete in terms of providing estimated costs for projects. In addition, specifically for the new Alton Sports Centre is it unclear whether this is to become a CIL item, as currently within the IDP it is shown to be delivered through s.106 agreements only.

Moreover, when the CIL rates for other District's are compared with East Hampshire, it is clear that there are inconsistencies in approach. For example, average house prices in Winchester District are higher than in East Hampshire, but Winchester's CIL rate is significantly lower than East Hampshire at £80 or £120 per sq.m. In addition, Petersfield within the South Downs National Park is £150 per sq.m. whereas Alton, which most likely has lower house prices compared to Petersfield, is at a higher rate of £180 per sq.m.





These inconsistencies require considerable thought. In our opinion, it may be more sensible to have separate CIL rates for key settlements within East Hampshire such as Alton, Four Marks, Clanfield, Horndean, Rowlands Castle, Liphook and Grayshott as this would relate more to the approach taken within the South Downs part of the District with towns such as Petersfield and Liss.

Comments on the Adams Integra Viability Report

The previous CIL report produced by Adams Integra in 2012 concluded that the CIL rate for East Hampshire should be either £80 per sq.m. and £100 per sq.m., which is more in-line with surrounding local authorities such as Winchester, Eastleigh, Havant, Fareham, Gosport, Southampton and Portsmouth.

Whilst parts of the District remain at this level, the area north of SDNP (excluding Whitehill & Bordon) is considerably higher at £180 per sq.m. The Adams Integra 2014 report indicates that this significant increase is primarily due to the recent upward trend in house prices. Whilst, we acknowledge that this provides a current snap-shot of the housing market, the analysis does not take account of the longer term trends in house prices, including potential down-turns in the market. Given the impact of the recent recession, it is important that the CIL Charging Schedule reflects stable market conditions to ensure that the CIL rates for residential are at an appropriate level that encourages rather than discourages development over the plan period, subject to appropriate reviews.

Within this context, the report seeks to forecast the impact of the potential introduction of Code for Sustainable Homes Level 5 in 2016. We would suggest that the interpretation of these viability results should be treated with caution, especially as the report applies an 8% increase on today's house prices to model the scenario for CSH Level 5 as at 2016. Moreover, the treatment of both house price and build cost inflation needs to be consistent. The report makes no mention of the general increases in build costs over the next few years, notwithstanding the potential changes in code level. For example, Gardiner & Theobald forecast that build costs are set to rise in the South East year-on-year by 3.5% in 2014, 4.5% in 2015 and 4.5% in 2016 (source: G&T Tender Price Indicator 2nd Quarter 2014).

A similar issue arises in the treatment of land values, which also needs to be clarified. Whilst Adams Integra has updated its market research from 2012, to take account of the changes in house prices, it does not appear that the same logic has been applied to changes in benchmark Greenfield land values. For example, Knight Frank report an increase in residential Greenfield land values between June 2012-March 2014 in England and Wales of 7.3%, whereas Savills report increases in Greenfield residential land values between January 2012-January 2014 of 10.1%.

In terms of affordable housing, we note that there is a specific change in methodology between the 2012 and 2014 Viability reports. In the 2012 report, the calculation of affordable rent tenure dwellings was based on 80% of market rent, with appropriate deductions made for management





costs and also affordability issues which are likely to arise for the larger properties set against target household incomes. The 2012 report highlights that these deductions produce values for affordable rent dwellings ranging from 32%-54% of private market values depending on location. The 2014 report adopts a different method, with a 'generic' value for the affordable rent dwellings set at 60% of private market values. The same approach is also applied to the shared ownership units. Whilst, the application of 60% of private market values seems reasonable for the shared ownership units, we are of the opinion that the same approach applied to the affordable rent units does not reflect the affordability issues within the District.

We would question the robustness of this approach, as it appears to maximise the value of the affordable rent dwellings, without taking a more realistic approach to affordability issues within the District based on household incomes per annum and Local Housing Allowance rents.

Summary

In our opinion, the current draft Preliminary Charging Schedule requires further analysis, thought, and explanation especially the apparent inconsistencies between different parts of the District and comparisons with neighbouring local authority CIL rates in order to satisfy Regulation 14(1).

If the current draft Charging Schedule was to be implemented, there is a danger that some sites within the relative high CIL Rate in the northern part of the District would potentially not be able to deliver the other important Local Plan policy targets and objectives, including the required 40% affordable housing for major schemes.



5

Jennifer Howard

From: christopher.hemmings [REDACTED]
Sent: 11 July 2014 16:21
To: EHDC - ldf Shared
Cc: [REDACTED]
Subject: CIL Draft Preliminary Charging Schedule
Attachments: CIL Charging Schedule Rep - Linden Homes.pdf

F.A.O. Valerie Dobson

Dear Valerie

Please find attached representations to the CIL Draft Preliminary Charging Schedule made on behalf of Linden Homes Southern.

Yours sincerely

Christopher Hemmings
Associate Director

Please [Click Here](#) for our May edition of the Planning & Environment newsletter.

WYG

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East Hampshire District Council

Consultation on the Community Infrastructure Levy Draft Preliminary Charging Schedule

Representations Made on Behalf of Linden Homes Southern

11 July 2014

Thank you for the opportunity to make comments on the East Hampshire District Draft Preliminary CIL Charging Schedule. We set out below a series of point, which we hope the Council will take into account in assessing the rates of CIL proposed for different parts of the District.

General Comments

The Draft Preliminary Charging Schedule varies the residential CIL rate across the District, with land in the southern part of the District subject to a rate of £100 per sq.m., land in the northern part of the District subject to a rate of £180 per sq.m. and land at Whitehill & Bordon (excluding Eco-Town) subject to £60 per sq.m.

As it stands, there is a lack of explanation for this wide variation within the current Draft Preliminary Charging Schedule. More specifically, the Schedule would benefit from a detailed articulation of the link between infrastructure requirements, identified in the appropriate available evidence and the proposed level of CIL rate. For example, it is unclear why there is such a difference between the southern and northern residential CIL rate. It is not helped that the Infrastructure Delivery Plan (IDP) is incomplete in terms of providing estimated costs for projects, with only 73% of projects costed for the Central and Northern Parishes and less than 30% of projects costed for the Southern Parishes. In addition, for some key infrastructure projects, such as the new Alton Sports Centre for example it is unclear whether they are to become CIL items. Currently within the IDP this particular project is shown to be delivered wholly through s.106 agreements. The Council is also currently proposing to adopt a requirement for residential developments to pay a substantial s106 tariff towards it.

This lack of clarity and explanation is a major omission from the documentation. In its present state the Council's evidence (costed infrastructure projects) does not justify the proposed CIL rates. Based on the development forecast within the plan period to 2028 by the Local Plan: Joint Core Strategy the proposed rates would lead to a significant surplus of undesignated funds being collected.

Moreover, when the CIL rates for other District's are compared with East Hampshire, it is clear that there are inconsistencies in approach. For example, average house prices in Winchester District are





higher than in East Hampshire, but Winchester's CIL rate is significantly lower than East Hampshire at £80 or £120 per sq.m. In addition, Petersfield within the South Downs National Park is £150 per sq.m. whereas Alton, which most likely has lower house prices compared to Petersfield, is at a higher rate of £180 per sq.m.

These inconsistencies require considerable thought. In our opinion, it may be more sensible to have separate CIL rates for key settlements within East Hampshire such as Alton, Four Marks, Clanfield, Horndean, Rowlands Castle, Liphook and Grayshott as this would relate more to the approach taken within the South Downs part of the District with towns such as Petersfield and Liss.

Comments on the Adams Integra Viability Report

The previous CIL report produced by Adams Integra in 2012 concluded that the CIL rate for East Hampshire should be either £80 per sq.m. and £100 per sq.m., which is more in-line with surrounding local authorities such as Winchester, Eastleigh, Havant, Fareham, Gosport, Southampton and Portsmouth.

Whilst parts of the District remain at this level, the area north of SDNP (excluding Whitehill & Bordon) is considerably higher at £180 per sq.m. The Adams Integra 2014 report indicates that this significant increase is primarily due to the recent upward trend in house prices. Whilst, we acknowledge that this provides a current snap-shot of the housing market, the analysis does not take account of the longer term trends in house prices, including potential down-turns in the market. Given the impact of the recent recession, it is important that the CIL Charging Schedule reflects stable market conditions to ensure that the CIL rates for residential are at an appropriate level that encourages rather than discourages development over the plan period, subject to appropriate reviews.

Within this context, the report seeks to forecast the impact of the potential introduction of Code for Sustainable Homes Level 5 in 2016. We would suggest that the interpretation of these viability results should be treated with caution, especially as the report applies an 8% increase on today's house prices to model the scenario for CSH Level 5 as at 2016. Moreover, the treatment of both house price and build cost inflation needs to be consistent. The report makes no mention of the general increases in build costs over the next few years, notwithstanding the potential changes in code level. For example, Gardiner & Theobald forecast that build costs are set to rise in the South East year-on-year by 3.5% in 2014, 4.5% in 2015 and 4.5% in 2016 (source: G&T Tender Price Indicator 2nd Quarter 2014). This would represent a compound increase of 13% over three years, and see respective increases in build costs significantly outstrip the mooted uplift in house prices over the same period.

A similar issue arises in the treatment of land values, which also needs to be clarified. Whilst Adams Integra has updated its market research from 2012, to take account of the changes in house prices, it does not appear that the same logic has been applied to changes in benchmark Greenfield land





values. For example, Knight Frank report an increase in residential Greenfield land values between June 2012-March 2014 in England and Wales of 7.3%, whereas Savills report increases in Greenfield residential land values between January 2012-January 2014 of 10.1%.

In terms of affordable housing, we note that there is a specific change in methodology between the 2012 and 2014 Viability reports. In the 2012 report, the calculation of affordable rent tenure dwellings was based on 80% of market rent, with appropriate deductions made for management costs and also affordability issues which are likely to arise for the larger properties set against target household incomes. The 2012 report highlights that these deductions produce values for affordable rent dwellings ranging from 32%-54% of private market values depending on location. The 2014 report adopts a different method, with a 'generic' value for the affordable rent dwellings set at 60% of private market values. The same approach is also applied to the shared ownership units. Whilst, the application of 60% of private market values seems reasonable for the shared ownership units, we are of the opinion that the same approach applied to the affordable rent units does not reflect the affordability issues within the District.

We would question the robustness of this approach, as it appears to maximise the value of the affordable rent dwellings, without taking a more realistic approach to affordability issues within the District based on household incomes per annum and Local Housing Allowance rents.

It is important that the viability of the CIL rates is looked at again, as the National Planning Policy Framework makes it clear at Paragraph 173 that *"..sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to develop viably is threatened"*. Once this is done, the Council should give some thought to the adoption of a CIL rate relief in exceptional circumstances, where the burden of the CIL rate, affordable housing, Code for Sustainable Homes level, exemplary design standards and on-site s.106 requirements does not deliver a competitive return to the willing landowner and developer.

Summary

In our opinion, the current draft Preliminary Charging Schedule requires further analysis, thought, and explanation especially the apparent inconsistencies between different parts of the District and comparisons with neighbouring local authority CIL rates in order to satisfy Regulation 14(1). It is important to ensure that respective increases in Greenfield land values and build costs, and not just sale prices, are correctly and fairly represented in the Council's evidence to ensure that the recommended CIL rates are robust. Furthermore, in relation to the Infrastructure Delivery Plan, a more comprehensive set of cost estimates for identified infrastructure projects are required, as presently there are significant gaps.

If the current draft Charging Schedule was to be implemented, there is a danger that some sites within the relative high CIL Rate area north of the SDNP could either be impeded from coming forward, or potentially not be able to deliver other important Local Plan policy targets and objectives.

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Jennifer Howard

From: David Neame [REDACTED]
Sent: 11 July 2014 15:03
To: EHDC - ldf Shared
Subject: Re: CIL Draft Preliminary Charging Schedule - Representation on Behalf of Southcott Homes Limited
Attachments: DN.CIL Preliminary Draft Charging Schedule.Southcott.July 2014.pdf

Dear Sir

Please find attached representations submitted on behalf of our Client Southcott Homes Limited in respect of the CIL Draft Preliminary Charging Schedule in time for the deadline of 5.00pm on 11 July 2014.

I trust the attached representations are of assistance in the Council's ongoing preparation of a CIL Charging Schedule for the District.

Regards.

DAVID NEAME
DIRECTOR

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T. [REDACTED]
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Town and Country Planning Act 1990 (As Amended)

**East Hampshire District Council – Community Infrastructure Levy
Preliminary Draft Charging Schedule – May 2014**

Representations on behalf of Southcott Homes Limited

10 July 2014



1. Introduction

- 1.1 This paper sets out Representations on behalf of Southcott Homes Limited in respect of the Preliminary Draft Charging Schedule for Community Infrastructure Levy (CIL) in East Hampshire District.
- 1.2 For convenience these Representations follow the relevant key headings in the Preliminary Draft Charging Schedule document.

2. Representations on East Hampshire District CIL

- 2.1 Southcott Homes is generally content with the approach taken by the Council in preparing its Preliminary Draft Charging Schedule in terms of gathering an appropriate evidence base relating to infrastructure requirements and development viability.
- 2.2 Southcott Homes is however concerned that the Council does not appear to have identified exactly what infrastructure the CIL charges will provide for. The Infrastructure Delivery Plan – Interim Statement and Infrastructure Schedule (July 2013) identifies a series of infrastructure requirements across the District some of which have costs attached to them, but many are not costed and are therefore uncertain.
- 2.3 It is therefore unclear which infrastructure costs have been taken into account in reaching a charging schedule, particularly for residential development.
- 2.4 The consequence of this is that, at the present time, the Council cannot possibly prepare an accurate infrastructure cost to consider in the balance with development viability in order to then generate a CIL charging schedule until it has a clear and up-to-date understanding of the infrastructure requirements and costs for the District.
- 2.5 The second point that flows from this is that because the Council has not identified the infrastructure covered by the CIL charges it is unclear which infrastructure requirements may fall outside of the CIL charge and therefore become an additional financial burden on new development. A clear understanding of those infrastructure requirements in the various zones within the District that will fall

outside of the CIL charge is essential to feed into the understanding of development viability and therefore to inform the CIL charge that is to be applied.

- 2.6 In this respect, and at the present time, Southcott Homes is of the view that the evidence base underpinning the Preliminary Draft Charging Schedule is lacking in the necessary detail to ensure that the charges set out are appropriate.
- 2.7 Further evidence is required to confirm the appropriateness of the charges proposed before the Council can proceed the Draft Charging Schedule stage later in the year. The need for this additional information is perhaps best illustrated by the statement made by Adams Integra in its Viability Report to support the Preliminary Draft Charging Schedule, which at Paragraph 4.14.1 states that the calculation of a CIL charge 'has inevitably been a question of trial and error to arrive at a rate that would seem viable in most scenarios.'
- 2.8 Clearly a more detailed and robust evidence base will result in more certainty in arriving at a viable CIL charge.
- 2.9 Turning to consider the CIL charges proposed, particularly for residential development. Notwithstanding the comments made above in relation to the evidence base Southcott Homes is of the view that the CIL level sought by the Council in the Southern Parishes area is, subject to confirmation of the infrastructure that is included in the charge, at a reasonable level.
- 2.10 The CIL charge in relation to the area north of the SDNP (excluding Whitehill and Bordon) is on the other hand considerably higher than that proposed for the Southern Parishes. The higher level does not appear, from Southcott Homes review of the evidence, to be underpinned by robust evidence on grounds of viability and could potentially lead to a stifling of new housing delivery in those settlements within this area of the District.

3. Representations on Discretionary Matters

- 3.1 The Council is seeking comments on the various discretionary matters cited within the consultation document. Dealing with each in turn below.
- 3.2 Payment by Instalments: Given the relative uncertainty in terms of the recovery rate of the economy together with the concerns expressed above in relation to the evidence base underpinning the proposed CIL Charges, and exactly which infrastructure is included within the Charge, Southcott Homes is of the view that payment by instalments should be included in the adopted charging schedule.
- 3.3 Payment by instalments is also an essential option to have in place in order to respond to the individual economics of particular development proposals and site locations.

- 3.4 Relief in Exceptional Circumstances: For similar reasons to those set out above, together with the fundamental tenant of the planning system that each application should be treated on its own individual merits, Southcott Homes considers that the CIL charging schedule should include the ability for applicants to provide evidence to demonstrate exceptional circumstances for relief of payment of CIL where the need arises. This option is, for example, included in the CIL Charging Schedule that has been adopted by Southampton City Council.

 - 3.5 Land and Infrastructure in Kind: Taking into account that circumstances will arise as part of development proposals within the District wherein the provision of land or infrastructure instead of a financial contribution paid via CIL is the most appropriate approach then the CIL charging schedule should make an allowance for these instances.

 - 3.6 Relief for Low Cost Market Housing: Southcott Homes considers that this option is essential for inclusion within the CIL charging schedule to ensure that where low cost market housing is proposed to meet a clearly identified need its delivery is not thwarted on grounds of viability as a result of the CIL charge.
-

- 2.41 This is without prejudice to the wider concerns raised with regard the approach to viability assessment, which may reduce this rate further.

Absence of Defined 'Buffer'

- 2.42 The CIL Guidance (2014) requires that charging authorities do not set their CIL rates at the margins of viability. It states that *'it would be appropriate to ensure that a buffer or margin is included so that the levy rate is able to support development when economic circumstances adjust. In all cases, the charging authority should be able to explain its approach clearly.'*
- 2.43 As a result, the introduction of an appropriate 'buffer' has become a crucial element of consideration at CIL Examinations, playing a vital part in the Examiner's deliberation of the Council's interpretation and evidencing of Regulation 14 (i.e. 'appropriate balance').
- 2.44 It has become widely accepted practice by Examiners to advocate, and accept, a buffer of between 30% and 50% on maximum CIL rates. Examples of both include the London Borough of Merton (30%) and Bristol City Council (50%). It is crucial at Examination that the charging authority can explain what buffer has been applied, and justify this appropriately.
- 2.45 There is no mention within the Council's CIL Viability Assessment (March 2014)¹⁴ of the application of any buffer drawing back from the margins of viability. The recommendations set out within the CIL Viability Assessment (March 2014) have subsequently been directly incorporated into the PDCS published for consultation. It therefore appears that there has been no robust or measured buffer applied.
- 2.46 The representors advocate that the Council clarifies its approach to defining an appropriate 'buffer' to demonstrate rates are not set at the margins of viability.
- 2.47 If the Council cannot adequately do so, it is recommended that rates are reduced by a minimum of 30% from the current proposed rates.

Payment by Instalments

- 2.48 The PDCS does not confirm whether the Council will introduce an Instalments Policy as enabled by Regulation 69B of the CIL Regulations 2010 (as amended).
- 2.49 In the view of the representors that it is essential that the Council prepare and adopt a robust and effective instalment policy if CIL is not to affect the viability of development projects, which are critical to the successful delivery housing supply, and therefore to the relevant Plan.
- 2.50 The Council will already be aware that for large developments it is often essential that Section 106 financial payments required to mitigate the effects of development are paid in stages rather than as a single payment prior to or upon commencement.
- 2.51 This is driven by the implications on project cash flow as income from development is often not realised until residential/commercial units are sold or let and this maybe

¹⁴ Adams Integra (March 2014) Viability Report to support a Preliminary Draft Charging Schedule for Community Infrastructure Levy

several years after commencement of works on site. It may not be financially viable to pay large sums at such an early stage in the development process. In addition, many larger developments which are dependent on bank funding would need to secure further bank finance to make such early payments resulting in further upfront costs and charges having to be paid.

- 2.52 It is often the case that the infrastructure for which the sums are to be paid is not required to be tendered and constructed until much later in the development process when the associated need arises. In recognition of this, Section 106 agreements for larger developments are negotiated so as to provide for contributions to be paid either on occupation of a certain number or percentage of dwellings, completion of sales or certain time periods after commencement or by reference to phases.
- 2.53 It is the view of the representors that CIL liability should be treated in the same way if an instalments policy is to have a meaningful positive impact on cash flow and, concurrently, on viability and development delivery.
- 2.54 The representors consider that an Instalment Policy set by reference to the amount of CIL liability would form the most straightforward approach for calculation and subsequent management by the Council. A structured payment policy has been proposed to assist the Council. The following table would comply with the requirements of Regulation 69B.

Table 2.5: Proposed Instalment Policy

Proposed Instalment Policy	
Where the chargeable amount is less than £50,000	Full payment will be required within 90 days of the commencement date.
Where the chargeable amount is between £50,000 and £100,000	First instalment representing 25% of the chargeable amount will be required within 90 days of the commencement date.
	Second, third and fourth instalments each representing 25% of the chargeable amount will be required within 120, 180 and 260 days of the commencement date respectively.
Where the chargeable amount is over £100,000 but below £250,000	First instalment representing 25% of the chargeable amount will be required within 120 days of the commencement date.
	Second, third and fourth instalments each representing 25% of the chargeable amount will be required within 180, 260 and 320 days of the commencement date respectively.

Where the chargeable amount is over £250,000 but below £500,000	First instalment representing 25% of the chargeable amount will be required within 120 days of the commencement date. Second, third and fourth instalments each representing 25% of the chargeable amount will be required within 180, 320 and 360 days of the commencement date respectively.
Where the chargeable amount is £500,000 or above	First instalment representing 25% of the chargeable amount will be required within 180 days of the commencement date. Second, third and fourth instalments each representing 25% of the chargeable amount will be required within 260, 320 and 380 days of the commencement date respectively.

Relief for Exceptional Circumstances

- 2.55 The PDCS does not confirm whether the Council will introduce discretionary relief from CIL liability in exceptional circumstances as enabled by Regulations 55 and 57 of the CIL Regulations 2010 (as amended).
- 2.56 The CIL (2014) Amendment Regulations included specific provisions in Regulation 55(3)(c) to improve the flexibility of the use of discretionary relief in exceptional circumstances in response to industry and Government concern of the predominantly non-negotiable nature of CIL in the face of viability issues on a scheme-specific basis.
- 2.57 The Government's Planning Policy Guidance (PPG) (March 2014) emphasises that planning obligations and other contributions should not threaten the viability of development identified in the relevant Plan. Specific reference is made to the need for Local Planning Authorities (LPAs) to fully consider the viability implications of delivering development. It is advised that LPAs should recognise this issue when setting policies on planning obligations and CIL rates in order to promote viable delivery.
- 2.58 In addition to the setting of well-considered CIL rates, the inclusion of an exceptions mechanism would provide further comfort to developers that CIL will not render sites with exceptional cost burdens undeliverable.
- 2.59 The representors are therefore strongly in favour of the Council introducing discretionary relief from CIL liability in exceptional circumstances and request that the Council makes a firm commitment to introducing this. This is vital to ensure that there is a mechanism by which the viability of schemes with specific and considerable challenges can be taken into account in setting CIL liability.
- 2.60 Crucially, use of this mechanism remains at the discretion of the Council, and requires evidenced justification upon application by the CIL liable party. The introduction of relief from CIL in exceptional circumstances, as is set out in the CIL 2014 (Amendment) Regulations therefore provides an important tool for the Council, as well as confidence for developers and investors. It provides a mechanism whereby the Council can opt to

alter CIL liability on the grounds of viability. Without such a policy being put in place, the Council cannot apply any flexibility to adopted CIL rates.

- 2.61 Nevertheless, the Council cannot simply activate and deactivate the policy for the benefit of a specific scheme (or schemes), as this would risk giving rise to a state aid.
- 2.62 For reasons of transparency and fair consultation, the representors request that the Council prepares a draft statement of intent and publishes this for comment alongside consultation on the CIL draft Charging Schedule.

Land and Infrastructure in Kind

- 2.63 The representors would welcome the introduction of a payment in kind mechanism for payment of CIL liability via land and/or infrastructure. In particular, the representors consider this as a potentially useful method of providing greater certainty over the timescale for the delivery of infrastructure.

Relief for Low Cost Market Housing

- 2.64 The representors would welcome the introduction of discretionary relief from CIL liability for low-cost market houses that are to be sold at no more than 80% of their open market value. The representors consider this as an important mechanism to assist in improving viability and therefore delivery of a range of affordable housing within the district.

Procedural Inadequacies

- 2.65 The representors are of the view that the Council has failed to adequately follow the CIL Guidance (2014) and CIL Regulations 2010 (as amended) in publishing the CIL PDCS for consultation. The reasons for this are set out within the following sub-sections, along with recommendations to resolve these shortcomings.

Interaction of S106 and CIL

- 2.66 The representors have previously submitted representations to the consultation on the EHDC Guide to Developers' Contributions in January 2014 and subsequently to the publication of the Consultation on Developer Contribution Details for the Alton Sports Centre on 19th May 2014.
- 2.67 Within these representations the representors recommended that EHDC should not pursue introduction of the EHDC Guide to Developers' Contributions and instead prepare for introduction of the CIL regime.
- 2.68 It is the view of the representors that the Alton Sports Centre contribution in particular inappropriate and unlawful. CIL Regulation 122 introduces three key tests, which a planning obligation must meet, in order to be lawful. The representors do not believe that EHDC can provide any robust evidence to substantiate that the proposed Alton Sports Centre contribution meets any of the Regulation 122 tests on planning obligations.
- 2.69 Moreover, no evidence is available to demonstrate that market conditions, deliverability and viability have been considered by EHDC as is required by the NPPF in applying

planning obligations to development proposals. Independent viability assessment conducted by Turley Economics has demonstrated the cost of the Alton Sports Centre contribution is highly onerous – adding substantially to the overall cost burden – which has a significant impact on development viability. This does not appear to have been factored into the CIL Viability Assessment (March 2014)¹⁵. It is the view of the representors that this is due to an acknowledgement by the Council and its advisors that this would contravene the CIL Regulations 2010 (as amended).

- 2.70 Whilst pleased that EHDC has progressed preparation of a CIL regime, the representors are disappointed that EHDC has gone ahead and published the amended EHDC Guide to Developers' Contributions in May 2014.
- 2.71 The CIL Guidance (2014), now subsumed within national Planning Practice Guidance (PPG) (2014), requires charging authorities to set out at Examination how their section 106 policies will be varied, and the extent to which they have met their section 106 targets.
- 2.72 PPG advocates that the approach set out should be based on evidence. It is recommended that this is presented, for testing and consideration by stakeholders, alongside publication of the PDCS. The proposals for the scaling back of section 106 obligations will be required to be compliant with CIL Regulations 122 and 123 of the CIL Regulations 2010 (as amended).
- 2.73 The Council has not presented its proposed policy for the associated scaling back of section 106 agreements alongside the PDCS, and neither has it set out the extent to which section 106 targets have been met.
- 2.74 Notwithstanding the representors concerns regarding the lawfulness of the EHDC Guide to Developers' Contributions, the lack of information published makes it challenging for stakeholders to consider the extent of the financial burden that developments will be expected to bear and whether the proposed CIL, and residual section 106 in combination, is representative of planning consents granted in the current market.
- 2.75 The Council has, in this respect, clearly not followed the CIL Guidance, or acted in following best practice. For reasons of transparency and fair consultation, the representors requests that stakeholders are provided with the opportunity to comment on how relevant S106 policies will be amended upon adoption of a CIL Charging Schedule prior to Examination, and evidence of recent section 106 obligations.
- 2.76 The representors consider that this will help to aid the understanding of how CIL and S106 Agreements will work alongside each other upon adoption without actual or perceived instance of 'double dipping' or unlawfulness, and hence providing additional clarity for investors, developers and landowners.
- 2.77 The representors insist that the Council prepares and publishes this information for comment alongside consultation on the CIL draft Charging Schedule, and it is

¹⁵ Adams Integra (March 2014) Viability Report to support a Preliminary Draft Charging Schedule for Community Infrastructure Levy

recommended that the proposal by EHDC to introduce a contribution towards Alton Sports Centre should be revoked with immediate effect.

Absence of Regulation 123 List

- 2.78 The Council has failed to prepare, or make reference to, a draft Regulation 123 List.
- 2.79 The CIL Guidance (2014) states that the Regulation 123 List *'should be based on the draft list that the charging authority prepared for the examination of their charging schedule'*. Moreover, it advises that it *'is good practice for charging authorities to also publish their draft infrastructure lists and proposed policy for the associated scaling back of section 106 agreements at this stage, in order to provide clarity about the extent of the financial burden that developments will be expected to bear so that viability can be robustly assessed.'*
- 2.80 The absence of this evidence suggests that the Council has failed to adhere to the CIL Guidance (2014) in publishing the PDCS for consultation, is not providing an example of 'good practice', and has failed to present the necessary evidence for stakeholders to understand the proposed burden of CIL and other obligations on development.
- 2.81 As referenced earlier in this representation document, this makes it very challenging for developers and landowners undertaking a full and robust assessment of the proposed approach to CIL charging published in the PDCS.
- 2.82 As such, the representors are firmly of the view that the Council needs to produce a full draft Regulation 123 List. The current list of priorities set out within the Draft Infrastructure Delivery Plan (2013) fails to provide the information that stakeholders require if they are to fully understand what is being proposed and to come to a considered view as to whether the proposed charges will have an adverse impact on development viability.
- 2.83 This results in a disjoint, which continues to create uncertainty around what is to be funded by CIL, and critically the appropriate setting of a 'ceiling' for CIL rates limited by the cost of identified infrastructure to be funded by CIL (i.e. identification of a CIL funding gap).
- 2.84 The publication of a full draft Regulation 123 List will allow proper scrutiny of the infrastructure proposed to be paid for by CIL, and will enable appropriate feedback of information from the development industry into the charging authority's rate setting process.
- 2.85 The representors insist that the Council prepares and publishes a full draft Regulation 123 List for comment alongside consultation on the CIL draft Charging Schedule.

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(7)

Jennifer Howard

From: Matthew Spilsbury [REDACTED]
Sent: 11 July 2014 14:29
To: EHDC - ldf Shared
Subject: EHDC CIL PDCS Consultation - Representation
Attachments: Representation to EHDC CIL PDCS.pdf

Dear Sir / Madam

Please find attached representation to the EHDC CIL PDCS Consultation prepared on behalf of Martin Grant Homes and Persimmon Homes South Coast.

I would be grateful for confirmation of receipt by way of return.

Kind regards

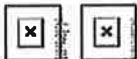
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**East Hampshire District Council
Consultation on Community
Infrastructure Levy Preliminary
Draft Charging Schedule**

Representations submitted on behalf of:

**Martin Grant Homes and
Persimmon Homes South Coast**

July 2014

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Contact
Matt Spilsbury
Associate Director - Economics
July 2014

1. Introduction

- 1.1 This document is submitted on behalf of Martin Grant Homes and Persimmon Homes South Coast Limited ('the representors') and has been prepared by Turley.

Martin Grant Homes

- 1.2 Established in 1978 Martin Grant Homes deliver premium specification homes in prime locations throughout the Home Counties and are now recognised as one of the leading house builders in the South of England.

Persimmon Homes

- 1.3 Building around 10,000 new homes a year in more than 400 prime locations nationwide, Persimmon is one of the UK's leading housebuilders, committed to the highest standards of design, construction and service.
- 1.4 Founded in 1972 and with headquarters in York, the group comprises a North, South and Central Division with a number of regional offices throughout the UK including Persimmon Homes South Coast, based in Fareham.

Purpose of this Document

- 1.5 As two of the UK's most prominent house builders, with land interests for residential development within East Hampshire, the representors have a substantial interest in working with East Hampshire District Council ('EHDC' or 'the Council') to ensure that the proposals for a Community Infrastructure Levy (CIL) charging regime will be fair, effective and lawful in operation.
- 1.6 This document represents the representor's response to EHDC in relation to the publication of the EHDC CIL Preliminary Draft Charging Schedule (PDCS) for consultation on 30th May.
- 1.7 The representors consider that it is important that EHDC reflect upon the comments and recommendations within this document in preparing a Draft Charging Schedule (DCS) for consultation.

2. Representations

- 2.1 This section presents the views of the representors regarding the Council's published PDCS, the viability evidence base, and specific questions raised by the Council. These issues are dealt with in turn.

PDCS Rates

- 2.2 The Council is aware that the proposed CIL rates set out in the PDCS must be informed by appropriate available evidence, as required by the CIL Regulations 2010 (as amended).
- 2.3 Moreover, the CIL Guidance (2014) is clear in setting out what is meant by an '*appropriate balance*', which under CIL Regulation 14 is central to the CIL rate-setting process.
- 2.4 It states that the introduction of CIL should '*have a positive effect on development*' and that Charging Authorities must be able to '*show and explain how their proposed levy rate (or rates) will contribute toward implementation of their relevant plan and support development across their area*'.
- 2.5 Hence, CIL should not be set at a rate that risks threatening the ability to develop viably the sites and scale of development identified in the relevant Plan, and instead the Council must be able to demonstrate at Examination that the proposed CIL rate(s) will have a positive, rather than a negative, effect to support development across the borough.
- 2.6 With these pivotal Examination tests in mind, the representors have conducted a thorough review of the Council's evidence base. In particular, this has focused upon the CIL Viability Assessment (March 2014)¹, and specifically relate to the setting of residential CIL rates.

Benchmark Land Values

- 2.7 The representors have extensive experience negotiating with landowners across the district, and wider region, and have a robust knowledge of the values that therefore constitute an acceptable and realistic return to incentivise a landowner to release land for residential development.
- 2.8 Whilst the values of specific sites unfortunately must remain commercially confidential due to on-going sensitivities, and each site / landowner does differ in reaching this position, it is the view of the representors that the benchmarks set within the CIL Viability Assessment (March 2014)² do not adequately reflect the current land market across the district, with landowner expectations rising.

¹ Adams Integra (March 2014) Viability Report to support a Preliminary Draft Charging Schedule for Community Infrastructure Levy

² *Ibid.*

- 2.9 It is not for the representors to prepare the Council's evidence base. Neither were the representors engaged by the Council or its advisors when preparing the CIL Viability Assessment (March 2014)³, as is recommended by Government as good practice.
- 2.10 Given the representors activity within the District, and wider experience, clarification is sought as to the following:
- (a) Which organisations were consulted in the preparation of the CIL Viability Assessment (March 2014)⁴, and specifically the land value benchmarks, as set out in paragraph 4.7.10 of the document?
 - (b) What evidence was submitted, and how is this representative of benchmark land values across the District?
- 2.11 The PPG (2014) elaborates further upon the latter question within the Viability section. It states that, in considering the viability of planning obligations in plan-making, '*values should be based on comparable, market information*' and wherever possible '*specific evidence from existing developments should be used*'. This includes reference to the preparation of CIL charging regimes.
- 2.12 Paragraph 4.7.15 of the CIL Viability Assessment (March 2014)⁵ makes reference to 'competitive returns', as stipulated in the NPPF, and the application of a premium over existing use value (EUV) to account for this. The consultants state that the '*...amount of premium should be set locally and, in our experience, this is usually set at around 20%*'.
- 2.13 The representors therefore have the following questions:
- (a) What constitutes local within the assessment, and how has this been defined and evidenced?
 - (b) What is the experience of the consultants in purchasing land within the district?
 - (c) What examples of transactional evidence can the consultants provide to justify both the benchmark land values set and the 20% premium applied across the district?
- 2.14 Moreover, no mention is made of recent appeal decisions that have added further clarification to the appropriate basis for establishing a 'competitive return'.
- 2.15 The Shinfield Appeal (January 2013)⁶ established that a competitive return to the willing owner of a previously developed site is the CUV plus an incentive to sell. This was set at 50% of the uplift from the grant of planning consent, before applying any planning obligations.

³ Adams Integra (March 2014) Viability Report to support a Preliminary Draft Charging Schedule for Community Infrastructure Levy.

⁴ Ibid.

⁵ Ibid.

⁶ APP/X0360/A/12/2179141 (Land at The Manor, Shinfield, Reading RG2 9BX)

- 2.16 Further clarification was also added at the Oxenholme Road Appeal (October 2013)⁷, which established that greater weight should be attached to the residual valuation method of determining site value for greenfield sites. The Inspector acknowledges EUV plus a margin can be useful, but notes the weaknesses of this approach when dealing with greenfield sites. Concurrently, the Inspector places greater weight on the use of specific comparable market evidence in determining site value for the purpose of establishing a 'competitive return'.
- 2.17 It is therefore recommended that the Council provides further evidence to support the benchmark land values used in the CIL Viability Assessment (March 2014)⁸. The current approach does not constitute 'appropriate' nor 'available' evidence. In fact, it does not constitute evidence at all. It would not stand up to scrutiny at Examination.

Buld Costs

- 2.18 The CIL Viability Assessment (March 2014)⁹ refers to a review of the BCIS build cost index in setting revised residential build costs. It subsequently takes forward the build costs applied within a previous report published in March 2013. This is stated as making allowance for Code Level 4 and 5 and is set out in the following table.

Table 2.1: Residential Build Costs – CIL Viability Assessment

Code Level	Unit Type	£psm
Code Level 4	Houses	£1,141 psm
	Flats	£1,321 psm
Code Level 5	Houses	£1,308 psm
	Flats	£1,488 psm

Source: Adams Integra, 2014

- 2.19 The representors have separately consulted BCIS to review residential build costs weighted to East Hampshire as at 28 June 2014. The mean (average) costs are set out in the following table for comparison.

Table 2.2: Residential Build Costs – BCIS June 2014 – East Hampshire

Unit Type	£psm (mean)
Houses (Generally)	£1,072 psm
Flats (Generally)	£1,278 psm

Source: RICS BCIS, 2014

- 2.20 Crucially, the BCIS build costs in Table 2.2 do not reflect Code Level 4 or 5, but current building regulations, and also do not make allowances for the following:

⁷ APP/M0933/ A/13/ 2193338 (Land to the west of Oxenholme Road, Kendal, Cumbria)

⁸ Adams Integra (March 2014) Viability Report to support a Preliminary Draft Charging Schedule for Community Infrastructure Levy

⁹ *Ibid.*

- external (structural and local site) works such as roads and sewers, provision of mains services, and setting out public open spaces;
- site abnormalities;
- S278 highway improvement works;
- sustainable urban drainage schemes (SUDS), flood protection, etc.; and
- communal areas for flat / apartment developments.

- 2.21 Despite these exclusions, there exists just a 6% difference, and a 3% difference, respectively for houses and flats (£psm) between the updated BCIS costs in Table 2.2 and the proposed Code 4 build costs in the CIL Viability Assessment (2014) as set out in Table 2.1.
- 2.22 The Council and its consultants should refer to the document "*DCLG Cost of Building to Code for Sustainable Homes (CfSH) Updated Cost Review 2011*". Table 4 of this document shows that the cost of building to Code 4 represents an increase on base build costs of circa 4% - 6% dependant on the type of site and its location. The cost increases on larger and greenfield sites.
- 2.23 Taking Code into account, the costs are similar. However, this is before any cost has been allowed for external works. External works typically account for an additional 10% on top of base build costs, and should be incorporated into viability assessment. As a result, a set of recommended base build costs are presented in Table 2.3.

Table 2.3: Recommended Residential Build Costs –East Hampshire

Unit Type	BCIS £psm (mean)	Code 4 Uplift (average)	External Works (on base)	Recommended Build Cost at Code 4
Houses (Generally)	£1,072 psm	5%	10%	£1,231 psm
Flats (Generally)	£1,278 psm	5%	10%	£1,470 psm

Source: RICS BCIS, 2014

- 2.24 The revised costs and approach should be utilised for viability testing by the Council, and consultants, in preparing the draft Charging Schedule for consultation. At present, the build costs utilised in viability evidence are misrepresentative, outdated and risk significantly underestimating the cost of development.
- 2.25 The representors would also seek to question why the Council has opted not to examine the impact of site abnormalities, highways works and SUDS etc. on viability? It is recommended that the Council make additional evidenced costs allowances for these factors when revisiting the viability evidence.

Other Valuation Inputs

- 2.26 The representors are of the view that the CIL Viability Assessment (March 2014)¹⁰ fails to make adequate allowance for several further valuation inputs, which are reflective of the current market.

Professional Fees

- 2.27 Professional fees are allowed for at 7% of the build cost. This is grossly inadequate, with professional fees averaging 10%-12% in the experience of the representors in the current market. Allowance of 10% is also reinforced by recent Appeal Decisions¹¹, and has been accepted at various CIL Examinations nationally.
- 2.28 The representors recommend that professional fees are increased to a minimum of 10% of build costs.

Sales & Marketing Costs

- 2.29 Sales and marketing costs are allowed for at 3%. In the experience of the representors this is too low and should be increased to between 3.5% and 5% of sales revenue in the current competitive market.

Build Cost Contingency

- 2.30 A build costs contingency of 3% is incorporated in viability testing. The representors believe this is not representative of the contingencies required in the current market. A figure of 5% of build cost should be incorporated.
- 2.31 This is particularly important given the approach taken, which at present fails to allow for site abnormalities, highways works and SUDS etc.

Site Acquisition Costs

- 2.32 There does not appear to be any allowance for site acquisition costs such as land agents fees (1 - 2% of land value), legal fees (about 0.75% - 1.5%) and stamp duty (4% of site value plus VAT for values over £500,000). These should be included transparently within viability assessment.

Residential Value Points

- 2.33 The representors have reviewed the approach to assigning value points for residential development disaggregated by Parish.
- 2.34 The CIL Guidance (2014) clearly states that charging authorities should undertake '*fine grained*' sampling of sites to help estimate the boundaries for setting differential rates. Moreover, differentiation should only be introduced where there is '*consistent economic viability evidence to justify this approach*'.
- 2.35 The representors have specific concerns regarding the inclusion of Alton within VP4 within Appendix 2 of the CIL Viability Assessment (March 2014)¹². The effect of

¹⁰ Adams Integra (March 2014) Viability Report to support a Preliminary Draft Charging Schedule for Community Infrastructure Levy

¹¹ APP/X0360/A/12/2179141 (Land at The Manor, Shinfield, Reading RG2 9BX)

¹² Adams Integra (March 2014) Viability Report to support a Preliminary Draft Charging Schedule for Community Infrastructure Levy

assuming Alton is representative of VP4 is that it is included within the PDCS at a CIL rate of £180 psm.

- 2.36 However, analysis of the market evidence included within the CIL Viability Assessment indicates that the market values (for both new build and re-sale properties) fall significantly below VP4, and are far more closely matched with VP3 across all dwelling types. This is presented in a consolidated format in Table 2.4.

Table 2.4: Analysis of CIL Viability Assessment Evidence – Alton Settlement

Type	Viability Assessment Value Points		Alton	
	VP3	VP4	New Build Evidence (Appendix 1)	Re-sales Evidence (Appendix 1)
	£psm	£psm	£psm	£psm
1 bed flat	£3,261	£3,478		£3,043
2 bed flat	£2,692	£2,923		£2,488
2 bed house	£3,092	£3,487		£3,291
3 bed house	£3,167	£3,556	£3,131	£2,257
4 bed house	£3,306	£3,554		£3,121
5 bed house	£2,938	£3,438	£2,400	£2,346

Source: Adams Integra, 2014

- 2.37 The CIL Guidance (2014) advocates the use of appropriate, available evidence for use in viability assessment, which should be consistently used to justify proposed CIL rates.
- 2.38 The representors recommend that the Council reconsiders the inclusion of Alton within the proposed VP4 at a CIL rate of £180 psm. The evidence presented in this document demonstrates clearly that this settlement generates sales values more akin with VP3 (or even VP2), which is recommended for a CIL rate of £100 psm.
- 2.39 The CIL Viability Assessment (March 2014)¹³ has not applied the market evidence for Alton in a consistent manner in undertaking viability assessment. The result is that, at present, the proposed rate for Alton is inconsistent with the Council's own viability evidence base and the approach risks the viability of development in this location.
- 2.40 The Council's approach would not stand up to challenge at CIL Examination. Therefore, unless the Council can present additional evidence to prove that the CIL rate applied is consistent with the evidence base, it is the express recommendation of the representors that the proposed CIL rate for Alton is reduced to the rate for VP3.

¹³ Adams Integra (March 2014) Viability Report to support a Preliminary Draft Charging Schedule for Community Infrastructure Levy

- 2.41 This is without prejudice to the wider concerns raised with regard the approach to viability assessment, which may reduce this rate further.

Absence of Defined 'Buffer'

- 2.42 The CIL Guidance (2014) requires that charging authorities do not set their CIL rates at the margins of viability. It states that *'it would be appropriate to ensure that a buffer or margin is included so that the levy rate is able to support development when economic circumstances adjust. In all cases, the charging authority should be able to explain its approach clearly.'*
- 2.43 As a result, the introduction of an appropriate 'buffer' has become a crucial element of consideration at CIL Examinations, playing a vital part in the Examiner's deliberation of the Council's interpretation and evidencing of Regulation 14 (i.e. 'appropriate balance').
- 2.44 It has become widely accepted practice by Examiners to advocate, and accept, a buffer of between 30% and 50% on maximum CIL rates. Examples of both include the London Borough of Merton (30%) and Bristol City Council (50%). It is crucial at Examination that the charging authority can explain what buffer has been applied, and justify this appropriately.
- 2.45 There is no mention within the Council's CIL Viability Assessment (March 2014)¹⁴ of the application of any buffer drawing back from the margins of viability. The recommendations set out within the CIL Viability Assessment (March 2014) have subsequently been directly incorporated into the PDCS published for consultation. It therefore appears that there has been no robust or measured buffer applied.
- 2.46 The representors advocate that the Council clarifies its approach to defining an appropriate 'buffer' to demonstrate rates are not set at the margins of viability.
- 2.47 If the Council cannot adequately do so, it is recommended that rates are reduced by a minimum of 30% from the current proposed rates.

Payment by Instalments

- 2.48 The PDCS does not confirm whether the Council will introduce an Instalments Policy as enabled by Regulation 69B of the CIL Regulations 2010 (as amended).
- 2.49 In the view of the representors that it is essential that the Council prepare and adopt a robust and effective instalment policy if CIL is not to affect the viability of development projects, which are critical to the successful delivery housing supply, and therefore to the relevant Plan.
- 2.50 The Council will already be aware that for large developments it is often essential that Section 106 financial payments required to mitigate the effects of development are paid in stages rather than as a single payment prior to or upon commencement.
- 2.51 This is driven by the implications on project cash flow as income from development is often not realised until residential/commercial units are sold or let and this maybe

¹⁴ Adams Integra (March 2014) Viability Report to support a Preliminary Draft Charging Schedule for Community Infrastructure Levy

8

Jennifer Howard

From: Planning Secretaries [REDACTED]
Sent: 11 July 2014 14:14
To: EHDC - Idf Shared
Cc: RUTH MCKEOWN ([REDACTED]); [REDACTED];
Subject: EAST HAMPSHIRE DISTRICT COUNCIL: PRELIMINARY DRAFT COMMUNITY INFRASTRUCTURE LEVY (CIL) CHARGING SCHEDULE (MAY - JULY 2014) - 22352/A3
Attachments: 22352 A3 SL 14 07 10 - Representations to PDCS.pdf
Importance: High

SENT ON BEHALF OF SOPHIE LUCAS

On behalf of our client, Hallam Land Management Ltd., please find attached representations to the East Hampshire District Council: Preliminary Draft Community Infrastructure Levy (CIL) Charging Schedule (May - July 2014).

Please acknowledge receipt of the attached.

A copy will follow by first class post.

Regards

Donna Williams
Secretary to Kim Cohen and the Planning Team

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BY EMAIL & POST: Idf@easthants.gov.uk

11th July, 2014

Dear Sir/Madam,

**EAST HAMPSHIRE DISTRICT COUNCIL: PRELIMINARY DRAFT COMMUNITY
INFRASTRUCTURE LEVY (CIL) CHARGING SCHEDULE (MAY - JULY 2014)
REPRESENTATIONS ON BEHALF OF HALLAM LAND MANAGEMENT LTD.**

The following representations are made on behalf of our client, Hallam Land Management Ltd. (HLM) in response to the above consultation which seeks views on East Hampshire District Council's (EHDC's) Preliminary Draft Charging Schedule (PDCS) in relation to their forthcoming Community Infrastructure Levy (CIL). They are set within the context of HLM's proposals for a residential development on land to the east of Will Hall Farm, Alton ('the Site') which are the subject of planning application reference 55222/001, currently with EHDC for consideration.

EHDC intends to bring CIL into effect by April 2015, using their adopted Developer Contributions in the intervening period until its adoption. HLM recently submitted representations in response to EHDC's proposed Developer Contributions towards the Alton Sports Centre and the following representations should be considered alongside those submitted previously.

Land to the East of Will Hall Farm, Alton ('the Site')

In May 2014, a planning application was submitted on behalf of HLM and Winchester College, as joint-applicants, for a residential development (of up to 200 dwellings) at the Site. Its submission followed an extensive period of collaborative engagement with local residents, stakeholders, Members and EHDC Officers which helped to inform the scheme design as currently proposed. HLM's and the College's proposals are in direct response to the identified need for Alton to provide a minimum of 700 new homes, as set out within the adopted Joint Core Strategy (JCS) (2014). The Site represents a natural and logical extension to the built up settlement of Alton, abutting the existing settlement boundary on two sides and being located close to Alton Town Centre and its associated services and facilities.

EHDC has recognised the appropriateness of the Site for a residential end use within both their Strategic Housing Land Availability Assessment (SHLAA) (site ref: A033) and the more recent Alton Study (2013), an evidence-based document prepared to inform the JCS which identifies the site as one of seven Potential Development Areas in Alton, capable of realistically contributing towards Alton's planned growth.



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Proposed Charging Rates within the PDCS

The process for the preparation, consultation, examination and adoption of CIL Charging Schedules is set out in Part 3 of the Community Infrastructure Levy Regulations 2010 (as amended) ('the Regulations'). In setting the rate of CIL, Regulation 14 requires the charging authority to, inter alia, strike a balance between:

- (a) The desirability of funding infrastructure from CIL (in whole or in part), the actual and expected total costs of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding; and
- (b) The potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.

Alongside their PDCS, EHDC has published their Infrastructure Delivery Plan (IDP): Interim Statement and Infrastructure Schedule (July 2013) and a CIL Viability Assessment (March 2014), the latter undertaken by Adams Integra on their behalf. The IDP represents an 'interim' document, and as such, it is incomplete in so far as it fails to identify funding gaps or estimated costs for a number of identified infrastructure works, or provide financial justification for those costs identified, including in relation to the Alton Sports Centre.

The Viability Assessment (March 2014) finds £180 per sqm to be an appropriate CIL rate for residential developments across the District, excluding land within the South Downs National Park (SDNP) and at Whitehill and Bordon. Residential development coming forward at Whitehill and Bordon, as part of the new 'Eco-Town' is exempt from CIL within the PDCS, with the remainder of Whitehill and Bordon subject to a proposed levy of £60 per sqm. Land south of the SDNP (i.e. the Southern Parishes) is proposed a CIL rate of £100 per sqm.

Importantly, as the table below explains, the proposed CIL rate of £180 per sqm, being proposed by EHDC within their District, with the exception of Whitehill and Bordon and the Southern Parishes, is predominantly greater than that being sought by nearby authorities:

Local Authority	CIL Rates (Residential)	Status of CIL
East Hampshire District Council	Land north of SDNP (excluding Whitehill & Bordon): £180 Whitehill & Bordon (excluding Eco-Town): £60 Whitehill and Bordon Eco-Town: £0 Land south of SDNP: £100	Preliminary Draft Charging Schedule (May 2014)
Winchester City Council	Zone 1: £0 Zone 2: £120 Zone 3: 80	Adopted January 2014 and effective since April 2014
Basingstoke and Dean Council	Zone 1: £105 Zone 2: £75 Zone 3: £160	Preliminary Draft Charging Schedule (January 2014)
South Downs National Park	Zone 1: £150 Zone 2: £200 Zone 3: £200	Preliminary Draft Charging Schedule (February 2014)
Havant Borough Council	£100 (Emsworth & Hayling Island) £80 (Rest of Borough)	Adopted February 2013
Waverley Borough Council	£87	Preliminary Draft Charging Schedule (November 2012)

When viewed within the context of neighbouring authorities and their respective levies, HLM finds the figure of £180, proposed within EHDC on land north of the SNDP (and excluding Whitehill & Bordon) to be excessively high.

Setting rates too high will have an adverse impact on the viability and deliverability of much needed residential development across the District. HLM's primary concern is that this will stifle growth and threaten the deliverability of sustainable economic development which is required to meet an objective assessment of housing needs.

This is supported by national planning policy which seeks to ensure the planning system "...does everything it can to support sustainable economic growth" (para. 19, the NPPF). Paragraph 173 of the NPPF further makes clear the fundamental principle of ensuring development is not constrained by burdens of obligations or policy and with regard to CIL, it outlines the need for 'competitive returns' to a willing landowner and developer to facilitate deliverable development. In order for Development Plans to be deliverable they must be flexible and responsive to changing economic cycles or circumstances (paragraph 174) and owing to this, the rate of CIL must be ascertained based on a viability buffer and not at the margins. The inputs to the viability appraisal methodology are important in that regard.

Paragraph 7 of the DCLG CIL Guidance (March 2010) emphasises that CIL is expected 'to have a positive economic effect on development across an area in the medium to long term'. In deciding the rate(s) of CIL for inclusion in its draft charging schedule, a key consideration for authorities is the balance between securing additional investment for infrastructure to support development and the potential economic effect of imposing CIL upon development across their area. The CIL regulations place this balance of considerations at the centre of the charge-setting process. In view of the wide variation in local changing circumstances, it is for charging authorities to decide on the appropriate balance for their area and 'how much' potential development they are willing to put at risk through imposition of CIL.

EHDC needs to consider the future and changing needs of the District, encouraging sustainable economic growth where possible and avoiding any unnecessary delay to its delivery. HLM is concerned that the imposition of CIL rates across the District, as currently proposed, may have a negative economic impact upon development not only in the short to medium term but also into the future.

In summary, the imposition of CIL upon any new development/regeneration proposals within the District has the significant potential to restrict new development and render such projects unviable. The evidence base supporting the current approach needs to be strengthened and greater clarity provided to justify the infrastructure costings identified.

Exceptional Circumstances Relief

The Regulations (nos. 55 and 57) recognise the need for flexibility and provide for social housing and charitable relief. In addition, there is provision for a charging authority to introduce further discretionary relief for exceptional circumstances (Regulation 55). A charging authority may only grant relief if:

- It has made relief for exceptional circumstances in its area; and
- A Section 106 Agreement has been entered into and the charging authority considers that:
 - The cost of complying with the S106 is greater than the CIL;
 - The requirement to pay CIL would have an unacceptable impact on economic viability; and
 - The grant relief would not constitute a State aid which is required to be notified to and approved by the European Commission.

In the first instance, therefore, the charging authority has the option to make provision for relief for exceptional circumstances.

The PCDS notes that Exceptional Circumstances Relief ('ECR') is discretionary and that if used, "...would provide the Council with some flexibility to deal with complex sites which are proved to have exceptional costs or other requirements which make them unviable". It further states that evidence of such would be required and that the activation/deactivation of such relief could take place at any time.

EHDC, within the PCDS, seeks views on whether the Charging Schedule should make provision for ECR. Whilst HLM appreciates that its application is discretionary, they recommend that EHDC brings forward ECR measures, finding its application to be an entirely appropriate mechanism which is likely to be crucial in some instances, to assist with the delivery of those schemes capable of delivering local objectives, but which are subjected to delivery costs which, in addition to CIL, would render the development unviable.

Key provisions such as ECR and payments in kind are entirely appropriate, and measures such as these will serve to act as incentives for the development industry, helping to deliver much needed development, local infrastructure and community facilities, for example public open space, allotments, or land for community buildings, as part of well designed and sustainable development schemes. These provisions are therefore considered vital if development proposals are to be considered commercially worthwhile in the longer term. The need for such flexibility is set out within the National Planning Policy Framework ('the NPPF') at paragraph 205 where it requires Local Planning Authorities, when seeking planning obligations, to "...take account of changes in market conditions over time, and where appropriate, be sufficiently flexible to prevent planned development being stalled". This is echoed within the recent Planning Practice Guidance ('the PPG') where it requires flexibility within Local Plans to "...allow for a buffer to respond to changing markets and to avoid the need for frequent plan updating" (Paragraph: 008 of the PPG (0-008-20140306)).

On this basis, HLM strongly recommends that EHDC's forthcoming Draft Charging Schedule includes provisions for ECR and payments in kind.

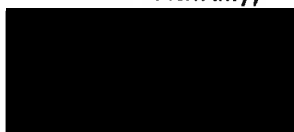
Summary

HLM is concerned that larger and more complex developments, required to meet local housing targets and an objective assessment of housing need, will be put at risk by EHDC's proposed CIL charges, and in particular, the proposed rate of £180 per sqm. Furthermore, should EHDC not allow for Exceptional Circumstances Relief, or payments in kind, the viability of schemes, and overall delivery of sustainable economic growth, will be seriously compromised.

HLM recommends that EHDC adopts realistic CIL rates. Arbitrarily high rates, as currently proposed, have the potential to jeopardise the delivery of much needed housing schemes across the District, meaning EHDC would fail to meet its identified need and existing undersupply of housing in contradiction to the Government's aim of "*significantly boosting the supply of housing*".

We trust that the above representations are acceptable and await confirmation of their receipt. In the meantime, should the Council have any queries or require any further clarification on the above matters, please do not hesitate to contact me.

Yours faithfully,



SOPHIE LUCAS
Senior Planner

cc. R. McKeown - Hallam Land Management
R. Chute - Winchester College
R. Jones - Planning Perspectives

9

Jennifer Howard

From: Planning Secretaries [REDACTED]
Sent: 11 July 2014 14:00
To: EHDC - ldf Shared
Cc: [REDACTED]
Subject: EHDC COMMUNITY INFRASTRUCTURE LEVY - PRELIMINARY DRAFT CHARGING SCHEDULE
Attachments: 18027 A3 DMC 14 07 09 Let to EHDC - reps on Preliminary Draft CIL Charging Schedule.pdf
Importance: High

SENT ON BEHALF OF DAVID MURRAY-COX:

On behalf of our client, Helical (Liphook) Ltd, please find attached representations to the East Hampshire District Council Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule.

We would be grateful if you could acknowledge safe receipt.

Regards

Sam Harrison

Secretary to Ian Tant and the Planning Team (part-time)

Planning . Design . Delivery

bartonwillmore.co.uk

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CIL Project Manager,
East Hampshire District Council,
Penns Place,
Petersfield,
Hants, GU31 4EX

18027/A3/DMC

BY POST AND EMAIL
(ldf@easthants.gov.uk)

11th July 2014

Dear Sir,

EAST HAMPSHIRE DISTRICT COUNCIL COMMUNITY INFRASTRUCTURE LEVY
PRELIMINARY DRAFT CHARGING SCHEDULE
CONSULTATION RESPONSE OF HELICAL (LIPHOOK) LTD

We write on behalf of Helical (Liphook) Ltd in relation to the East Hampshire District Council Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule which is currently the subject of consultation.

Helical (Liphook) Ltd note that the Preliminary Draft Charging Schedule indicates that 'residential' development is proposed to be charged the Levy at a rate subject to its location within the District. For example if located north of the South Downs National Park (excluding Whitehill & Bordon), then residential development is proposed to be charged the Levy at a rate of £180/sqm. 'Non-residential' development other than hotels and retail development is proposed to be 'zero-rated' and would not be charged the Levy.

It is important to note that a Viability Assessment (March 2014) has been prepared by Adams Integra on behalf of the Council in support of the Preliminary Draft Charging Schedule.

Adams Integra considered the CIL rate that should be applied to various forms of development, including Care Homes and other uses within Use Class C2. The Viability Assessment establishes (at paragraph 7.12.2) that a "zero CIL charge rate remains appropriate for these types of uses". Adams Integra continued by stating that "We have seen no evidence of increases in care home revenues over the study period. We have seen construction costs increase".

However, Helical (Liphook) Ltd note that no reference is made within the Preliminary Draft Charging Schedule to such uses being subject to a "zero CIL charge rate". In fact, the Preliminary Draft Charging Schedule indicates that 'residential development' within the District (other than at the Whitehill & Bordon Eco Town), is to be charged CIL at a rate of £60, £100 or £180 depending on its location.

The Preliminary Draft Charging Schedule does not indicate what forms of residential development the above CIL rates will be applied to, however it is clear that if the Preliminary Draft Charging Schedule is to be consistent with the Council's evidence base then they should not be applied to developments within Use Class C2.

In this regard it is noted that paragraph 173 of the NPPF (March 2012) establishes that development should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened.

Paragraph 175 of the NPPF is also particularly relevant to this issue since it states that "*The Community Infrastructure Levy should support and incentivise new development, particularly by placing control over a meaningful proportion of the funds raised with the neighbourhoods where development takes place*".

There is an ageing population both nationally and within East Hampshire District and as such an increasing and compelling need to facilitate, rather than constrain development such as care homes. Given that Adams Integra identify that for this form of development, no increase in revenues was identified over the study period whilst construction costs were found to have increased, it would appear as though the Preliminary Draft Charging Schedule would fail to support and incentivise its delivery.

The remedy is straightforward and it is clear that the Preliminary Draft Charging Schedule must be amended to accord with the Council's evidence base in relation to Use Class C2 developments, confirming that they are not proposed to be subject to a requirement to pay the Levy.

We would be grateful for confirmation that these representations have been received and that they have been registered as having been 'duly made'.

Yours faithfully,

DAVID MURRAY-COX
Associate

cc: I. Jones - Renaissance Villages Ltd

10

Jennifer Howard

From: Lax, Laura [REDACTED]
Sent: 11 July 2014 13:34
To: EHDC - ldf Shared
Subject: EA Response to CIL Consultation
Attachments: dps1.rtf

Please find attached the Environment Agency's response to your draft CIL consultation.

Regards
Laura

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Planning Policy
East Hampshire District Council
Council Offices
Penns Place
Petersfield
Hampshire
GU31 4EX

Our ref: HA/2006/000141/PO-
05/IS1-L01
Your ref:

Date: 11 July 2014

Dear Sir/Madam

Consultation on the Community Infrastructure Levy Draft Preliminary Charging Schedule

Thank you for your consultation regarding the above. We have no specific comments to make about the draft charging schedule at this time. We would however request that we continue to be consulted on work associated with the production of the CIL and the 123 list associated with this.

If you required any further information please do not hesitate to contact me using the details below.

Yours faithfully

Mrs Laura Lax
Senior Planning Adviser

Direct dial [REDACTED]

Direct e-mail [REDACTED]

(11)

Jennifer Howard

From: Howbrook, Emily [REDACTED]
Sent: 11 July 2014 13:25
To: EHDC - Idf Shared
Cc: McCulloch, Laura; LDF Consultation
Subject: Hampshire CC response to draft PDCS
Attachments: Draft East Hampshire DC CIL PDCS response letter July 2014_(HF000007239946).pdf

Good afternoon

Thank you for consulting the County Council on the preliminary draft charging schedule. Please find attached our response and note that this is sent my email only.

Kind Regards

Emily Howbrook

Emily Howbrook BSc (Hons) MA MSc MRTPI
Principal Infrastructure Officer
County Planning, Economy, Transport & Environment Department, Hampshire County Council
1st Floor, Ell Court West, The Castle, Winchester, SO23 8UD

01962 845461

emily.howbrook@hants.gov.uk

www.hants.gov.uk/county-planning

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Hampshire County Council

Economy, Transport and Environment Department
Elizabeth II Court West, The Castle
Winchester, Hampshire SO23 8UD

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0845 603 5634 (Recycling Waste & Planning)
Textphone 0845 603 5625
Fax 01962 847055
www.hants.gov.uk

CIL Project Manager
Penns Place
Petersfield
Hampshire
GU31 4EX

Enquiries to

Mrs E V Howbrook

My reference

PLAN/EVH/EHDC-CIL-PDCS

Direct Line

01962 845461

Your reference

10 July 2014

Email

Dear Sir,

Community Infrastructure Levy – Preliminary Draft Charging Schedule Consultation

Thank you for consulting the County Council on your Preliminary Draft Charging Schedule (PDCS). As you are aware, the County Council is keen to work in partnership in order to ensure that the infrastructure required to support development continues to be funded and delivered in the most appropriate way in the future.

Extra Care Housing

The Viability Report (March 2014) looks specifically at care homes and other such residential institutions within the C2 use class category (Chapter 7: Non-Residential Uses) and recommends a zero CIL charge rate. Following this, the PDCS proposes a charge of £0 for non-residential development, which presumably therefore includes care homes.

The County Council has concerns that the viability assessment does not consider extra care housing, which is defined as "purpose-built accommodation in which varying amounts of care and support can be offered and where some services are shared". This type of specialist accommodation provision for older people is not the same as an institutional care home. Schemes can combine a range of tenures and as such the private units can provide some cross-subsidy to the affordable. Extra care housing developments are likely to have different funding arrangements than other residential developments, and will need to be assembled from a range of public and private sources of which the County Council will be one.

Director of Economy, Transport and Environment
Stuart Jarvis BSc DipTP FCIHT MRTP

Usually most units are individual affordable flats, but open market sector housing may be delivered as an integrated part of these developments (typically less than 20%). These privately owned, leasehold properties have been shown to be critical to enable the delivery of the whole development. Whilst the majority of extra care units provided by the public sector will be afforded an exemption as affordable housing, any private units provided by the public sector in order to make extra care schemes viable could be subject to CIL in East Hampshire if they fall within the C3 category. We suggest that viability testing should be undertaken in respect of extra care housing schemes, to address the viability impact of communal space and mixed tenures schemes for this particular use. Other authorities such as Eastleigh, Havant and Winchester have found that a nil rate for all tenures of Extra Care accommodation is justified on viability grounds.

In summary, residential schemes that are recognised by the District Council and the County Council's Adult Services department as being in accordance with the requirements and guidance for extra care housing should be charged at an appropriate rate on grounds of viability. In the absence of any specific viability assessment of extra care housing, the County Council is concerned that the charging schedule as it stands would affect the viability and deliverability of this important infrastructure asset.

For further info on the delivery model for extra care housing see <http://www.housinglin.org.uk/Topics/browse/HousingExtraCare/ExtraCareStrategy/HousingStrategyExamples/?&msg=0&parent=975&child=8752>

Land- and infrastructure-in-kind

Whilst the County Council is supportive in principle of payment-in-kind as a way for landowners to satisfy a charge arising from the levy, there may be very limited opportunities to do so, primarily due to the overall cost of delivering infrastructure compared to the likely CIL liability. Regulation 73A(12) of the amendment regulations (2014) means that in-kind payments are also limited to the provision of 'relevant infrastructure' i.e. items on the Regulation 123 list, which further constrains the potential use of land- and infrastructure-in-kind.

Whitehill & Bordon Eco-Town

The Infrastructure Delivery Plan (July 2013) explains that the infrastructure to support the Eco-Town development is intended to be delivered through a comprehensive package of S106 contributions and direct investment, without the need for CIL expenditure.

The Viability Report (March 2014) does not appear to specifically address the viability of CIL for the Eco-Town, but the PDCS proposes a £0 rate for the Eco-Town. It is assumed that this justification is drawn from The GVA Viability

Assessment of Whitehill and Bordon Eco-town Masterplan (June 2012), on the basis that there is no scope for a CIL in addition to the negotiated on-site section 106 infrastructure packages. We have queried assessments which have used existing policies or historic contributions to estimate the anticipated planning obligations for large developments. This approach needs to reflect the more recent restrictions on the use of obligations and the scenario post-April 2015 whereby the pooling of s106 obligations will be restricted.

The County Council is generally in favour of utilising section 106 where possible in order to secure key necessary infrastructure (such as primary schools) to be provided on site. The County Council does have some concerns about the risks of relying on s106 to secure infrastructure for the Eco-Town, mainly related to the pooling restrictions and inability to collect contributions for the wider, cumulative impacts of a development. There is a risk that the intention to fund the substantial and phased infrastructure requirements through a s106 regime will be prevented as no more than five planning obligations may be entered into for any one type of infrastructure or project, and it is feasible that developers of future phases of the Eco-Town will submit separate applications and associated s106 agreements.

Next Steps- What The Levy Will Be Spent On

The County Council has been assisting Hampshire authorities in preparing a Regulation 123 list to support the examination of their draft charging schedule. The County Council is therefore keen to collaborate on these matters and assist you as far as possible. In particular, we are strongly encouraging charging authorities to include specific schemes on their Regulation 123 lists rather than generic types, in order to avoid overly restricting the potential use of section 106 agreements in future. Paragraph 97 of the revised CIL guidance (12.6.14) states:

“Where the Regulation 123 list includes a generic type of infrastructure (such as ‘education’ or ‘transport’), section 106 contributions should not be sought on any specific projects in that category. Site-specific contributions should only be sought where this can be justified with reference to the underpinning evidence on infrastructure planning which was made publicly available at the charging schedule examination”.

Paragraph 95 of the guidance states: “There should be no actual or perceived ‘double dipping’, with developers paying twice for the same item of infrastructure”. The County Council therefore has concerns that developers may challenge authorities, where Regulation 123 lists contain both generic types of infrastructure and exclusions or exceptions to this. To avoid the risk of challenge the County Council is encouraging charging authorities to include specific schemes on their Regulation 123 lists to make it transparent and clear how s106 contributions will be used. The County Council is also working with authorities to agree the transport items included on Regulation 123 lists to

ensure lists do not inadvertently rule out the use of section 278 agreements for highway schemes that are already planned or underway, or where it is advisable for developers to still be able to contribute towards specific local highway works through section 278 agreements.

The Infrastructure Delivery Plan- Schedule of Identified Requirements

I note that the Infrastructure Delivery Plan (IDP) includes education schemes based on the HCC Strategic Infrastructure Statement (2012). An update of the Statement is yet to be published, but new information on required school capacity is available based on more recent forecasts. Please contact us if you wish to discuss the latest position on education requirements in East Hampshire therefore.

I also note the theme of water and drainage. You may wish to consider that the County Council is currently investigating the potential to use flood and coastal erosion risk management grant in aid (FCERM GiA capital grants) towards the costs of building new flood and coastal erosion defences across Hampshire. As a risk management authority, the County Council can apply for an allocation of this government funding annually from the Environment Agency (EA), and is collaborating with the Boroughs and Districts to consider all sources of funding alongside this. Please contact us if you wish to discuss the flood alleviation schemes identified for East Hampshire.

Additional comments

The map used to illustrate indicative CIL levels is useful. For the Draft Charging Schedule it may be more helpful to specify in the map title that the CIL levels only relate to residential development. Currently it is misleading as the retail and hotel charges do not appear to be shown on the map. Secondly, the map on its own assumes the reader understands the CIL situation in the South Downs National Park (i.e. that it is the National Park Authority who is proposing the rate for Liss and Petersfield shown on the map).

I trust that these comments are of assistance to you and I would reiterate that the County Council is keen to work closely with you on the development of your Charging Schedule and Regulation 123 list.

If you have any queries or concerns regarding the above please do not hesitate to contact me on (01962) 845461.

Yours sincerely,

Emily Howbrook
County Planning

Sent by email only

Jennifer Howard

From: Valerie Dobson
Sent: 09 July 2014 12:05
To: EHDC - ldf Shared
Subject: FW: FORMAL REPLY to CIL DRAFT PRELIMINARY CHARGING SCHEDULE

Valerie Dobson - Principal Policy Planner
East Hampshire District Council
Penns Place Petersfield GU31 4EX
Direct Tel: 01730 234152

From: Nicholas Branch [mailto: [REDACTED]]
Sent: 09 July 2014 11:41
To: Valerie Dobson
Subject: FORMAL REPLY to CIL DRAFT PRELIMINARY CHARGING SCHEDULE

Dear Valerie,

please acknowledge receipt of this input to the consultation. I have used the para numbers in the May 2014 document.

Para 9. The top level should be the same as Petersfield's ie £200, to reflect the market attraction of non-SDNP areas, and to cope with historic shortfall in infrastructure investment.

Para 13. Agreed. This should be done annually.

Para 16 Where infrastructure investment is ideally needed before development commences, EHDC should be free to require the front-end deposit of a proportion of the total CIL payable. Other CIL payments by instalment should relate to project cash flow, but with a minimum annual amount based on total project value.

Para 17. Any request for discretionary relief on the grounds of viability must be backed-up by a formal assessment approved by the District Valuer

Para 18. Agreed.

Para 19 The justification and calculation of this sort of relief should be backed-up by an independent report eg from accountants, district valuer, etc.

Para 20 Any such relief should not exceed 20% of the current CIL rate.

Nicky Branch
EHDC Cllr Alton Westbrooke
9/6/2014

Jennifer Howard

From: Claire Hughes
Sent: 09 June 2014 09:56
To: EHDC - Idf Shared
Subject: Community Infrastructure Levy preliminary draft charging schedule

Please find below my comments on the Community Infrastructure Levy preliminary draft charging schedule.

Preliminary draft charging schedule rates

I have a query as to the charging for non residential use. There doesn't appear to be the ability to charge for business investment - such as private leisure clubs - and I wondered if this was a conscious decision.

Payment by installments

I support the idea of payment by installments, but would welcome the opportunity for the Council to determine how that should be allocated. Some developments will require a sizeable proportion of CIL delivered at the outset/early stages to enable infrastructure to be provided.

Land and infrastructure in kind

I fully support the payment in kind proposal.

Relief for low cost market housing

I support the ability of the council to offer relief from liability for CIL, however this will need to be considered in light of the need for infrastructure investment.

Best wishes

Claire

Claire Hughes
Service Manager (Community)

Tel: [REDACTED]

Mobile [REDACTED]

Email: [REDACTED]

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Havant Borough Council
Public Service Plaza
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PO9 2AX

Jennifer Howard

From: Valerie Dobson
Sent: 16 June 2014 11:44
To: EHDC - ldf Shared
Subject: FW: Community Infrastructure Levy (CIL) Draft Charging Schedule Consultation

Valerie Dobson - Principal Policy Planner
East Hampshire District Council
Penns Place Petersfield GU31 4EX
Direct Tel: 01730 234152

From: Angela Glass
Sent: 02 June 2014 11:42
To: Valerie Dobson
Cc: Julia Potter
Subject: RE: Community Infrastructure Levy (CIL) Draft Charging Schedule Consultation

Dear Valerie,

My only comment, after a cursory glance, is that perhaps references to the "Eco-Town", should now be the "Green Town", to fall in line with the new nomenclature.

From: Jessica Hill
Sent: 30 May 2014 16:45
To: EHDC - EHDC-Members
Subject: Community Infrastructure Levy (CIL) Draft Charging Schedule Consultation

To: All Consultees

East Hampshire District Council is moving forward with the process of developing a Community Infrastructure Levy (CIL). The first stage of consulting on the Draft Charging Schedule is now underway and will run until **5.00pm on Friday 11 July 2014**.

The consultation letter and Draft Charging Schedule are attached to this email for reference. Copies of all the documents including the supporting studies (the draft Infrastructure Delivery Plan, Viability Study and FAQs) are available on our website.

If you have any queries relating to any of the documents or the consultation process then please do not hesitate to call the Planning Policy team on 01730 234280.

Regards,

Valerie Dobson - Principal Policy Planner
East Hampshire District Council
Penns Place Petersfield GU31 4EX
Direct Tel: 01730 234152

15

Jennifer Howard

From: Helen Bassett [redacted]
Sent: 18 June 2014 11:41
To: EHDC - ldf Shared
Subject: RE: Community Infrastructure Levy (CIL) Draft Charging Schedule Consultation

Dear Valerie

The Parish Council considered the above consultation at its meeting on the 11 June and made the following comments on the Discretionary Matters set out in paragraphs 16 to 20.

Para.	Title	Comment
16	Payment by instalments	Agreed
17	Relief for exceptional circs.	Agreed
18	Land-and-infrastructure-in kind	Agreed
19	Relief - charitable invest' activities	Agreed
20	Relief for low cost market housing	Not Agreed

It was considered that relief from liability to pay a CIL charge on new market value houses that are sold at no more than 80 % of their market value was not justifiable.

Regards

Helen Bassett
Clerk
Selborne Parish Council

Selborne Parish Council, PO Box 657, Farnham, GU9 1JS

[redacted]
www.selborneparishcouncil.gov.uk

Please note that I work part time and am available online on a flexible basis.
Information in this message is confidential and may be privileged. It is intended solely for the person to whom it is addressed. If you are not the intended recipient, please notify the sender and delete the message from your system immediately.

From: Jessica Hill [<mailto:Jessica.Hill@easthants.gov.uk>]
Sent: 30 May 2014 16:44
To: undisclosed-recipients:
Subject: Community Infrastructure Levy (CIL) Draft Charging Schedule Consultation

To: All Consultees

East Hampshire District Council is moving forward with the process of developing a Community Infrastructure Levy (CIL). The first stage of consulting on the Draft Charging Schedule is now underway and will run until **5.00pm on Friday 11 July 2014**.

The consultation letter and Draft Charging Schedule are attached to this email for reference. Copies of all the documents including the supporting studies (the draft Infrastructure Delivery Plan, Viability Study and FAQs) are available on our website.

If you have any queries relating to any of the documents or the consultation process then please do not hesitate to call the Planning Policy team on 01730 234280.

Regards,

Valerie Dobson - Principal Policy Planner
East Hampshire District Council
Penns Place Petersfield GU31 4EX
Direct Tel: 01730 234152

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Jennifer Howard

From: Worldham PC [REDACTED]
Sent: 20 June 2014 08:47
To: EHDC - ldf Shared
Subject: CIL Consultation Query

Worldham Parish Council has a query regarding the Preliminary draft charging schedule relating to the Community Infrastructure Levy.

It is the Parish Councils understanding that any development of solar farms would currently be liable to make a payment under Section 106, development contribution. Under the proposed CIL charging schedule, would solar farms be liable to pay CIL? And if so how much?

The proposed charging schedule states that for non residential development (excluding hotels and retail) the proposed CIL levy will be £0

Hypothetically how much would 14ha of land for a 8MW solar farm in Worldham Parish (situated outside the South Downs National Park) pay in Section 106 monies and how much in CIL?

Robin Twining
Worldham Parish Clerk

Tel: [REDACTED]
Email: [REDACTED]

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(17) (16)

Jennifer Howard

From: Sarah Goudie [REDACTED]
Sent: 25 June 2014 14:04
To: EHDC - ldf Shared
Subject: Community Infrastructure Levy (CIL) Draft Charging Schedule Consultation

Dear Sirs,

Four Marks Parish Council have read with interest the Preliminary Draft Charging Schedule.

One comment we would like to make for submission to the Consultation is as follows.

Four Marks Parish Council, together with Medstead Parish Council, are currently in the early stages of preparing a Neighbourhood Plan. One of the 'incentives' to prepare the Plan was that we were informed that if a Parish has an adopted Neighbourhood Plan in place then the amount of CIL per £/sq m would be considerably increased, but there is no mention of this in the Preliminary Draft Charging Schedule. It is felt that this is a very important factor and, if this is the case, then reference should be made.

Thank you for your attention to our response, and I look forward receiving confirmation of receipt in due course.

Yours sincerely

Sarah Goudie
Clerk, Four Marks Parish Council

[REDACTED]
Email: [REDACTED]
Tel: [REDACTED]

Jennifer Howard

From: Small, Martin [REDACTED]
Sent: 26 June 2014 11:49
To: EHDC - ldf Shared
Subject: Community Infrastructure Levy Draft Charging Schedule Consultation
Attachments: 2014-06-26 - East Hampshire CIL - MS - comments on preliminary draft charging schedule.doc

Dear Sir or Madam,

Thank you for the e-mail of 30th May from Ms Hill advising English Heritage of the consultation on your Council's Community Infrastructure Levy Draft Charging Schedule. Please find attached our comments (please note, these are being sent by e-mail only).

Thank you.

Yours faithfully,

Martin Small

Martin Small | Historic Environment Planning Adviser
(Bucks, Oxon, Berks, Hants, IoW, South Downs and Chichester)
Direct Line [REDACTED] Mobile [REDACTED]
English Heritage | South East | Eastgate Court
195-205 High Street | Guildford | GU1 3EH

www.english-heritage.org.uk

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ENGLISH HERITAGE

SOUTH EAST

18

CIL Project Manager
East Hampshire District Council
Penns Place
Petersfield
Hampshire, GU31 4EX.

Our ref: HD/P5236/01/PC3
Your ref:
Telephone 01483 252040
Fax

26th June 2014

Dear Sir or Madam,

Community Infrastructure Levy Draft Charging Schedule Consultation

Thank you for the e-mail of 30th May from Ms Hill advising English Heritage of the consultation on your Council's Community Infrastructure Levy Draft Charging Schedule. We are pleased to make the following comments.

We have already provided details of English Heritage's approach to and advice on how the Community Infrastructure Levy (CIL) (and planning obligations) can be used to benefit the historic environment in our comments on your Council's draft Guide to Developers' Contributions earlier this year.

We have no comments on the proposed rates of CIL or the proposed differential charging zones. However, as regards paragraph 17 "Relief for exceptional circumstances" we would remind the Council to be aware of the implications of any CIL contribution or rate on the viability and effective conservation of the historic environment and heritage assets in development proposals. For example, there could be circumstances where the viability of a scheme designed to respect the setting of a heritage asset in terms of its quantum of development could be threatened by the application of CIL. There could equally be issues for schemes which are designed to secure the long term viability of the historic environment (either through re-using a heritage asset or through enabling development).

Paragraph 126 of the National Planning Policy Framework requires that local planning authorities set out, in their Local Plan, a positive strategy for the conservation and enjoyment of the historic environment, including heritage assets most at risk through neglect, decay or other threats. In relation to CIL, this means ensuring that the conservation of its heritage assets is taken into account when considering the level of the CIL to be imposed so as to safeguard and encourage appropriate and viable uses for the historic environment.

Cont'd

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We are therefore encouraging local authorities to assert in their CIL Charging Schedules their right to offer CIL relief in exceptional circumstances where development which affects heritage assets and their settings may become unviable if it was subject to CIL. We also urge local authorities to then offer CIL relief where these circumstances apply. We therefore welcome paragraph 17 of the CIL document.

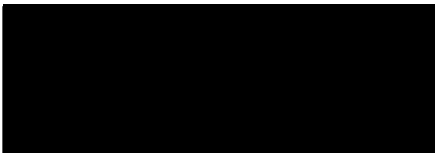
For clarity, following guidance set out in the Community Infrastructure Levy Relief Information Document (2011), we recommend that the conditions and procedures for CIL relief be set out within a separate statement following the Charging Schedule. The statement could set out the criteria to define exceptional circumstances and provide a clear rationale for their use, including the justification in terms of the public benefit (for example, where CIL relief would enable the restoration of heritage assets identified on English Heritage's Heritage at Risk Register).

English Heritage strongly advises that the District Council's conservation staff are involved throughout the preparation and implementation of the CIL Charging Schedule as they are often best placed to advise on local historic environment issues.


If you have any queries on the points raised in this letter, please contact me.

Thank you again for consulting English Heritage on the Preliminary Draft Charging Schedule.

Yours faithfully,



Martin Small
Historic Environment Planning Adviser
(Bucks, Oxon, Berks, Hants, IoW, SDNP and Chichester)

E-mail 

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Jennifer Howard

From: Ian Sowerby [REDACTED]
Sent: 30 June 2014 14:06
To: EHDC - Idf Shared
Subject: CIL CHARGING SCHEDULE CONSULTATION
Attachments: Lamron letter 050614.pdf; Lamron letter 050614 appendix.pdf

FAO: Valerie Dobson

Further to your letter of 30th May 2014, I wish to make the following representations to the draft CIL Charging Schedule.

The representations are made on behalf of Lamron Estates Ltd, Brinkletts House, 15 Winchester Road, Basingstoke RG21 8UE.

Lamron Estates Ltd is a development company that is actively involved in obtaining planning permission for and constructing budget hotels for Premier Inn and Travelodge in the North Hampshire area. As a result, they are uniquely positioned to be able to provide up-to-date empirical data regarding the actual construction costs and achievable revenues from hotel developments in this part of the country. I attach for your information, a letter from Malcolm McPhail BSc FRICS, the director of Lamron Estates Ltd – dated 5th June 2014 – in which he sets out his criticism of the Council’s proposal to impose a CIL rate of £70 per m² on new hotel development in East Hampshire.

As you will see, Mr McPhail specifically questions the assumptions made in the Adams Integra report regarding the capital value of hotel development. Whereas Adams Integra have assumed a capital value of £100,000 per room, the actual value achieved by a recent Premier Inn development in Fleet is significantly less (£86,350). Similarly, the estimated build cost at £41,220 per bedroom is significantly less than the new Premier Inn buildings at Fleet (£44,000) and Basingstoke (£48,000).

These erroneous assumptions by Adams Integra artificially inflate the estimated surplus value in the example provided at Appendix B in their report. In practice, the available surplus quoted in that example will not exist, as the appendix to Mr McPhail’s letter demonstrates. Consequently, we consider that the appropriate CIL rate for hotels is zero, as has been (or is proposed to be) applied by Basingstoke & Deane BC, South Downs NP, Havant BC and Waverley BC, and many other LPAs in the south-east. It is simply not realistic to follow the cited example of an adopted £70 per m² CIL rate for hotels - Winchester CC – in the face of contrary empirical evidence from a developer who is actively engaged in providing budget hotels in other settlements in North Hampshire, and is currently in negotiations to construct one in Alton.

In short, the imposition of the proposed £70 per m² CIL rate for hotels in East Hampshire will make such developments non-viable, which will counteract the acknowledged need for such accommodation in the District (as set out in the draft EHDC Core Strategy).

Do not hesitate to contact me should you require any further information. Meanwhile, please keep me informed as to progress with the East Hants CIL charging schedule.

Regards.

Ian Sowerby BA MSc MRTPI
Partner



BELL CORNWELL LLP, Oakview House, Station Road, Hook, Hampshire, RG27 9TP
DD: [REDACTED] F: [REDACTED]

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19



Lamron Estates Ltd

Brinkletts House
15 Winchester Road
Basingstoke
Hampshire RG21 8UE

Tel: [REDACTED]

Fax: [REDACTED]

Email: [REDACTED]

Web: www.lamron.co.uk

I. Sowerby Esq
The Bell Cornwell Partnership
Oak View House
Station Road
Hook
Hampshire RG27 9TP

05 June 2014

Dear Ian

EAST HAMPSHIRE DISTRICT COUNCIL – VIABILITY REPORT – PRELIMINARY DRAFT CHARGING SCHEDULE FOR COMMUNITY INFRASTRUCTURE LEVY

I refer to our discussions regarding the proposed CIL levy in respect of commercial hotels within East Hampshire District Council. I have looked at their Appraisal and would make the following comments:-

- The capital value used of £100,000 per room is in excess of the market. We have just undertaken a development at Fleet for Premier Inn and achieved a room rental of £4,800 per bedroom and have under construction at this point in time a development for Premier Inn in Basingstoke where we are achieving £4,700 per bedroom. The market capitalisation rate for these hotels on the premise that Premier Inn take a 25 year full repairing and insuring Lease is no better than 5.5%, so the total capital value per room, taking an average of £4,750 per bedroom at 5.5% equates to £86,355 per room and not £100,000 per room.
- The build cost they have applied again is not appropriate and we constructed our Fleet development 18 months ago at £44,000 per bedroom and currently have under construction our Basingstoke scheme where the contract was agreed 6/7 months ago at £48,000 per bedroom. The current market price for bedrooms is £50,000 per bedroom. The build cost is of course continuing to increase and according to the BCIS we may well see cost increases between 5% to 7% over the next 12 months. I therefore reassessed the Appraisal taking into consideration the market room rental rates, the current achievable yield and the current building cost and factored in all the agreed fees, plus the six months rent free you have to give to the incoming tenant. You will note from the attached Appraisal that we are showing a total development cost of £7.8m and a total net investment value of £8.138m. This shows a developer's profit of £335,000 which equates to 4.29% on the total development cost. Developers require a return of between 15% and 20% on such commercial developments. This is taking the land price at £900,000 which is in line with the existing site value used by East Hampshire District Council and is certainly in line with market evidence, bearing in mind that hotels are now competing with residential and B1 schemes for suitable site locations. The criteria is very similar to B1 in that they want to be on a main road location, close to the Town Centre and close to alternative modes of transport such as main line stations, bus stations, etc.

Subject to contract

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Registered office: 55 Loudoun Road,
St John's Wood, London NW8 0DL



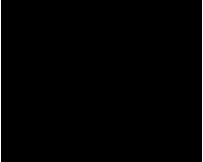
On the basis of the attached Appraisal you will note there is no justification for any CIL – Community Infrastructure Levy – contribution. My room rates, yield and build costs are all based on current market evidence and are easily substantiated.

Could I ask you therefore please to make an appropriate submission to East Hampshire District Council on the premise that the CIL rate for hotels should be zero. The room rates in particular on hotels as you move away from the main motorway arteries go down substantially because we are involved in negotiations with Premier Inn on a hotel facility in Alton and the room rates they are proposing here are significantly less than the £4,750 that we have used in our current assessment.

If you require any further information please do not hesitate to get in touch.

Kind regards

Yours sincerely



PP **M.MCPHAIL B Sc, FRICS**
Director

APPRAISAL – HOTEL

CAPITAL VALUE

100 bedroom hotel – room rental rate		£4,750
Total annual rent		£475,000
YP at 5.5%		18.18
		<u>£8,635.500</u>
Less P.E's at 5.75%		£496.541
NIV		<u>£8,138.959</u>

DEVELOPMENT COSTS

ACQUISITION COSTS

Land price -	£900,000	
SDLT 4%	£36,000	
Agent fee 1%	£9,000	
Legal fee 0.5%	£4,500	
	<u>£949,500</u>	£949.500

CONSTRUCTION COSTS

Demolition cost	£90,000
Building cost (100 bedrooms @ £50,000/bedroom)	£5,000.000
Contingency 5%	£250,000
Professional fees 12%	£630,000
Planning/Building Reg fees	£50,000
Fund/Bank Surveyor	£30,000
	<u>£6,050,000</u>

INTEREST COSTS

Finance at 6% on the land cost of £949,500 for 18 months	£85,455
Finance at 6% on the buildings costs of £6,050,000 for 12 months (average weighting 50%)	£181,500
6 months rent free to tenant	£225,000
	<u>£491,955</u>

LETTING AND SALE FEES

Letting Agent fee 10%	£45,000
Legal fee on letting 5%	£22,500
Legal Sale fees 1.5%	£105,000
Inv/Sale fees (Developer and Fund) 2%	£140,000
	<u>£312,500</u>

TOTAL DEVELOPMENT COSTS	£7,803.955
TOTAL NIV	£8,138.959
DEVELOPER'S PROFIT	£335.004
% PROFIT ON TDC	4.29%
NO SURPLUS AVAILABLE TO FUND CIL PAYMENT	

Jennifer Howard

From: Valerie Dobson
Sent: 01 July 2014 12:14
To: EHDC - ldf Shared
Subject: FW: Whitehill bordon CIL/S106 clarification

Importance: High

Valerie Dobson - Principal Policy Planner
East Hampshire District Council
Penns Place Petersfield GU31 4EX
Direct Tel: 01730 234152

From: Andrew Biltcliffe
Sent: 01 July 2014 10:51
To: Valerie Dobson; Simon Jenkins
Subject: FW: Whitehill bordon CIL/S106 clarification
Importance: High

Please log this as an objection to the cil draft charging schedule.
-Sent from my Windows Phone

Regards
Andrew Biltcliffe
Shared Service Manager (Planning Policy)

Mobile: 07810 770209
Havant Borough Council (Tuesday & Thursday, Friday flexible)
Public Service Plaza
Civic Centre Road
Havant
PO9 2AX
Direct Line: 02392 446511 Team Phone: 02392446539
Email: andrew.biltcliffe@havant.gov.uk

East Hampshire (Monday & Wednesday)
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From: John Tunney
Sent: 01/07/2014 10:46
To: Andrew Biltcliffe
Cc: Steve Pearce; Adrian Ellis; 'Jim Redwood'
Subject: Whitehill bordon CIL/S106 clarification

Hi Andy,

Following our discussion yesterday I am writing as you requested to ask for clarification work to take place as a matter of some urgency regarding Whitehill and Bordon's status for S106 contributions.

Our previous understanding in this team (shared generally by yourself and other colleagues in Planning) was that all of W&B within the eco town policy boundary would be subject to S106.

From some of the CIL documentation we looked at yesterday there seems to be some uncertainty about this or whether S106 only applies to the smaller mosaic areas of strategic allocation sites within the town.

As stated in my previous note we have a very strong preference for the more geographically widespread eco town policy boundary to apply .

Hopefully this will be the outcome of the clarification work.

Many thanks.

Regards,

John Tunney,
Strategic Planning & Programme Co-ordinator,
Whitehill Bordon Project Team,
East Hants District Council,
Penns Place,
Petersfield, GU31 4EX

T

M

Jennifer Howard

From: Carmelle Bell [redacted] on behalf of Thames Water Planning Policy
Sent: 07 July 2014 12:07
To: EHDC - Idf Shared
Cc: David Wilson
Subject: EAST HANTS - CIL - PRELIMINARY DRAFT CHARGING SCHEDULE CONSULTATION
 - COMMENTS ON BEHALF OF THAMES WATER
Attachments: 14.07.07 L DW East Hants CIL draft charging schedule.doc; ATT00001.txt

Dear Sir Madam,

Please find our response to the above attached on behalf of Thames Water

Regards
Carmelle

Carmelle Bell
Planning

Savills, Ground Floor, Hawker House, 5-6 Napier Court, Napier Road, Reading, RG1 8BW

Tel : [redacted]
 Mobile : [redacted]
 Email : [redacted]
 Website : www.savills.co.uk



Before printing, think about the environment



7 July 2014
LDF Responses

savills

Head of Planning Policy:
ldf@easthants.gov.uk

David Wilson

E: [REDACTED]
DL: [REDACTED]
M: [REDACTED]

Hawker House
5 – 6 Napier Court,
Napier Road, Reading
Berkshire, RG1 8BW

savills.com

Dear Sir / Madam

**EAST HANTS – CIL – PRELIMINARY DRAFT CHARGING SCHEDULE CONSULTATION –
COMMENTS ON BEHALF OF THAMES WATER**

Thames Water Utilities Ltd (Thames Water) Property Services function is now being delivered by Savills (UK) Limited as Thames Water's appointed supplier. Savills are therefore pleased to respond to the above consultation on behalf of Thames Water.

As you will be aware, Thames Water are the statutory sewerage undertaker for the majority of the East Hants District and are hence a **"specific consultation body"** in accordance with the Town & Country Planning (Local Planning) Regulations 2012.

We have the following comments on the CIL Preliminary Draft Charging Schedule:

Thames Water provide essential water and wastewater infrastructure in order to support growth and deliver environmental improvements. That infrastructure provision can incorporate the provision of buildings such as a new sewage pumping station or a new sewage treatment building for example. The nature of such infrastructure buildings means that there is no impact on other forms of infrastructure requirements such as schools, open space and libraries. Thames Water therefore consider that water and wastewater infrastructure buildings should be exempt from payment of the Community Infrastructure Levy and this appears to be the case in the draft schedule where "Any other non-residential development" has a £0 charge.

The Council may however wish to consider using CIL contributions for enhancements to the sewerage network beyond that covered by the Water Industry Act and sewerage undertakers, for example by providing greater levels of protection for surface water flooding schemes. Sewerage undertakers are currently only funded to a circa 1:30 flood event.

I trust the above is satisfactory, but please do not hesitate to contact me if you have any queries.

Yours sincerely

David Wilson BA (Hons), BTP, MRTPI
Associate Director Planning

Jennifer Howard

From: Appleby, Alison (NE) [REDACTED]
Sent: 07 July 2014 15:47
To: EHDC - ldf Shared
Subject: 122404 - CIL Preliminary Draft Charging Schedule
Attachments: 122404 - CIL preliminary draft charging schedule, East Hampshire District Council.pdf;
Land_Use_Planning_Consultation_Feedback_form.pdf

FAO Valerie Dobson,

Please find attached our consultation response and feedback form.

Kind regards, <<122404 - CIL preliminary draft charging schedule, East Hampshire District Council.pdf>>
<<Land_Use_Planning_Consultation_Feedback_form.pdf>>

Alison Appleby

Lead Adviser

Hampshire Downs

Dorset, Hampshire and Isle of Wight Area Team

Mob: 07500 913698

Note: I am a homemaker. Post should be sent to

Alison Appleby

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WR5 2LQ

www.naturalengland.org.uk

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Date: 04 July 2014
Our ref: 122404
Your ref: CIL Preliminary Draft Charging Schedule



Valerie Dobson
Principal Policy Planner
East Hampshire District Council

Customer Services
Hornbeam House
Crewe Business Park
Electra Way
Crewe
Cheshire
CW1 6GJ

BY EMAIL ONLY

T [REDACTED]

Dear Ms Dobson

Planning consultation: Community Infrastructure Levy Preliminary Draft Charging Schedule (PDCS)
Location: East Hampshire District Council

Thank you for your consultation on the above dated 30 May 2014 which was received by Natural England on 30 May 2014.

Natural England is a non-departmental public body. Our statutory purpose is to ensure that the natural environment is conserved, enhanced, and managed for the benefit of present and future generations, thereby contributing to sustainable development.

Preliminary Draft Charging Schedule

Whilst we welcome this opportunity to give our views on the PDCS the subsequent level of charges that might be applied to different sizes and types of development in various locations are unlikely to impact on the natural environment to any significant extent. We do not therefore wish to comment.

Infrastructure Delivery Plan

We welcome inclusion in the Infrastructure Delivery Plan (IDP) of green infrastructure mitigation for the Wealden Heaths Special Protection Area (SPA) in the critical (top) tier of the priority hierarchy. We also note that it remains the intention of the Authority for Whitehill and Bordon infrastructure to be delivered through a combined package of s106 agreements and direct investment without the need for CIL expenditure.

We note the absence of any mention of the Solent coastal SPA's in the IDP. Whilst CIL may not be the correct mechanism for delivery of mitigation for the in-combination effects of recreational impacts on coastal SPA's (via the Solent Disturbance and Mitigation Project in the form of access management and monitoring) we assume that contributions for this mitigation will continue to be secured via other mechanisms, i.e. via section 106 agreements.

We would be happy to comment further should the need arise but if in the meantime you have any queries please do not hesitate to contact us.

For any queries relating to the specific advice in this letter only please contact Alison Appleby on 07500 913698. For any new consultations, or to provide further information on this consultation please send your correspondences to consultations@naturalengland.org.uk.

We really value your feedback to help us improve the service we offer. We have attached a



feedback form to this letter and welcome any comments you might have about our service.

Yours sincerely

Alison Appleby
Lead Adviser
Dorset, Hampshire and Isle of Wight Area Team

Jennifer Howard

From: Megan Cameron [REDACTED]
Sent: 08 July 2014 12:49
To: EHDC - ldf Shared
Subject: CLA response to the Preliminary Draft Charging Schedule CIL

The Country Land and Business Association (CLA) is a national organisation embracing the owners and occupiers of all types of rural land and business in England and Wales. It represents the interests of the owners of some 34,000 land holdings and rural businesses.

East Hampshire District Council is part of the area covered by the South East Region of the CLA. Hampshire CLA members include every size and type of holding, from estate owners to the smallest land holding of less than a hectare. The membership encompasses all traditional agricultural and forestry enterprises from the most sophisticated dairy and arable enterprises, pigs and poultry and more extensive livestock systems. The majority of our landowning membership is made up of family farm owner-occupiers many of whom have diversified into other business activities in response to the downturn in farm incomes.

The CLA also represents the interests of owners of other types of rural businesses including: forestry enterprises, mineral and aggregate operators and owners, hotels, golf courses, tourist enterprises, equestrian establishments, a myriad of small rural enterprises and also institutional land owners such as water companies, pension funds, and development companies. Our members have businesses in rural Hampshire and most live in its rural communities and villages.

The CLA represents the wide diversity of the rural community. We are glad to have this opportunity to comment on the Preliminary Draft Charging Schedule for CIL May 2014.

The CLA comments are as follows:

The CLA advise East Hampshire District Council's not to impose a CIL rating on agricultural or forestry, employment and commercial development, as these are important areas for rural landowners and farmers to diversify into in order to support their farming and forestry enterprise. In addition, farmers and landowners are often forced to upgrade their buildings and infrastructure due to legislation with no commercial gain to the enterprise. If a CIL is imposed on these types of enterprise it would have had a major impact on the farming and rural business community, who would have been unable to afford the increased cost of the development due to the CIL.

CIL charges would make these developments unviable; regeneration would be stifled and sustainability of the rural areas in East Hampshire District Council would be adversely affected, by making them less economically viable; particularly in the current climate where rural workshops and offices are difficult to let especially where broadband connection is poor.

The CLA advises East Hampshire District Council's not to impose a CIL rating on retail developments in the rural areas, as farm shops would have to pay CIL charges as they would fall under the Food Retail use type. Farm shops are a diversification from agricultural, a charge of £100 m² would make these diversification potentially unviable.

The CLA would like clarification that the CIL charges for farm diversification for example Clay Pigeon Shooting grounds and sui generis uses are exempt from CIL as they fall under Leisure.

The CLA view is the proposed contribution of £180m² and £100m² for rural areas for residential will act as a significant disincentive, combined with the other costs will suppress development and therefore impact the rural economy and the ability to regenerate our rural villages in Hampshire, we urge East Hampshire District Council to re think this excessive charging policy.

The CLA feels strongly that all developments being requested to contribute to infrastructure should have the opportunity to negotiate the level of payment depending on what a community/area needs and charging a higher levy .

Additional CLA concerns

The CLA would like to know what will happen where landowners decide to build houses to keep within their long term ownership (build to rent), to diversify their income through a residential portfolio of properties. There are no capital receipts from which to fund a CIL charge, rather the CIL charge would have to be met from existing revenues which the land manager is trying to improve by diversifying to obtain an alternative rental income stream. In this case we believe the Council should be

more flexible in their approach for the payment of CIL for example not charging the CIL if a legal agreement is given that the new property would remain available for private rental for a period of at least 5 years.

Agriculture, Forestry and Rural Enterprise Dwellings

Houses for essential workers - The CLA has concerns that there is no allowance for housing needed for rural businesses such as agricultural, forestry and other essential rural workers. The CLA would like clarification that these dwellings will be treated the same as affordable housing, **with a nil rate set for CIL**. Our view is that the CIL should not apply to these dwellings which will have been justified as a requirement for the business.

Regards,

Megan Cameron

Megan Cameron MCIEEM

Rural Adviser
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East Anton Court
Icknield Way
Andover
SP10 5RG

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CLA Game Fair - For great savings buy your tickets in advance at www.gamefair.co.uk



The CLA is the membership organisation for owners of land, property and businesses in rural England and Wales. For information on our work and how to join online, visit www.cla.org.uk

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Jennifer Howard

From: Rose Freeman [REDACTED]
Sent: 09 July 2014 15:08
To: EHDC - ldf Shared
Subject: Community Infrastructure Levy

Our Ref.: A/5917

Community Infrastructure Levy

Thank you for your email of 30 May consulting The Theatres Trust on the CIL Preliminary Draft Charging Schedule.

The Theatres Trust is The National Advisory Public Body for Theatres. The Theatres Trust Act 1976 states that *'The Theatres Trust exists to promote the better protection of theatres.* It currently delivers statutory planning advice on theatre buildings and theatre use through the Town & Country Planning (General Development Procedure) (England) Order 2010 (DMPO), Articles 16 & 17, Schedule 5, para.(w) that requires the Trust to be consulted by local authorities on planning applications which include *'development involving any land on which there is a theatre.'*

We support the setting of a nil rate for 'Any other non-residential development' as D1, D2 and some sui generis uses (e.g. theatres) often do not generate sufficient income streams to cover their costs. Consequently, they require some form of subsidy to operate and this type of facility is very unlikely to be built by the private sector.

Rose Freeman
Planning Policy Officer
The Theatres Trust
22 Charing Cross Road
London WC2H 0QL
Tel: [REDACTED]
Fax: [REDACTED]

planning@theatrust.org.uk

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Jennifer Howard

From: Valerie Dobson
Sent: 09 July 2014 15:17
To: EHDC - ldf Shared
Subject: FW: Community Infrastructure Levy (CIL) Draft Charging Schedule Consultation
Attachments: VDobson 09.07.14(1).pdf

Valerie Dobson - Principal Policy Planner
East Hampshire District Council
Penns Place Petersfield GU31 4EX
Direct Tel: 01730 234152

From: Shipton, Roger (GVA) [mailto: [REDACTED]]
Sent: 09 July 2014 15:08
To: Jessica Hill
Cc: Valerie Dobson; Adrian Ellis
Subject: RE: Community Infrastructure Levy (CIL) Draft Charging Schedule Consultation

Hi Valerie, please see our response on behalf of DIO.

We never did get a reply from Simon!

Kind regards
Roger

Roger Shipton, Associate - Planning Development & Regeneration, GVA
Direct Dial: 0121 609 8134 - Email: [REDACTED] Mobile: [REDACTED]
Web: www.gva.co.uk - National Number: [REDACTED]

From: Jessica Hill [mailto:Jessica.Hill@easthants.gov.uk]
Sent: 30 May 2014 16:53
Subject: Community Infrastructure Levy (CIL) Draft Charging Schedule Consultation

To: All Consultees
East Hampshire District Council is moving forward with the process of developing a Community Infrastructure Levy (CIL). The first stage of consulting on the Draft Charging Schedule is now underway and will run until **5.00pm on Friday 11 July 2014**.
The consultation letter and Draft Charging Schedule are attached to this email for reference. Copies of all the documents including the supporting studies (the draft Infrastructure Delivery Plan, Viability Study and FAQs) are available on our website.
If you have any queries relating to any of the documents or the consultation process then please do not hesitate to call the Planning Policy team on 01730 234280.
Regards,

Valerie Dobson - Principal Policy Planner
East Hampshire District Council
Penns Place Petersfield GU31 4EX
Direct Tel: 01730 234152

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Our ref: RS/01 A834738
Your ref:

9th July 2014

Valerie Dobson
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By e-mail

Dear Valerie,

**East Hampshire District Council's Proposed Community
Infrastructure Levy Preliminary Draft Charging Schedule
Consultation Draft – May 2014**

We refer to your email on 30th May 2014 inviting comments regarding EHDC's Proposed Community Infrastructure Levy Preliminary Draft Charging Schedule.

We did email the Planning Policy team on 12th June 2014 seeking clarification about several aspects of the draft Charging Schedule, but did not get a substantive reply.

On behalf of Defence Infrastructure Organisation (DIO), we have the following general comments to make regarding the current consultation:

1. The table at para 9 suggests there is a £0 proposed residential CIL charge for Whitehill & Bordon (Eco-town). It is unclear what the 'Eco-town' reference is intended to mean i.e. is the same as the adopted (2014) JCS W&B Strategic Allocation area boundaries (JCS Map 4), or the Eco-town Policy Zone boundary (Map 4) or W&B Settlement boundary (existing or extended – JCS Map 5)?

To confuse matters further, the Map at the end of the consultation document refers to 'Whitehill Bordon Strategic Development Area (Eco town)'

2. Similarly the table at para 9 indicates a proposed CIL charge of £60 per sq.m in Whitehill & Bordon (excluding Eco-Town) – what geographical area does this cover?

DIO supports a £0 CIL charge in the adopted (2014) JCS W&B Strategic Allocation area boundaries (JCS Map 4). If indeed a £60 CIL is applicable per sq.m residential in the adopted Strategic Allocation area boundaries (JCS Map 4) then DIO strongly objects on viability grounds as this charge will add to the already significant cost burden on bringing forward development in the Strategic Allocation area. This would result in the Strategic Allocation being potentially undeliverable.

3. DIO notes that the concept of an 'Eco-town' in Whitehill & Bordon has long been dropped in favour of EHDC's rebranded 'Whitehill & Bordon – Hampshire's Green Town'. This should be reflected across the CIL document.

4. Para 12 suggests there are 4 residential zones and Zone 4 relates to the 'Eco-town growth area' – again, is this intended to refer to the JCS W&B Strategic Allocation area or something else?

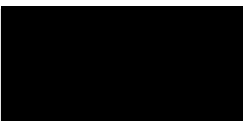
5. The Preliminary Draft Charging Schedule Map does not clearly identify the extent of the 4 zones, thereby not clearly indicating the precise extent of Zones 3 and 4 (and also Zone 1) that DIO is particularly interested in.
6. The 'Map' at the end of the draft document identifies (in an orange/red square) a figure of £60 for Whitehill Bordon which the key defines as 'Main Towns including Whitehill Bordon Strategic Development Area (Eco town) and the £ is defined as 'Settlements with individual rates per sq.m'. This conflicts with the proposed £0 CIL charge referred to in Para 9 Table above for the Whitehill & Bordon (Eco-town) area and clarification is required.
7. The indicative CIL levels on the CIL Map do not distinguish between proposed residential/non-residential charges.

In relation to the proposed CIL charge for retail development, this should not apply to retail or hotel development in the adopted (2014) JCS W&B Strategic Allocation area boundaries (JCS Map 4). The JCS is encouraging a new town centre to come forward in Whitehill & Bordon and the application of a retail CIL charge will add to the already over-burdened infrastructure requirements and exacerbate viability concerns to a detrimental level and deter investment (and job creation) in Whitehill & Bordon. For the same reasons that residential development is (we assume) proposed at a £0 CIL level in adopted (2014) JCS W&B Strategic Allocation area boundaries, then an identical approach should be taken to non-residential development CIL charges in the same area. In the event a CIL charge is sought for non-residential development, the viability considerations will discourage, if not completely prevent, such developments being brought forward.

8. The CIL Map is at such a scale that it is impossible to work out the precise boundaries of the different charging zones. That said, the four Zones identified in para 12 do not correspond to the three areas identified in the key to the CIL Map in any event.
9. EHDC's consultation letter refers to supporting documents including 'The Viability Report' dated April 2014. There is an Adams Integra viability report on-line dated March 2014 – is there a later April version?
10. When will EHDC publish its 'Draft List' (Regulation 123 list)? The associated EHDC CIL FAQ's states that this list will be made available as part of the consultation on the Draft Charging Schedule. However, this list is not available on-line and a request to EHDC to provide the list remains unanswered.

We trust the above comments/objections will be taken into account as the CIL Charging Schedule progresses.

Yours sincerely



Roger Shipton
Associate – Planning, Development and Regeneration
For and on behalf of GVA Grimley Ltd

Jennifer Howard

From: Lynn @ Hotel Solutions [REDACTED]
Sent: 09 July 2014 17:39
To: EHDC - ldf Shared
Cc: Debbie Vodden; ANDREW KEELING
Subject: Fw: EAST HAMPSHIRE CIL CHARGING SCHEDULE CONSULTATION
Attachments: CIL community infrastructure levy consultation bha response 0513.doc

Please find attached BHA DCLG consultation response as referred to in previous email (below)

Lynn Thomason
Director
Hotel Solutions
t. [REDACTED]
m. [REDACTED]
e. [REDACTED]
www.hotelsolutions.org.uk

From: [REDACTED]
Sent: Wednesday, July 09, 2014 5:35 PM
To: ldf@easthants.gov.uk
Cc: Debbie.Vodden@easthants.gov.uk ; ANDREW KEELING
Subject: EAST HAMPSHIRE CIL CHARGING SCHEDULE CONSULTATION

My consultancy Hotel Solutions specialises in advising local authorities on the performance of and potential for the development of hotels and other forms of visitor accommodation. We work closely with hotel developers and operators who we regularly consult on behalf of client groups to identify any interest they might have in new hotel development in the areas which are the subject of our study.

In 2013 we undertook a county-wide hotel study for Hampshire and were commissioned by East Hampshire to undertake some add-on research to deliver a District study (East Hampshire Hotel & Pub Accommodation Futures, 2013). The issue of CIL charges were raised in this report and I detail below the relevant extract from the recommendations section (5.2.13, p59).

Another issue that the District Council will need to consider is the application of the Community Infrastructure Levy to hotel and pub accommodation development proposals. In many cases, the viability of hotel and pub accommodation schemes is marginal, and the burden of significant CIL contributions could be the factor that kills a potential proposal. This is a new area, but some initial investigations recently conducted alongside another consultancy commission show significant variations in what is being proposed: some London Boroughs are charging £450/sq m for hotel schemes, adding 27% to the development cost for some hotel projects, whereas

viability assessments by other authorities e.g. Cambridge City Council have resulted in a zero charge being applied to hotel schemes. The District Council is planning to introduce its CIL Charging Schedule in April 2014, while the South Downs National Park Authority's schedule is due to be introduced mid 2015. We would recommend that learning from the experience of other authorities and consultations with private sector hotel and pub accommodation companies are built into the setting of CIL charges to ensure that assumptions relating to costs and viability are accurate for hotel and pub accommodation development schemes.

Your viability report identifies that there has been relatively little new hotel development to track, and that is indeed an indication of how the hotel market has suffered since the market downturn in 2008. It has been difficult to make development stack up with performance dropping back and rooms on the market in the form of existing hotels for sale at less than development value.

Even in good market conditions, the economics of hotel development are very fragile, and any extraordinary costs relating to a specific site or location can easily tip viability over the edge. We have frequently seen this with BREEAM for example, or special design requirements relating to sensitive urban and rural landscapes. East Hampshire is already disadvantaged compared to nearby areas such as Southampton, Portsmouth and Winchester in terms of strength of the market, and CIL charges will undoubtedly add to this competitive disadvantage.

Strong market locations like Cambridge have been through the CIL process and decided not to make a charge for hotels, so it is difficult to understand why a weaker and more marginal market area would do so.

This matter has been the subject of some debate within the hotel industry, and the British Hospitality Association did make representations nationally with DCLG in response to the May 2013 consultation, which I attach.

As we are not surveyors or valuers we cannot comment on the valuation, costings and viability calculations made in your commercial appraisal at Appendix 8, but would suggest it is worth running these past some hotel sector specialists and/or BHA for a view.

As many local authorities have now gone through this process, and whilst we can appreciate there might be some variations due to particular local circumstances, we would have thought there would be some central database or vehicle for sharing of commercial appraisals that would help introduce some consistency across the board.

We hope these comments are helpful and the issues raised viewed as worthy of further investigation.

Lynn Thomason

Director

Hotel Solutions

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m.



Department for
Communities and
Local Government

Community Infrastructure Levy further reforms

Consultation questions response form

We are seeking your views to the following questions on the proposals to amend the Community Infrastructure Levy Regulations 2010 (as amended).

How to respond:

The closing date for responses is 28 May 2013

This response form is saved separately on the DCLG website.

Responses should be sent preferably by email:

Email response to cil@communities.gsi.gov.uk

Written response to:

CIL Team
Department for Communities and Local Government
Zone 1/H6 Eland House
Bressenden Place
London SW1E 5DU

About you

i) Your details:

Name:	Martin Couchman
Position:	Deputy Chief Executive
Name of organisation (if applicable):	British Hospitality Association

Address:	Queens House, 55-56 Lincoln's Inn Fields, London, WC2A 3BH
Email:	[REDACTED]
Telephone number:	[REDACTED]

ii) Are the views expressed on this consultation an official response from the organisation you represent or your own personal views?

- Organisational response
- Personal views

iii) Please tick the box which best describes you or your organisation:

- District Council
- Metropolitan district council
- London borough council
- Unitary authority/county council/county borough council
- Parish council
- Community council
- Non-Departmental Public Body (NDPB)
- Planner
- Professional trade association
- Land owner
- Private developer/house builder
- Developer association
- Voluntary sector/charity
- Other

(please comment):	
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iv) What is your main area of expertise or interest in this work (please tick one box)?

- Chief Executive
- Planner
- Developer
- Surveyor

- Member of professional or trade association
- Councillor
- Planning policy/implementation
- Environmental protection
- Other

(please comment):	
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Would you be happy for us to contact you again in relation to this questionnaire?

Yes No

v) Questions

Please refer to the relevant parts of the consultation document for narrative relating to each question.

Question 1 - We are proposing to require a charging authority to strike an appropriate balance between the desirability of funding infrastructure from the levy and the potential effects of the levy on the economic viability of development across the area.

Do you agree with this proposed change?

Yes No

Comments

It is clear from comments received by hotel members of the British Hospitality Association that the current viability assessments are inadequate. There are very large differences in the rate for the same forms of development, such as hotels, across local authority boundaries, particularly in London, which cannot be justified by differences in valuation exercises.

Requiring LAs to produce more robust evidence is a "must", and giving the Inspector the opportunity to closely and critically examine the evidence is a requirement if the system is to be accepted by the development industry.

It is simply not practicable for developers and end operators with more than local interests, eg hotel operators such as Whitbread or Travelodge, to involve themselves in the CIL setting process in every single area where they may wish to locate. The development industry must be able to rely upon Inspectors being empowered to critically challenge the evidence of viability put before them.

The reform should be extended to place a duty upon Inspectors to be satisfied

that an appropriate balance has been struck. Very few developers or end operators operate exclusively within a single LA area. They are therefore reliant upon Inspectors to take a Magisterial role in critically examining viability evidence, as it is unrealistic to rely upon potentially interested parties to raise concerns when they may not have any current interest in the area.

It is plain that viability is not presently being properly taken into account, as illustrated by hotel developments, and, in particular, conversions of existing buildings.

Hotel viability is usually assessed on the basis of a per bedroom cost against anticipated per bedroom occupancy and income. Cost will of course vary from one project to the next as will room sizes, but the following is an illustration:

Average room size + an allowance for ancillary and back of house areas = c.37sqm. In very general terms, for a hotel in the modestly priced sector (eg Travelodge or Premier Inn), the new build cost per room might be c.£60,000. The addition of the Islington proposed draft CIL rate of £450 per sqm would therefore add c.27% ($37 \times £450/£60,000 \times 100\%$) to build costs.

LB Islington investigated only 12 different developments as valuation exercises before reaching their draft CIL proposals (of which only 1 involved any hotel space and even then the hotel was only part of a much larger mixed use scheme). This level of investigation prior to setting the rate for a new tax which could very severely impact upon the development industry and its ability to help lead the economy out of recession does not pass any test of reasonableness and is just the type of eventuality that would be captured by the proposed reform and a duty upon Inspectors to make judgments on viability. By contrast to the 12 cases used as an evidence base in LB Islington the Council in Wycombe used 500 separate residual valuation exercises as part of their evidence. (In fairness, LB Islington may of course decide to reduce the proposed hotel CIL rate and/or introduce more research when they go out to consultation in the next few weeks and they are used only as an illustration).

It is quite simple, such huge increases in cost are not viable. The development industry does not have such "spare" viability and the danger is that the industry will slow or cease in some sectors and/or land owners will no longer make sites available knowing that, as in the past, central Govt will be forced to reduce or repeal the CIL charge system.

It is therefore plain that more rigorous viability tests must be applied in the first instance by charging authorities preparing their CIL regime proposals and

must be available as a basis for objection by third parties or an Inspector.

Question 2 - We are proposing to allow charging authorities to set differential rates by reference to *both* the intended use and the scale of development.

Do you agree with the proposed change?

Yes / No

Comments

In principle this is to be welcomed, but the differential rates must be set so that there is no disproportionate penalisation of developments that are close to the thresholds, eg if there is a lower CIL charging rate for development under 1,000sqm, that lower rate should be applied to the first 1,000sqm of any proposal etc etc

Question 3 - Should the period of consultation on the draft charging schedule be extended from "*at least 4 weeks*" to "*at least 6 weeks*"?

Yes / No

The current crop of CIL consultations are being introduced with what sometimes seems to be undue haste, giving interested parties far too little time to become aware of the CIL proposals and to make any relevant representations.

Comments

Question 4 - Should the regulation 123 list form part of the relevant evidence under section 211(7A) and (7B) so that it is available during the rate setting process, including at the examination?

Yes / No

Comments

The reg123 list plays an essential part in allowing developers to ensure that there is no "double dipping" or even "treble dipping". It must therefore become part of the evidence base open to examination by objectors and the Inspector.

This is an integral part of justifying the funding gap, which in turn justifies the charging level, so this must be open to scrutiny.

Question 5 - We propose to amend the regulations so that a new infrastructure list can only be brought forward after proportionate consultation with interested parties.

Do you agree that this approach provides an appropriate balance between transparency and flexibility?

Yes / No

Comments

"Proportionate" is an inappropriate term to use in these circumstances. A proper set of regulations should be prepared to deal with this circumstance. The opportunity for involvement should reflect the importance of the reg123 list to developers in understanding the extent of CIL/s106 funding requirements.

It makes a mockery of the whole process if the list of infrastructure costed to justify the funding gap, which is then used to justify the charging regime, can be changed without justification or consultation.

Allowing change to the reg123, especially without consultation, re-introduces uncertainty into the system of what developers may be asked to fund through s106 contributions.

It would be more appropriate to only allow changes in regular reviews on an

agreed timeframe basis.

Question 6 - We are proposing to move the date from when further limitations on the use of pooled planning obligations will apply (to areas that have not adopted the levy) from April 2014 to April 2015.

Do you agree?

Yes / No

Comments

This is welcomed as it may stem the current rush toward getting CIL regimes adopted.

Such a rush, with consequently shortened timescales between the stages of introduction, is highly inappropriate and damaging to prospective development projects. It fails to give developers the opportunity to take account of the changing development economics, as CIL charges need to be added into development appraisals. Many land deals and development proposals (large and small) take many months to progress from agreement of an acquisition deal to submission and grant of permission and implementation on site.

It is also necessary to extend the timescale if LAs are to be given a fair opportunity to prepare the better evidence likely to be required by other proposed reforms.

Question 7 - Do you agree that regulation 123 (excluding regulation 123(3)) should be extended to include section 278 agreements so that they cannot be used to fund infrastructure for which the levy is earmarked?

Yes / No

There has been publicity and there is some awareness in the development industry of the dangers of "double dipping" (ie CIL and s106 being demanded for the same infrastructure). There is also the significant danger of "treble dipping" when s278 works are added into the equation. Indeed, there is "quadruple dipping" in some parts of London with the addition of Cross Rail payments.

There should not be double dipping and there certainly should not be treble (or quadruple) dipping. The viability of developments will be endangered if this overcharging cannot be eliminated from the system.

Comments

Question 8 - Do you agree that, where appropriate and acceptable to the charging authority, the levy liability should be able to be paid (in whole or in part) through the provision of both land *and/or* on-site or off-site infrastructure?

Yes / No

Comments

This is a sensible approach where it is mutually agreed and could lead to more effective and efficient use of resources to provide infrastructure.

Question 9 - Do you agree that actual construction costs and fees related to the design of the infrastructure should be used to calculate the sum by which the amount of levy payable will be reduced, when the levy is paid by providing infrastructure in kind?

Yes / No

Comments

The cost allowable against CIL should be negotiated by the parties. The allowable sum against CIL payment might be the estimated cost that was used in the infrastructure funding gap calculations. Use of the actual cost of the works to be allowed against CIL contributions may not encourage efficient use of resources.

Question 10 - Should the payment in kind provisions be limited to the capital value ceilings as set out in the EU procurement rules – currently thresholds of £173,934 for goods and services and £4,348,350 for works?

Yes No

Comments

Question 11 - Should all planning permissions (outline and full) be capable of being treated as phased development with each phase a new chargeable development?

Yes / No

Comments In addition to the anomaly caused by hybrid applications identified in the

Consultation Paper, there is a need for phasing of large scale proposals that are the subject of a single planning permission.

Question 12 - Do you agree that the phasing of levy payments will make adequate provision in relation to site preparation?

Yes No /

Comments

The question should be wider than as posed.

Consideration should be given to the charging point for CIL to be occupation of the development rather than simply commencement on site. Payment of large additional costs at the outset of a development project imposes further financial burdens on any developer at a time when raising development finance is challenging.

Question 13 - Do you agree that the regulations should make it possible for a charging authority to re-calculate the levy liability of a development when the provision of affordable housing is varied?

Yes No

Comments

Question 14 - Should we amend the regulations so that the date at which planning permission first permits development is the date of the final approval of the last reserved matter associated with the permission or phase?

Yes No /

Comments

Such a proposal introduces uncertainty for any development scheme and would make the viability of development open to an unnecessary additional risk. It would be difficult to market a site (and take account of CIL in any valuation exercise) if the amount of CIL is not known.

Question 15 - Should we change the regulations to remove the vacancy test, meaning the levy would generally only be payable on any increases in floorspace in refurbishment and

redevelopment schemes, provided that the use of the buildings on site had not been abandoned?

Yes / No

Comments

There was a very widespread understanding from the outset that a fundamental principle of the then proposed CIL regime was that it would be applicable to new floorspace. As introduced, the CIL Regulations have breached that understanding. The Regulations should return to the original, and widely understood, principle.

The introduction of the vacancy test acts like a "Catch 22" in many development projects. It is not possible to get permission for many changes of use unless and until the current use has been shown to be unviable through a period of vacancy and/or marketing. That very period of vacancy, required to comply with many LA planning policies, then brings CIL payments into effect for any new use for the building.

An unintended consequence of this (or perhaps it has been intended by some charging authorities) is that some forms of change of use are favoured over others by virtue of the CIL charging rates for different forms of development. CIL was not intended to be used in this manner.

The hotel stock of many large towns and cities, London in particular, has been very greatly enhanced by developers and operators making new use of outdated and otherwise redundant office buildings. This process is very significantly endangered by the imposition of CIL on proposed changes of use. Some of the proposed CIL rates for central London hotels are so high that they will plainly render such proposals to no longer be viable – bad enough for new build but unacceptable if applied to a class of development never intended to be covered by CIL at all.

Question 16 - We are proposing to amend the regulations so that new applications bringing forward design changes, but not increasing floorspace (other than section 73 applications) would trigger an additional liability to pay the levy but the amount payable would be reduced by the levy already paid under the earlier permission.

Do you agree with the proposed change?

Yes / No

Comments

Yes, this is agreed, but it should go further.

As CIL is introduced there will be cases where developers wish to make changes to existing permitted schemes that were not CIL liable at all (as the permission preceded introduction of CIL) but which need to be revised by a new application rather than just a s73 or s96A application. Those revised, but full (or outline) applications should also only incur CIL on the increased floorspace.

There is considerable discretion for LAs in what they accept as s73 and s96A applications. Developers and end operators will often need to vary planning permissions and they are reliant upon that LA discretion for the means by which the permission can be varied. This introduces unwelcome uncertainty during the transition period as CIL is introduced – if a LA declines to accept a variation under s73 or s96A, an applicant is forced into making a new application. Such an application currently incurs CIL upon the whole floorspace even though the proposal is only an amendment. This acts as a disincentive for developers and end operators to take the initiative and adapt schemes which can then be commenced.

Question 17 - Would you support giving charging authorities the discretion to apply social housing relief for discount market sales within their local area, subject to meeting European and national criteria?

Yes No

Comments

Question 18 - If the social housing relief was to be extended, do you agree the key national criteria for defining the types of affordable housing provided through intermediate tenures, to which social housing relief could apply, should be that:

- The housing is provided at an affordable rent / price (at least 20% below open market levels);
- The housing is meeting the needs of those whose needs are not being met by the market, having regard to local income levels and local house prices (either rent or sales prices); and
- The housing should either remain at an affordable price for future eligible households or, if not, the subsidy (amount of social housing relief) should be recycled for alternative affordable housing provision?

Yes No

Comments

Question 19 - Do you agree that we should amend regulation 49 so that the areas taken into account when assessing eligibility for social housing relief include the gross internal area of all communal areas (including stairs and corridors) and communal ancillary areas (such as car parking) which are wholly used by - or fairly apportioned to - people occupying social housing?

Yes No

Comments

Question 20 - Which of the following options do you prefer (a) remove the requirement for a planning obligation which is greater than the value of the CIL charge to be in place, before discretionary relief in exceptional circumstances can be provided, or (b) change the requirement so that the relevant planning obligation must be greater than a set percentage of the value of the CIL charge (for example, 80%), or (c) keep the existing requirement?

Option a) Option b) Option c)

Comments

The whole basis of this exemption is that it is applicable only in exceptional circumstances. Exceptional circumstances are, by definition, impossible to predict. The potential for exemption should therefore be left as wide as possible or borderline cases may be inadvertently disadvantaged.

Question 21 - Should we introduce a relief from the payment of the levy for self-build homes for individuals as set out above?

Yes No

Comments

Question 22 - We are proposing to amend the regulations to reflect the above process and the evidence self-builders would need to provide to qualify for relief from the levy, including provisions to avoid misuse by non-self-builders.

Do you agree that this approach provides a suitable framework to provide relief for genuine self-builders?

Yes No

Comments

Question 23 - Should we change regulation 120 so that any comments must be *received* within 14 days and allow discretion for the appointed person to extend the representations period in any particular case?

Yes / No

Comments

The most important part of this reform is the ability for the appointed person to exercise discretion, 14 days is a very short timescale and some flexibility is genuinely required, eg to account for parties were the individual concerned has been absent or on leave.

Question 24 - Should we amend the regulations to allow for the review or appeal of the chargeable amount in relation to planning permissions granted after development has commenced?

Yes / No

The Consultation Paper identifies genuinely exceptional circumstances which should be taken account of in the Regulations.

Comments

Question 25 - Do you agree that changes related to the charge setting process and examination should not apply to authorities who have already published a draft charging schedule?

Yes No /

Comments

LAs must produce CIL requirements that are consistent with current Regulations. If the Govt has created the position of LAs needing to carry out additional or remedial work then those LAs should be compensated by Govt.

It is bad enough that there can be very large (and perhaps inexplicable) differences between charging rates across LA boundaries (eg hotel rates across central London) – it would even worse for there to be different Rules being applied across boundaries.

For example, it would be nonsensical for CIL to be payable on conversion of a vacant building on one side of the street in Islington at £450 per sqm and the vacant building on the other side of the street in Camden or Haringey to be exempt as result of these reforms.

Indeed, the Reforms must become applicable in so far as possible to any currently approved CIL regimes.

Furthermore, it is wrong for different “burdens of proof” to be applicable in establishing the viability of CIL charging rates across LA boundaries (LAs with pre and post Reform CIL regimes) as this would merely perpetuate any existing weaknesses and exaggerate the impact.

The need for reform has stemmed from inadequacies in the original (and amended) Regulations, so it is for Central Govt to accept responsibility for the need for change.

Jennifer Howard

From: Debbie Vodden
Sent: 11 July 2014 10:04
To: EHDC - Idf Shared
Subject: Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule Consultation
Attachments: EHTMP CIL commentary July 2014.pdf; CIL community infrastructure levy consultation bha response 0513.doc

Please find attached the response of the East Hampshire Tourism and Marketing Partnership to the CIL Preliminary Draft Charging Schedule consultation.

Also attached is a response by the British Hospitality Association to DCLG on CIL referred to in the document.

Kind regards
Debbie

Debbie Vodden - Senior Economic Development Officer
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**East Hampshire District Council
Consultation on the Community Infrastructure Levy Draft Preliminary Charging
Schedule**

**Comments of Steering Group of East Hampshire Tourism and Marketing
Partnership**

Introduction

The East Hampshire Tourism and Marketing Partnership (EHTMP) is an industry led sector group made up of visitor attractions, accommodation providers, hospitality providers, and representatives from partner organisations.

The Steering Group is representative of the visitor industry in East Hampshire, with members drawn from each of the sectors.

Tourism overview for East Hampshire

The estimated turnover of tourism in East Hampshire is around £180 million a year. The visitor industry is therefore an important contributor to the health of the local economy.

Staying visitors are vital for a thriving visitor sector as it is they who make a positive economic impact, supporting local shops, pubs and services as well as tourism businesses themselves. The EHTMP actively promotes the area as a place to visit and a PR campaign is now in its second year to encourage visitors to stay. Quality visitor accommodation is therefore a key aspect of the mix.

One of the objectives of the EHTMP is to encourage sustainable development of the local tourism product, including the development / diversification of more quality and affordable accommodation. A range of accommodation should be encouraged including small hotels, larger hotel developments including spas conference facilities (destination hotels) and budget hotels. There needs to be scope for development and improvement to the quality of the offer

The group recognises that developments must have commercial viability and it is important that businesses that can thrive are encouraged. However margins in the hotel sector are tight, with limits on room rates that can be charged, particularly outside London, and increasing costs. The initial investment in a hotel development must be kept sufficiently low for an adequate return on investment.

The Level of CIL to be charged

Comments relate to the level of CIL proposed for hotel developments of £70 per square metre, outside the South Downs National Park boundary.

We question whether the economic viability of hotel development has been fully taken into account when setting the proposed level. Please see comment above about the squeeze on margins for hotel operators that limits the amount of investment that is feasible.

A zero rate for CIL would be more appropriate, in line with other commercial developments and in line with South Downs National Park Authority (SDNPA) proposals for zero rate CIL on hotel developments within the national park.

Hotel developments outside the national park boundaries, in gateway settlements that have sustainable access, should be actively encouraged. However charging CIL in these areas and not within the SDNPA boundary will have the opposite effect.

A case in point is the attractive market town of Alton where there has been a loss of hotel accommodation recently. New developments are needed to take its place to benefit the town, with its association with Jane Austen that has huge appeal to visitors.

Part of the Economic Development and Employment Strategy for Whitehill & Bordon is to develop the tourism potential of the town and this could include a new hotel. The town is not currently recognised as a visitor destination, and developers are likely to be looking for the maximum possible return on investment – a CIL charge would work against this.

New tourism facilities should be of high quality. Existing hotels also need to be able to expand, develop and improve in quality to meet changing needs of their customers. Such developments should be encouraged for the sustainability of the sector, however a CIL charge would act against this.

Different Charging Areas

It would be unfair to charge different levels of CIL across the district. It is already potentially divisive that there is a proposed charge for CIL for hotel developments outside the SDNP boundary and no charge within the boundary.

All parts of the district should be able to benefit from investment in the visitor industry, and differential charging should not act against this.

General Comments

Attached separately is the response of the British Hospitality Association to the DCLG consultation which we fully endorse.

In conclusion we contend that hotel developments should be zero-rated for CIL across East Hampshire.



Department for
Communities and
Local Government

Community Infrastructure Levy further reforms

Consultation questions response form

We are seeking your views to the following questions on the proposals to amend the Community Infrastructure Levy Regulations 2010 (as amended).

How to respond:

The closing date for responses is 28 May 2013

This response form is saved separately on the DCLG website.

Responses should be sent preferably by email:

Email response to cil@communities.gsi.gov.uk

Written response to:
CIL Team
Department for Communities and Local Government
Zone 1/H6 Eland House
Bressenden Place
London SW1E 5DU

About you

i) Your details:

Name:	Martin Couchman
Position:	Deputy Chief Executive
Name of organisation (if applicable):	British Hospitality Association

Address:	Queens House, 55-56 Lincoln's Inn Fields, London, WC2A 3BH
Email:	[REDACTED]
Telephone number:	[REDACTED]

ii) Are the views expressed on this consultation an official response from the organisation you represent or your own personal views?

- Organisational response
- Personal views

iii) Please tick the box which best describes you or your organisation:

- District Council
- Metropolitan district council
- London borough council
- Unitary authority/county council/county borough council
- Parish council
- Community council
- Non-Departmental Public Body (NDPB)
- Planner
- Professional trade association
- Land owner
- Private developer/house builder
- Developer association
- Voluntary sector/charity
- Other

(please comment):	
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iv) What is your main area of expertise or interest in this work (please tick one box)?

- Chief Executive
- Planner
- Developer
- Surveyor

- Member of professional or trade association
- Councillor
- Planning policy/implementation
- Environmental protection
- Other

(please comment):	
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Would you be happy for us to contact you again in relation to this questionnaire?

Yes No

v) Questions

Please refer to the relevant parts of the consultation document for narrative relating to each question.

Question 1 - We are proposing to require a charging authority to strike an appropriate balance between the desirability of funding infrastructure from the levy and the potential effects of the levy on the economic viability of development across the area.

Do you agree with this proposed change?

Yes No

Comments

It is clear from comments received by hotel members of the British Hospitality Association that the current viability assessments are inadequate. There are very large differences in the rate for the same forms of development, such as hotels, across local authority boundaries, particularly in London, which cannot be justified by differences in valuation exercises.

Requiring LAs to produce more robust evidence is a "must", and giving the Inspector the opportunity to closely and critically examine the evidence is a requirement if the system is to be accepted by the development industry.

It is simply not practicable for developers and end operators with more than local interests, eg hotel operators such as Whitbread or Travelodge, to involve themselves in the CIL setting process in every single area where they may wish to locate. The development industry must be able to rely upon Inspectors being empowered to critically challenge the evidence of viability put before them.

The reform should be extended to place a duty upon Inspectors to be satisfied

that an appropriate balance has been struck. Very few developers or end operators operate exclusively within a single LA area. They are therefore reliant upon Inspectors to take a Magisterial role in critically examining viability evidence, as it is unrealistic to rely upon potentially interested parties to raise concerns when they may not have any current interest in the area.

It is plain that viability is not presently being properly taken into account, as illustrated by hotel developments, and, in particular, conversions of existing buildings.

Hotel viability is usually assessed on the basis of a per bedroom cost against anticipated per bedroom occupancy and income. Cost will of course vary from one project to the next as will room sizes, but the following is an illustration:

Average room size + an allowance for ancillary and back of house areas = c.37sqm. In very general terms, for a hotel in the modestly priced sector (eg Travelodge or Premier Inn), the new build cost per room might be c.£60,000. The addition of the Islington proposed draft CIL rate of £450 per sqm would therefore add c.27% ($37 \times £450/£60,000 \times 100\%$) to build costs.

LB Islington investigated only 12 different developments as valuation exercises before reaching their draft CIL proposals (of which only 1 involved any hotel space and even then the hotel was only part of a much larger mixed use scheme). This level of investigation prior to setting the rate for a new tax which could very severely impact upon the development industry and its ability to help lead the economy out of recession does not pass any test of reasonableness and is just the type of eventuality that would be captured by the proposed reform and a duty upon Inspectors to make judgments on viability. By contrast to the 12 cases used as an evidence base in LB Islington the Council in Wycombe used 500 separate residual valuation exercises as part of their evidence. (In fairness, LB Islington may of course decide to reduce the proposed hotel CIL rate and/or introduce more research when they go out to consultation in the next few weeks and they are used only as an illustration).

It is quite simple, such huge increases in cost are not viable. The development industry does not have such "spare" viability and the danger is that the industry will slow or cease in some sectors and/or land owners will no longer make sites available knowing that, as in the past, central Govt will be forced to reduce or repeal the CIL charge system.

It is therefore plain that more rigorous viability tests must be applied in the first instance by charging authorities preparing their CIL regime proposals and

must be available as a basis for objection by third parties or an Inspector.

Question 2 - We are proposing to allow charging authorities to set differential rates by reference to *both* the intended use and the scale of development.

Do you agree with the proposed change?

Yes / No

Comments

In principle this is to be welcomed, but the differential rates must be set so that there is no disproportionate penalisation of developments that are close to the thresholds, eg if there is a lower CIL charging rate for development under 1,000sqm, that lower rate should be applied to the first 1,000sqm of any proposal etc etc

Question 3 - Should the period of consultation on the draft charging schedule be extended from "*at least 4 weeks*" to "*at least 6 weeks*"?

Yes / No

The current crop of CIL consultations are being introduced with what sometimes seems to be undue haste, giving interested parties far too little time to become aware of the CIL proposals and to make any relevant representations.

Comments

Question 4 - Should the regulation 123 list form part of the relevant evidence under section 211(7A) and (7B) so that it is available during the rate setting process, including at the examination?

Yes / No

Comments

The reg123 list plays an essential part in allowing developers to ensure that there is no "double dipping" or even "treble dipping". It must therefore become part of the evidence base open to examination by objectors and the Inspector.

This is an integral part of justifying the funding gap, which in turn justifies the charging level, so this must be open to scrutiny.

Question 5 - We propose to amend the regulations so that a new infrastructure list can only be brought forward after proportionate consultation with interested parties.

Do you agree that this approach provides an appropriate balance between transparency and flexibility?

Yes / No

Comments

"Proportionate" is an inappropriate term to use in these circumstances. A proper set of regulations should be prepared to deal with this circumstance. The opportunity for involvement should reflect the importance of the reg123 list to developers in understanding the extent of CIL/s106 funding requirements.

It makes a mockery of the whole process if the list of infrastructure costed to justify the funding gap, which is then used to justify the charging regime, can be changed without justification or consultation.

Allowing change to the reg123, especially without consultation, re-introduces uncertainty into the system of what developers may be asked to fund through s106 contributions.

It would be more appropriate to only allow changes in regular reviews on an

agreed timeframe basis.

Question 6 - We are proposing to move the date from when further limitations on the use of pooled planning obligations will apply (to areas that have not adopted the levy) from April 2014 to April 2015.

Do you agree?

Yes / No

Comments

This is welcomed as it may stem the current rush toward getting CIL regimes adopted.

Such a rush, with consequently shortened timescales between the stages of introduction, is highly inappropriate and damaging to prospective development projects. It fails to give developers the opportunity to take account of the changing development economics, as CIL charges need to be added into development appraisals. Many land deals and development proposals (large and small) take many months to progress from agreement of an acquisition deal to submission and grant of permission and implementation on site.

It is also necessary to extend the timescale if LAs are to be given a fair opportunity to prepare the better evidence likely to be required by other proposed reforms.

Question 7 - Do you agree that regulation 123 (excluding regulation 123(3)) should be extended to include section 278 agreements so that they cannot be used to fund infrastructure for which the levy is earmarked?

Yes / No

There has been publicity and there is some awareness in the development industry of the dangers of "double dipping" (ie CIL and s106 being demanded for the same infrastructure). There is also the significant danger of "treble dipping" when s278 works are added into the equation. Indeed, there is "quadruple dipping" in some parts of London with the addition of Cross Rail payments.

There should not be double dipping and there certainly should not be treble (or quadruple) dipping. The viability of developments will be endangered if this overcharging cannot be eliminated from the system.

Comments

Question 8 - Do you agree that, where appropriate and acceptable to the charging authority, the levy liability should be able to be paid (in whole or in part) through the provision of both land *and/or* on-site or off-site infrastructure?

Yes / No

Comments

This is a sensible approach where it is mutually agreed and could lead to more effective and efficient use of resources to provide infrastructure.

Question 9 - Do you agree that actual construction costs and fees related to the design of the infrastructure should be used to calculate the sum by which the amount of levy payable will be reduced, when the levy is paid by providing infrastructure in kind?

Yes / No

Comments

The cost allowable against CIL should be negotiated by the parties. The allowable sum against CIL payment might be the estimated cost that was used in the infrastructure funding gap calculations. Use of the actual cost of the works to be allowed against CIL contributions may not encourage efficient use of resources.

Question 10 - Should the payment in kind provisions be limited to the capital value ceilings as set out in the EU procurement rules – currently thresholds of £173,934 for goods and services and £4,348,350 for works?

Yes No

Comments

Question 11 - Should all planning permissions (outline and full) be capable of being treated as phased development with each phase a new chargeable development?

Yes / No

Comments In addition to the anomaly caused by hybrid applications identified in the

Consultation Paper, there is a need for phasing of large scale proposals that are the subject of a single planning permission.

Question 12 - Do you agree that the phasing of levy payments will make adequate provision in relation to site preparation?

Yes No

Comments

The question should be wider than as posed.

Consideration should be given to the charging point for CIL to be occupation of the development rather than simply commencement on site. Payment of large additional costs at the outset of a development project imposes further financial burdens on any developer at a time when raising development finance is challenging.

Question 13 - Do you agree that the regulations should make it possible for a charging authority to re-calculate the levy liability of a development when the provision of affordable housing is varied?

Yes No

Comments

Question 14 - Should we amend the regulations so that the date at which planning permission first permits development is the date of the final approval of the last reserved matter associated with the permission or phase?

Yes No

Comments

Such a proposal introduces uncertainty for any development scheme and would make the viability of development open to an unnecessary additional risk. It would be difficult to market a site (and take account of CIL in any valuation exercise) if the amount of CIL is not known.

Question 15 - Should we change the regulations to remove the vacancy test, meaning the levy would generally only be payable on any increases in floorspace in refurbishment and

redevelopment schemes, provided that the use of the buildings on site had not been abandoned?

Yes / No

Comments

There was a very widespread understanding from the outset that a fundamental principle of the then proposed CIL regime was that it would be applicable to new floorspace. As introduced, the CIL Regulations have breached that understanding. The Regulations should return to the original, and widely understood, principle.

The introduction of the vacancy test acts like a "Catch 22" in many development projects. It is not possible to get permission for many changes of use unless and until the current use has been shown to be unviable through a period of vacancy and/or marketing. That very period of vacancy, required to comply with many LA planning policies, then brings CIL payments into effect for any new use for the building.

An unintended consequence of this (or perhaps it has been intended by some charging authorities) is that some forms of change of use are favoured over others by virtue of the CIL charging rates for different forms of development. CIL was not intended to be used in this manner.

The hotel stock of many large towns and cities, London in particular, has been very greatly enhanced by developers and operators making new use of outdated and otherwise redundant office buildings. This process is very significantly endangered by the imposition of CIL on proposed changes of use. Some of the proposed CIL rates for central London hotels are so high that they will plainly render such proposals to no longer be viable – bad enough for new build but unacceptable if applied to a class of development never intended to be covered by CIL at all.

Question 16 - We are proposing to amend the regulations so that new applications bringing forward design changes, but not increasing floorspace (other than section 73 applications) would trigger an additional liability to pay the levy but the amount payable would be reduced by the levy already paid under the earlier permission.

Do you agree with the proposed change?

Yes / No

Comments

Yes, this is agreed, but it should go further.

As CIL is introduced there will be cases where developers wish to make changes to existing permitted schemes that were not CIL liable at all (as the permission preceded introduction of CIL) but which need to be revised by a new application rather than just a s73 or s96A application. Those revised, but full (or outline) applications should also only incur CIL on the increased floorspace.

There is considerable discretion for LAs in what they accept as s73 and s96A applications. Developers and end operators will often need to vary planning permissions and they are reliant upon that LA discretion for the means by which the permission can be varied. This introduces unwelcome uncertainty during the transition period as CIL is introduced – if a LA declines to accept a variation under s73 or s96A, an applicant is forced into making a new application. Such an application currently incurs CIL upon the whole floorspace even though the proposal is only an amendment. This acts as a disincentive for developers and end operators to take the initiative and adapt schemes which can then be commenced.

Question 17 - Would you support giving charging authorities the discretion to apply social housing relief for discount market sales within their local area, subject to meeting European and national criteria?

Yes No

Comments

Question 18 - If the social housing relief was to be extended, do you agree the key national criteria for defining the types of affordable housing provided through intermediate tenures, to which social housing relief could apply, should be that:

- The housing is provided at an affordable rent / price (at least 20% below open market levels);
- The housing is meeting the needs of those whose needs are not being met by the market, having regard to local income levels and local house prices (either rent or sales prices); and
- The housing should either remain at an affordable price for future eligible households or, if not, the subsidy (amount of social housing relief) should be recycled for alternative affordable housing provision?

Yes No

Comments

Question 19 - Do you agree that we should amend regulation 49 so that the areas taken into account when assessing eligibility for social housing relief include the gross internal area of all communal areas (including stairs and corridors) and communal ancillary areas (such as car parking) which are wholly used by - or fairly apportioned to - people occupying social housing?

Yes No

Comments

Question 20 - Which of the following options do you prefer (a) remove the requirement for a planning obligation which is greater than the value of the CIL charge to be in place, before discretionary relief in exceptional circumstances can be provided, or (b) change the requirement so that the relevant planning obligation must be greater than a set percentage of the value of the CIL charge (for example, 80%), or (c) keep the existing requirement?

Option a) Option b) Option c)

Comments

The whole basis of this exemption is that it is applicable only in exceptional circumstances. Exceptional circumstances are, by definition, impossible to predict. The potential for exemption should therefore be left as wide as possible or borderline cases may be inadvertently disadvantaged.

Question 21 - Should we introduce a relief from the payment of the levy for self-build homes for individuals as set out above?

Yes No

Comments

Question 22 - We are proposing to amend the regulations to reflect the above process and the evidence self-builders would need to provide to qualify for relief from the levy, including provisions to avoid misuse by non-self-builders.

Do you agree that this approach provides a suitable framework to provide relief for genuine self-builders?

Yes No

Comments

Question 23 - Should we change regulation 120 so that any comments must be *received* within 14 days and allow discretion for the appointed person to extend the representations period in any particular case?

Yes / No

Comments

The most important part of this reform is the ability for the appointed person to exercise discretion, 14 days is a very short timescale and some flexibility is genuinely required, eg to account for parties were the individual concerned has been absent or on leave.

Question 24 - Should we amend the regulations to allow for the review or appeal of the chargeable amount in relation to planning permissions granted after development has commenced?

Yes / No

The Consultation Paper identifies genuinely exceptional circumstances which should be taken account of in the Regulations.

Comments

Question 25 - Do you agree that changes related to the charge setting process and examination should not apply to authorities who have already published a draft charging schedule?

Yes No

Comments

LAs must produce CIL requirements that are consistent with current Regulations. If the Govt has created the position of LAs needing to carry out additional or remedial work then those LAs should be compensated by Govt.

It is bad enough that there can be very large (and perhaps inexplicable) differences between charging rates across LA boundaries (eg hotel rates across central London) – it would even worse for there to be different Rules being applied across boundaries.

For example, it would be nonsensical for CIL to be payable on conversion of a vacant building on one side of the street in Islington at £450 per sqm and the vacant building on the other side of the street in Camden or Haringey to be exempt as result of these reforms.

Indeed, the Reforms must become applicable in so far as possible to any currently approved CIL regimes.

Furthermore, it is wrong for different “burdens of proof” to be applicable in establishing the viability of CIL charging rates across LA boundaries (LAs with pre and post Reform CIL regimes) as this would merely perpetuate any existing weaknesses and exaggerate the impact.

The need for reform has stemmed from inadequacies in the original (and amended) Regulations, so it is for Central Govt to accept responsibility for the need for change.

Jennifer Howard

From: Ziyad Thomas [REDACTED]
Sent: 11 July 2014 11:00
To: EHDC - ldf Shared
Cc: Alex Child; Greg Hilton
Subject: Representation to the East Hmapshire District Council CIL - Preliminary Draft Charging Schedule
Attachments: East Hampshire Joint CIL Rep Jul14.pdf; East Hampshire BCIS .pdf; Retirement Housing and the Community Infrastructure Levy FINAL 230513.pdf; RHG CIL Briefing Note.pdf; Minister reply june 2013.pdf

As the market leaders in the provision of sheltered housing for sale to the elderly, McCarthy and Stone Retirement Lifestyles Ltd and Churchill Retirement Living consider that with their extensive experience in providing development of this nature, they are well placed to provide informed comments on the aforementioned document insofar as it affects or relates to housing for the elderly.

For your convenience, please find attached our comments with regards to the recent round of consultation on the East Hampshire District Council – Preliminary Draft Charging Schedule.

Thank you for the opportunity for comment.

Yours faithfully

Ziyad

Ziyad Thomas
Policy Planner
The Planning Bureau Ltd

[REDACTED] office)
[REDACTED] mobile)



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CIL Project Manager
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11th July 2014

**REPRESENTATION TO THE EAST HAMPSHIRE DISTRICT COUNCIL COMMUNITY
INFRASTRUCTURE LEVY - PRELIMINARY DRAFT CHARGING SCHEDULE**

This is a joint representation on behalf of McCarthy & Stone Retirement Lifestyles Ltd. and Churchill Retirement Living Ltd. the market leaders in the provision of retirement housing for sale to the elderly. It is estimated that of the specialist housing providers currently active in this specific market (not including the out of town "retirement village" model), the two companies deliver over 80% of the current supply between them. It is therefore considered that with the extensive experience in providing development of this nature, these companies are well placed to provide informed comments on the emerging East Hampshire District Council Community Infrastructure Levy (CIL), insofar as it affects or relates to housing for the elderly.

The CIL Guidance published in February 2014 by the Department for Communities and Local Government (DCLG) states consistently that *'In proposing a levy rate(s) charging authorities should show that the proposed rate (or rates) would not threaten delivery of the relevant Plan as a whole'* (Paragraph 29).

The CIL Guidance also stresses the importance of this principle to individual market sectors that play an important role in meeting housing need, housing supply and the delivery of the Development Plan, such as specialist accommodation for the elderly. This is relevant in the context of Paragraph 37 of the Guidance:

"... However, resulting charging schedules should not impact disproportionately on particular sectors or specialist forms of development and charging authorities should consider views of developers at an early stage".

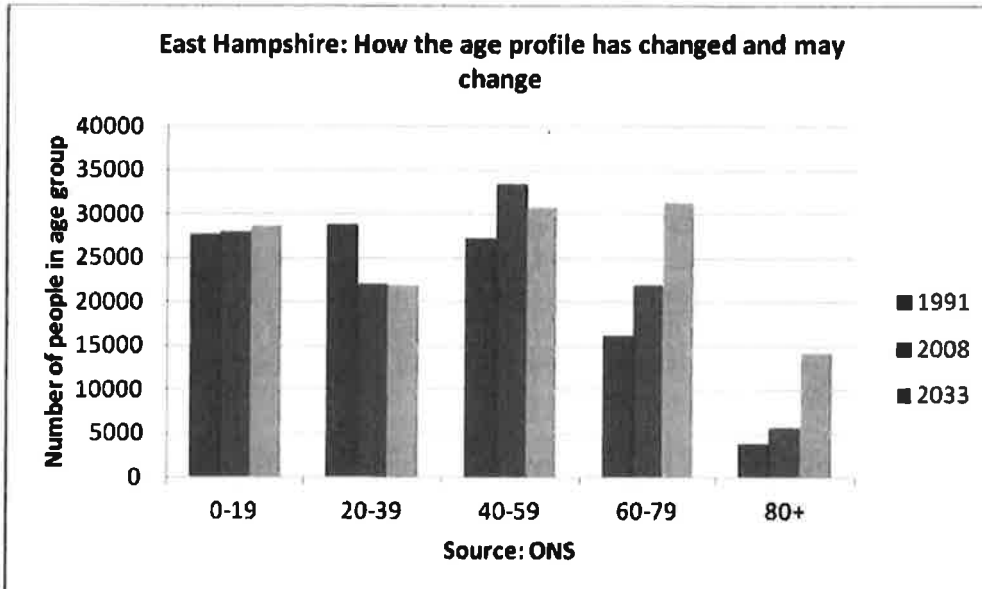
Where the provision of specialist accommodation for the elderly plays a clear role in meeting housing needs in the emerging or extant Development Plan, as it does in the context of the East Hampshire District LDF, by not properly considering the effect of CIL on this form of development the Council would be putting the objectives of the Development Plan at risk and thereby contravening Government Guidance.

Growing Elderly Population

The National Planning Policy Framework stipulates that the planning system should be *'supporting strong, vibrant and healthy communities'* and highlights the need to *'deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities. Local planning authorities should plan for a*

mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community...such as...older people' [emphasis added].

The "What Homes Where Toolkit" developed by the Home Builders Federation uses statistical data and projections from the Office of National Statistics (ONS) and the Department for Communities and Local Government (DCLG) to provide useful data on current and future housing needs. The table below has been replicated from the toolkit and shows the projected change to the demographic profile of East Hampshire between 2008 and 2033.



In line with the rest of the country, this toolkit demonstrates that the demographic profile of the District is projected to age, with the proportion of the population aged 60 and over increasing from 24.9% to 35.8% between 2006 and 2026. This is significantly higher than the average projected increase for UK local authorities by the Office for National Statistics (23% of the population aged over 65 by 2033). The most significant population increases are projected of the 'frail' elderly, those aged 75 and over, who are more likely to require specialist care and accommodation.

The adopted East Hampshire District Local Plan – Joint Core Strategy (2014) reflects this by identifying the demographic profile of the area is ageing, raising concerns over the future provision of adequate support and accommodation for the growing elderly population. The provision of suitable housing to meet the diverse needs of the population is addressed in sub-clause c) of *Policy CP11: Housing Tenure, Type and Mix* which states:

'provide housing that meets a range of community requirements, including retirement, extra care housing and other housing for the elderly. Those with special or supported needs and people wishing to build their own homes;'

The care and accommodation needs of the elderly are also specifically addressed in *Policy CP12: Housing and Extra Care Provision for the Elderly* which stipulates that:

The Council and the National Park Authority will through the allocation of sufficient sites and/or the granting of planning permission provide for housing and extra care accommodation, including Continuing Care Retirement Communities and Retirement Villages, to meet the needs of the ageing population within the District provided that the proposed sites and development are in locations to suit the needs of the elderly.

It is therefore clear that the development of specialist accommodation for the elderly is a priority for the Council.

In light of the above, we consider that it is of vital importance that the emerging CIL does not prohibit the development of specialist accommodation for the elderly at a time when there is an existing and urgent need for this form of development and that by not properly assessing this form of development the proposed CIL rate would threaten the delivery of the relevant Development Plan contravening Government Guidance.

The Case for Testing Sheltered / Retirement Housing

As you are aware, as a national retirement housing company, McCarthy & Stone and Churchill Retirement Living are currently submitting planning applications throughout the Country, including a number within East Hampshire recently. In light of this we obviously need to ensure that the supporting viability work for the CIL is actually representative of what is happening in the real market place for all forms of housing, as, if it is not, the adoption of CIL may prevent needed development coming forward.

The Preliminary Draft Charging Schedule provides a uniform CIL levy rate for all forms of residential development and does not differentiate between houses, flats and specialist accommodation for the elderly despite the significant differences between these forms of accommodation. Given the significant differences between sheltered accommodation and standard market housing, it is unclear as to what the basis for the consultants recommendations are, particularly as the Viability Assessment does not appear to include a development scenario for neither sheltered / retirement housing nor Extra Care accommodation. Moreover, whilst the development scenarios do provide a number of scenarios for higher densities, 60dph cannot be considered a high density for flatted infill development which is more likely to be 100-150dph. It would therefore appear that a higher density flatted development has not been tested.

Whilst there is an understandable desire to keep the charging rates as simple as possible the broad inclusion of some retirement housing within a "general residential heading" fails to acknowledge the very specific viability issues associated with such specialist accommodation for the elderly.

The aforementioned viability characteristics of Sheltered / Retirement housing have been acknowledged by both the public and private sector and in the various tiers of Government. In the recently published National Planning Practice Guidance the "How should different development types be treated in decision taking?" (subheading: ID 10-018-130729) the guidance states that "The viability of individual development types, both commercial and residential, should be considered. Relevant factors will vary from one land use type to another". The distinct viability characteristics of older persons housing are specifically acknowledged with the Guidance stating that "For older people's housing, the scheme format and projected sales rates may be a factor in assessing viability".

There is an increasing consensus that specialist accommodation for the elderly should not be viewed as an oversight or 'casualty' of the CIL regime. There is now a considerable amount of guidance publically available for charging authorities and viability practitioners to address assess the viability of Sheltered / Retirement Housing.

Pertinently, the Retirement Housing Group (RHG), a consortium of retirement housing developers and managers from the private sector and housing associations, recently commissioned the consultants Three Dragons to produce a paper that provides evidence and guidance for viability practitioners in appraising sheltered / retirement and extra care accommodation. This paper was sent to every viability practitioner in the UK with a copy sent to the Planning Minister, Nick Boles – a copy of this paper has also been attached for your convenience.

The Planning Minister responded positively to the RHG's paper with a letter sending out a message to charging authorities that they should differentiate between retirement housing and general needs homes where viability is an issue. The letter states "... *The revised Guidance published in December 2012 is clear that "charging schedules should not impact disproportionately on particular sectors or specialist forms of development and charging authorities should consider views of developers at an early stage". (page 121, paragraph 37). The guidance does not specify that any form of housing should be treated any differently to other sectors but is clear that if you have any evidence that your development would be made be made unviable by the proposed levy charge, this should be considered by the Authority and the examiner...'*. A copy of the Minister's letter is provided for your convenience.

Additionally, a joint position paper produced by McCarthy & Stone Retirement Lifestyles Ltd and Churchill Retirement Living Ltd, the two largest providers of specialist housing for the elderly, was recently sent to every local planning authority in England and Wales. The paper provides a number of recommendations on testing the viability of specialist accommodation for the elderly for CIL and how it differs from conventional housing.

We therefore consider that there is now a considerable amount of guidance available for charging authorities and viability practitioners with which to assess the viability of specialist accommodation for the elderly both competently and quickly. We note that the Council's chosen consultant Adams Integra have experience in testing the viability of both Extra Care and Sheltered / Retirement Housing, having already done so for a number of Local Authorities already.

Development Scenario

A crucial element of such a CIL viability appraisal will be to ensure that the baseline land value against which the viability of the retirement scheme is assessed properly reflects the spatial pattern of land use in the locality.

Therefore the viability of retirement should be assessed against both likely existing site values, and just as importantly, of potential alternative (i.e. competitor) uses. Our concern is that CIL could prejudice the delivery of retirement housing against competing uses on the land suitable for retirement housing schemes.

The average age of residents in retirement housing is around 79 years old, likely to have abandoned car ownership, be of lower mobility and/or rely on close proximity to public transport. For this reason retirement housing developers will not consider sites that are over a walking distance of approximately half a mile from a town or local centre with a good range of shops and services to meet a resident’s daily needs. The result is that retirement housing can only be built on limited range of sites, typically high value, previously developed sites in close proximity to town centres. It is worth noting that Section 2.2.2.4 of the December 2014 Community Infrastructure Levy Guidance recognises that brownfield sites are those where the CIL charge is likely to have the most effect, stating; *“The exercise should focus on strategic sites on which the relevant Plan relies and those sites where the impact of the levy on economic viability is likely to be most significant (such as brownfield sites)”*.

A Viability Assessment for specialist accommodation for the elderly should therefore provide a development scenario for a typical flatted retirement housing scheme, located on a previously developed site within 0.4 miles of a town centre.

Any CIL viability assessment should consider the effect of the imposition of CIL on a retirement apartment scheme and should be quantified using appraisal inputs specific to the retirement housing product. It is not correct to simply assume that a general needs apartment scheme is comparable to a retirement apartment scheme as there are a number of key differences which will affect the land value that can be produced by each. Table 1 (page 5) of the aforementioned joint position paper by McCarthy and Stone Retirement Lifestyles and Churchill Retirement Living provides a number of generic viability inputs for specialist accommodation for the elderly.

The remainder of this representation provides details of the appraisal inputs specific to retirement housing where they markedly differ from conventional housing.

Communal Areas

Many forms of specialist accommodation for the elderly, such as retirement housing, provide communal areas for residents at an additional cost to developers. Specialist housing providers also have additional financial requirements as opposed to other forms of development that will only pay on 100% saleable floorspace. This does not provide a level playing field for these types of specialist accommodation and a disproportionate charge in relation to saleable area and infrastructure need would be levied.

In comparison to open market flats the communal areas in specialist accommodation for the elderly are considerably larger in size, fulfil a more important function and are accordingly built to a higher specification in order to meet the needs of the elderly than those provided by open market flatted developments. Typically an open market flatted residential development will provide 16% non-saleable floorspace, whereas this increases to approximately 30% for sheltered accommodation and 35% for Extra Care accommodation.

This places providers of specialist accommodation for the elderly at a disadvantage in land acquisition as the ratio of CIL rate to net saleable area would be disproportionately high when compared to other forms of residential accommodation

Sales Rate

In the case of retirement housing for example there is also a much longer sales period which reflects the niche market and sales pattern of a typical retirement housing development. This has a significant knock on effect upon the final return on investment. This is particularly important with empty property costs, borrowing and finance costs and sales and marketing which extend typically for a longer time period. A 45 unit retirement scheme (i.e. an average sized scheme) can take 3-4 years to sell out.

As a result of this typical sales and marketing fees for specialist accommodation for the elderly are often closer to 6% of GDV.

Empty Property Costs

Properties can only be sold upon completion of the development and the establishment of all the communal facilities and on-site house manager. These communal areas cost additional monies to construct and are effectively subsidised by the developer until a development has been completely sold out. In a McCarthy and Stone development the staff costs and extensive communal facilities are paid for by residents via a management / service charge. However, due to the nature of these developments the communal facilities have to be fully built and operational from the arrival of the first occupant. Therefore to keep the service charge at an affordable level for residents, service charge monies that would be provided from empty properties are subsidised by the Company (these are typically known as Empty Property Costs). This is a considerable financial responsibility as, as previously mentioned, it usually takes a number of years to fully sell a development. For a typical 45 unit McCarthy and Stone Later Living development the Empty Property Costs are on average £200,000.

Build Costs

Whilst the Viability Assessment differentiates between the build costs between bungalows, houses and apartments, excluding abnormals, it does not consider the build costs of flatted sheltered housing.

The Build Costs Information Services (BCIS) shows that the Mean Average Build Costs per m² for a region. This database consistently shows that build costs vary significantly between housing types with the cost of providing sheltered housing consistently higher than for general needs housing and apartments.

The most recent BCIS figures for East Hampshire Council (28th June 2014) show that the mean cost of building one m² of estate housing is £1072, while the equivalent cost for apartment developments is £1287 per m². Sheltered housing costs £1349 per m² - 4.8% more expensive than the cost of building apartments and 25.8% more expensive than estate housing.

While the BCIS figures are subject to fluctuation it is our experience that specialist accommodation for the elderly tends to remain in the region of 5% more expensive to construct than apartments and generally between 15 to 20 % more expensive than estate housing.

Summary

Given the extent of projected housing need for older person's accommodation it is paramount that the East Hampshire District Council CIL schedule recognises the potential shortcomings of providing a uniform CIL rate for all forms of residential development. The additional costs associated with the construction and initial maintenance of this form of development, coupled with the slower sales rate, make it clear that the financial viability of such developments are more finely balanced than those of houses and apartments.

It is for the above reasons that we request that development scenarios for Sheltered / Retirement housing and Extra Care accommodation are undertaken so as to ensure that these forms of accommodation are not rendered unviable by the proposed CIL rates.

Thank you for the opportunity for comment.

Yours faithfully,


Ziyad Inomas
Policy Planner
The Planning Bureau Ltd.

Enc.

Retirement Housing Group –CIL Briefing Note

Nick Boles MP response to RHG Briefing Note June 2013

McCarthy and Stone Retirement Lifestyles & Churchill Retirement Living- Joint CIL Position Paper

BCIS Build Costs

£/m2 study

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 28-Jun-2014 12:19

📍 Rebased to East Hampshire

Maximum age of results: Default period

Building function (Maximum age of projects)	£/m ² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
Estate housing							
Generally (15)	1,072	534	918	1,043	1,190	2,255	1606
Single storey (15)	1,171	628	1,008	1,134	1,340	1,818	273
2-storey (15)	1,049	534	911	1,030	1,157	2,020	1212
3-storey (15)	1,072	694	863	1,028	1,187	2,255	120
4-storey or above (25)	1,532	1,163	-	1,387	-	2,045	3
Flats (apartments)							
Generally (15)	1,287	635	1,075	1,246	1,455	3,891	751
1-2 storey (15)	1,219	720	1,052	1,190	1,363	2,368	186
3-5 storey (15)	1,268	635	1,065	1,242	1,444	2,646	501
6+ storey (15)	1,646	944	1,317	1,567	1,775	3,891	59
Sheltered housing							
Generally (15)	1,349	669	1,142	1,262	1,471	2,871	95
Single storey (15)	1,525	883	1,135	1,351	1,715	2,871	15
2-storey (15)	1,311	669	1,076	1,202	1,462	2,225	32
3-storey (15)	1,317	1,019	1,181	1,242	1,391	1,967	27
4-storey or above (15)	1,299	893	1,140	1,291	1,363	1,867	16

Retirement Housing and the Community Infrastructure Levy

This paper has been prepared on behalf of McCarthy & Stone Retirement Lifestyles Ltd and Churchill Retirement Living Ltd. The purpose of this briefing note is to address the particular issues for Community Infrastructure Levy setting with specific regard to the need, benefits and economic viability of retirement apartments¹. McCarthy & Stone and Churchill Retirement Living are concerned that many charging schedules published across the country to date could disproportionately affect the viability of their developments given that they fail to properly consider the impact of CIL on the retirement housing market, which in turn will mean that local older home-owners will be denied the opportunity to live in specialist housing that better meets their needs and aspirations in later life. The paper makes a number of recommendations that should be taken into account by CIL practitioners and decision makers in the formulation of the evidence base, draft charging schedule and decision making process.

Specifically, it is recommended that;

1. The viability appraisal inputs referred to in Table I represent, as far as is possible, a “typical” retirement apartment development and should therefore be used as a basis for a development typology in the CIL viability evidence base;
2. The viability assessment to inform the draft Charging Schedule should include a consideration of the relative viability of retirement housing when set against both existing site values, and a range of alternative values for the land on which a retirement development might be situated;
3. The draft Charging Schedule should pay heed to the effect of CIL on the supply of housing for the elderly, including the wider benefits that the provision of this tenure in sufficient numbers can bring, as per the NPPF paragraphs 50 and 159;

The effect of the imposition of CIL, if not given due consideration, may be to constrain land supply. This is a significant threat to land with a high existing use value and therefore to the delivery of retirement developments, which by nature are limited to urban, centrally located previously developed sites. By following these recommendations it is hoped that the CIL schedule can be adopted in a way that does not constrain the supply of retirement housing for the elderly. The consequences of ignoring this evidence is the risk of putting the delivery of the

¹ Which can be referred to as Category II Sheltered Housing (less care) and use class C3, or Extra Care housing (Higher levels of care and therefore deemed use class C2).

development plan in jeopardy, a situation to be avoided, as Paragraph 29 of the 2012 CIL regulations published by DCLG makes it clear:

'In proposing a levy rate(s) charging authorities should show that the proposed rate (or rates) would not threaten delivery of the relevant Plan as a whole' (Paragraph 29).

The Developers

McCarthy & Stone Retirement Lifestyles and Churchill Retirement Living are leading providers of specialist retirement housing for older home owners in the United Kingdom. It is estimated that of the specialist housing providers currently active in this specific market (not including the out of town "retirement village" model), the two companies deliver over 80% of current supply between them. In response to the housing implications of the UK's ageing population, both companies have ambitious investment plans which rely on being able to secure sufficient land for development.

Retirement apartments offer accommodation for home owners aged over 60 years of age. Typical facilities within a development include a communal lounge for the use of all residents for socialising and events; a Manager working full time hours at the development; an emergency call system in every apartment; laundry facilities; a guest bedroom; communal landscaped gardens; plus electric scooter charging points, communal refuse areas and parking facilities. Given the nature of the resident, appropriately located retirement schemes are built within easy walking distance of town centre facilities to enable the resident to easily access all of their needs (public transport, shops, banks & post offices, cafes, community facilities, doctor, dentist etc) without reliance on a private car. Alongside companionship and security, this is one of the main reasons a purchaser of a retirement apartment will consider downsizing from properties that are less well located relative to the required facilities. It also allows a high development density to be achieved given the low requirements for parking on-site.

There is also an Extra Care model, which by including "care", (in not just staffing, but also within the design and specification including larger communal areas), is different from retirement housing both in its form and the costs associated with its delivery and occupation. Particularly where authorities seek to apply CIL charges to this form of development and where the Development Plan specifically seeks its delivery, it would be appropriate to specifically assess this form of development because of its different characteristics and consequent different viability factors associated with it.

Although the two companies are in direct competition with each other, the potentially serious implications to land supply of getting the CIL charging schedule wrong, and its potential for adverse impact on the delivery of retirement housing for which there is an acknowledged growing need, have spurred them into jointly preparing this paper.

A Growing Elderly Population

By 2026 older people will account for almost half (48 per cent) of the increase in the total number of households, resulting in the addition of 2.4 million older person households than there are today. The number of people aged 85 or over will increase by 2.3 million by 2036, a 184 per cent increase. The ageing of society poses one of our greatest housing challenges.

The need to address this is reflected in the NPPF at paragraphs 50 and 159. The thrust of these paragraphs is to ensure that Local Plans properly account for the need for older persons housing (amongst other housing types). Paragraph 50 states that the planning system should be;

'supporting strong, vibrant and healthy communities' and highlights the need to 'deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities. Local planning authorities should plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community...such as...older people' [emphasis added].

More recently, in March 2013, the House of Lords report entitled "Ready for Ageing?" concluded that;

"The housing market is delivering much less specialist housing for older people than is needed. Central and local government, housing associations and house builders need urgently to plan how to ensure that the housing needs of the older population are better addressed and to give as much priority to promoting an adequate market and social housing for older people as is given to housing for younger people"

The Role of CIL and setting an appropriate rate

When setting a CIL rate, Regulation 14(1) of the 2010 Community Infrastructure Levy Regulations states that "an appropriate balance" between "(a) the desirability of funding from CIL (in whole or in part)" and "(b) the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development" should be found.

It is recognised that this does not require CIL to be set at a rate that ensures every scheme is viable. However, specific types of housing should not be rendered unviable by CIL generally and particularly where they address a need.

Paragraph 30 of the April 2013 DCLG CIL Guidance states that;

"Charging authorities should avoid setting the charge right up to the margin of economic viability across the vast majority of sites in their area. Charging authorities should show, using appropriate available evidence, including existing published data, that their proposed rates will contribute positively towards and not threaten delivery of the relevant Plan as a whole at the time of charge setting and throughout the economic cycle"

The CIL Guidance then stresses the importance of this principle to individual market sectors that play an important role in meeting housing need, housing supply and the delivery of the Development Plan, such as specialist accommodation for the elderly. This is relevant in the context of Paragraph 37 of the Guidance:

“... However, resulting charging schedules should not impact disproportionately on particular sectors or specialist forms of development and charging authorities should consider views of developers at an early stage”.

Not properly considering the effect of CIL on this form of development where the provision of specialist accommodation for older people plays a clear role in meeting housing needs in the emerging or extant Development Plan, would result in the Council putting the objectives of the Development Plan at risk in direct contravention of Government Guidance.

Additionally, it is of vital importance that the emerging CIL does not prohibit the development of specialist accommodation for the elderly given the existing and growing need for this form of development.

It is therefore imperative that the emerging CIL rate properly and accurately assesses the viability implications of the development of specialist accommodation for the elderly

Viability

With the onus on the CIL charging authority to set a rate that has regard to available evidence on the viability of development; it is considered that this paper represents just that type of evidence.

Any CIL viability assessment should consider the effect of the imposition of CIL on a retirement apartment scheme. This effect should be quantified using appraisal inputs specific to the retirement housing product. It is not correct to simply assume that a general needs apartment scheme is comparable to a retirement apartment scheme. There are a number of key differences which will affect the land value that can be produced by each. Table 1 below summarises the residual land appraisal inputs applicable to a typical scheme on a 0.4 hectare site, a 3 storey 40 unit retirement apartments scheme. These should be tested as a separate development typology by the CIL viability assessment. Also provided (for comparison purposes only) are the applicable inputs to a typical general needs apartment scheme on a similar size land plot, such that the differences can be noted and quantified. Whilst the retirement housing product is relatively standard (specification does not necessarily depend on location), a general needs scheme could of course offer various flat types and specifications, dependant on local markets and demand (e.g. commuter belt, first time buyers, buy to let, larger family size flats in urban locations).

Table 1 – Viability
Appraisal Inputs for a
typical retirement
scheme, 0.4ha.

	40 unit Category II Retirement Apartment scheme	Typical General Needs Flatted Scheme at 35 units
Housing Mix GIFA 1 Bed (m ²) GIFA 2 Bed (m ²) Site area (ha) Net to gross ratio (%) saleable/non saleable	1 bed @ 70% 2 bed @ 30% 50-60 sq m 70-80 sq m 0.4 70% saleable to 30 non- saleable/communal space	1 bed @ 30% 2 bed @ 70% 45 sq m 70 sq m 0.4 84% saleable to 16% non- saleable/ communal space
Residential Values (Revenue) Sales revenue 1BF (£/m ²) Sales revenue 2BF (£/m ²) Sales Rate Ground rent per 1 bed/pa Ground rent per 2 bed/pa Yield - capitalised ground rent	Local comparable rates Local comparable rates 1 unit per month. Sales curve to front load a proportion of sales after build completion though final years sales less than 1 per month £425 £495 7.0%	Local comparable rates Local comparable rates 2 per month, some sold off- plan to buy-to-let market £150 £200 7.0%
Building Costs Building costs New Build (£/m ²) Abnormal/Extra overs External works Allowance for Sustainability/ B. Regs changes to Part L 2013 Contingencies (%) Building cost fees (%) Empty property costs to cover Service Charge, Council tax, electricity	Current BCIS Mean Generally Retirement Housing rate with location factor applied Site by site 10% of basic build cost Minimum 3% of basic build cost 5% 10% For a 40 unit site this is typically £ 220,000 over the sales period	Current BCIS rate for Mean Generally Flatted Development with location factor applied Site by site 10% of basic build cost Minimum 3% of basic build cost 5% 10% Minimal

SI06 Costs	As per Local Plan policy as cross referred to in the Charging schedule (removing the requirement for education, sports facilities etc)	As per Local Plan policy as cross referred to in the charging schedule
Affordable Housing Assumption	As per Local Plan Policy – typically a financial contribution off-site	As per Local Plan Policy
Sales & Marketing Costs Legal fees (per open market unit sale) Sales/marketing (% GDV)	£600 6%	£600 3%
Finance and acquisition costs Arrangement fee (loan) Interest rate (%) Agents fees (%) of land Legal fees (%) of land Stamp Duty (%)	1% of max loan 7% 1.50% 0.75% as per applicable rate	1% of max loan 7% 1.50% 0.75% as per applicable rate
Developer's return for risk Profit as % of sales revenue	20% - 25%	17.5%
Site Benchmark land value	Existing Use Values could be - Hotel; Residential Land Assembly of 3-4 detached properties; 30,000 sq ft office. Alternative Site Value - 75 bed Care Home; Lower Density Housing Development; General Needs flatted scheme; Retail led Scheme all within or close to town centre location with likely higher general values	Site Specific
Timings Planning permitted Construction period Construction start Construction end First sale Last sale (legal completion)	Month 0 12 months 7 19 19 58	Month 0 12 months 7 19 14 33

Selling rate	1 per month. Sales curve at 18 units in initial 12 months, 12 units in next 12 months, final 10 units sold in next 16 months	2 per month, sales curve as per local experience
Freehold sale (ground rent payment)	57	33
Overall scheme end date	57	33
Empty Property Cost Timing	Commensurate with Sales	-
S106 payments	on commencement	on commencement

It is also helpful to specifically consider those inputs that are significantly different:

Communal Areas

Many forms of specialist accommodation for the elderly, such as retirement housing, provide communal areas for residents at an additional cost to developers. Specialist housing providers also have additional financial requirements as opposed to other forms of development that will only pay CIL based on 100% saleable floor space. This does not provide a level playing field for these types of specialist accommodation and a disproportionate charge in relation to saleable area and infrastructure need would be levied.

In comparison to open market flats the communal areas in specialist accommodation for the elderly are considerably larger in size, fulfill a more important function and are accordingly built to a higher specification in order to meet the needs of the elderly. Typically a mainstream open market flatted residential development will provide 16% non-saleable floor space, whereas this increases to 30% for sheltered accommodation and 40% for Extra Care accommodation.

This places providers of specialist accommodation for the elderly at a disadvantage in land acquisition as the ratio of CIL rate to net saleable area would be disproportionately high when compared to other forms of residential accommodation.

Sales Rate

In the case of retirement housing there is also a much longer sales period which reflects the specialist age restricted market and sales pattern of a typical retirement housing development. This has a significant knock on effect upon the financial return on investment. This is particularly important with Empty Property Costs, borrowing and finance costs, and with sales and marketing costs, all of which extend typically for a longer time period. Currently the typical sales rate for a development is approximately one unit per month, so a 40 unit retirement scheme (i.e. an average sized scheme) can take 3-4 years to sell out after the build phase is completed.

As a result of this, sales and marketing fees for specialist accommodation for the elderly are typically in excess of 6% of GDV, not 3% as ordinarily applied to conventional residential development.

Empty Property Costs

Properties can only be sold upon completion of the development and the establishment of all the communal facilities and on-site house manager. These communal areas cost additional monies to construct and are effectively subsidised by the developer until a development has been completely sold out. In a retirement development the staff costs and extensive communal facilities are paid for by residents via a management / service charge. However, due to the nature of these developments the communal facilities have to be fully built and operational from the arrival of the first occupant. Therefore to keep the service charge at an affordable level for residents, service charge monies that would be provided from empty properties are subsidised by the Company (these are typically known as Empty Property Costs). This is a considerable financial responsibility because, as previously mentioned, it usually takes a number of years to fully sell a development. For a typical 40 unit Retirement scheme, the Empty Property Costs are on average £225,000.

Build Costs

The Build Costs Information Services (BCIS) shows that the Mean Average Build Costs per m² for a region. This database consistently shows that build costs vary significantly between housing types, with the cost of providing sheltered housing consistently higher than for general needs housing and apartments.

While the BCIS figures are subject to fluctuation it is our experience that specialist accommodation for the elderly tends to remain in the region of 5% more expensive to construct than mainstream apartments, and generally between 15 to 20 % more expensive than estate housing.

Land Value Considerations

A crucial element of the CIL viability appraisal will be to ensure the baseline land value against which the viability of the retirement scheme is assessed properly, reflecting the local conditions within which any retirement scheme will be located.

As such, the viability of retirement development should be assessed against both existing site values, and just as importantly, of potential **alternative** (i.e. competitor) uses. Our concern is that CIL could prejudice the delivery of retirement housing against competing uses on the land suitable for retirement housing schemes.

As retirement housing is an age restricted housing type, it is important that it is located within close proximity to the services that an elderly person may require. The average age of residents in this type of housing scheme is around 79 years. They are likely to have abandoned car ownership, be of lower mobility and/or rely

on close proximity to public transport. For this reason, the major retirement housing developers will not consider land more than half a mile level walk from a town centre or local centre that has a post office, pharmacy, doctor's surgery and a good array of shops for the elderly occupier's likely daily needs. This should be understood as housing for the active elderly – care homes can theoretically be sited further from town as the residents of these types of accommodation typically do not rely on their own mobility to access doctor/medical care and food shops. Care and services are bought in onto these sites to a greater degree. In coastal areas this effectively halves the available land within walking distance of the town centres of the district, and therefore means that sites suitable for retirement apartments are scarce.

The result is that the retirement housing product can only be built on a limited range of sites. If the CIL schedule sets the charging rate at a level that means retirement housing schemes cannot compete in land value terms with other uses for these sites (which by nature could be reasonably built elsewhere), then no retirement housing will come forward since no suitable sites will be secured – to the detriment of the housing needs and aspirations of local older people. It is worth noting that Paragraph 27 of the April 2013 Community Infrastructure Levy Guidance recognises that brownfield sites are those where the CIL charge is likely to have the most effect, stating; *“The focus should be in particular on strategic sites on which the relevant Plan relies and those sites (such as brownfield sites) where the impact of the levy on economic viability is likely to be most significant”*.

Any CIL Viability Assessment should therefore consider a development scenario for a typical flatted retirement housing scheme, located on a previously developed site within 0.5 miles of a town centre.

Emerging Practice

In the context of Regulation 13 of the CIL regulations and paragraph 35 of the April 2013 Community Infrastructure Levy Guidance document produced by DCLG, this is an important point. Paragraph 35 states;

“Regulation 13 also allows charging authorities to articulate differential rates by reference to different intended uses of development provided that the different rates can be justified by a comparative assessment of economic viability of those categories of development. The definition of ‘use’ for this purpose is not tied to the classes of development in the Town and Country Planning Act (Use Classes) Order 1987, although that Order does provide a useful reference point”.

The Three Dragons consultancy is currently working with the Retirement Housing Group, (which represents a wide range of retirement housing providers, both public and private), on CIL appraisals and has also recognised this distinction.

We have seen a growing number of charging schedules that throw this into sharp relief. In Central Bedfordshire the authority set the charging rate for retirement housing at £nil in light of the non-viability of these schemes. In Dacorum Council, a

bespoke CIL Levy rate for retirement housing has been proposed in light of the differences between this form of housing and general needs residential. Dacorum Council also exempt Extra Care housing completely on the basis of non viability.

It is also important to recognise that retirement housing sites, due largely to their location near to town and local centres, are typically built on brownfield land which in most cases is in current use (i.e. not derelict or abandoned). Paragraph 27 of the Guidance recognises that brownfield sites are those where the CIL charge is likely to have most effect.

Conclusion

It is a requirement of the CIL regulations that the imposition of CIL does not prejudice the delivery of the development plan. For this reason alone, it is of the utmost importance that charging authorities consider this form of housing when drafting charging schedules. Retirement housing brings with it many environmental, economic and social benefits. These attributes further embed the notion that retirement housing is a distinct housing market type deserving of special consideration within the Development Plan. These are set out at Appendix I to this letter.

The experience of McCarthy and Stone and Churchill Retirement Living on recent planning application schemes throughout the country is such that, at best, viability is challenging. There is a ready supply of evidence to prove this in a Development Control setting.

Below at Table 2 is a summary of the agreed affordable housing provision secured via off-site affordable housing and s106 payments at recent (2013) Churchill and McCarthy and Stone planning applications throughout the country. This reflects the viability of schemes against the most up to date housing market conditions at the time of writing. As is shown, in the vast majority of cases, the provision of the full policy requirement for affordable housing was not possible because of its effect on the economic viability of the scheme;

Table 2 – Planning application decisions made in 2013 on developments by Churchill Retirement Living and McCarthy & Stone

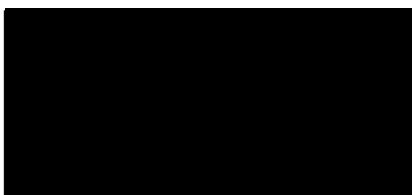
Site	Units	Local Authority	Affordable Housing & s106 contributions	Viability Issue? (Yes/No)	Date	Existing Land Use
CRL Bishop's Stortford	52	East Herts DC	£565,300	No	Mar '13	Redundant and vacant commercial centre. Low EUV
CRL Worthing	29	Worthing BC	£89,547	Yes	Mar '13	Existing Care Home use
CRL Caterham	35	Tandridge DC	Nil	Yes	Feb '13	Car showroom, workshop and under-utilised offices
CRL Orpington	50	LB Bromley	£255,500	Yes	Jan '13	Redundant Office Block
CRL Dorchester	39	West Dorset DC	£150,000	Yes	Jan '13	Fire Station and 2 residential properties
CRL Penzance	60	Cornwall	£300,000	Yes	Jan '13	Cleared development site, extant hotel permission.
M & S Kenilworth	22	Warwick BC	£250,000	Yes	Feb '13	2 houses
M & S Skipton	33	Craven DC	£73,350	Yes	Feb '13	Mill
M & S Folkestone	25	Shepway DC	£56,086	Yes	Feb '13	Nursing home
M & S Sidcup	50	LB Bexley	£78,979	Yes	Feb '13	6 storey office block
M & S Braintree	32	Braintree DC	£17,718	Yes	Mar '13	Govt offices
M & S Bembridge	40	IOW Council	£216,000	Yes	Mar '13	Garage and pfs
M & S Monton	48	Salford BC	Nil	Yes	Mar '13	Hotel
M & S Stroud	32	Stroud DC	Nil	Yes	Mar '13	Garage/car repairs

The table above shows that at the majority of planning applications for retirement apartments decided in 2013, an independently agreed assessment of viability has demonstrated to the satisfaction of decision makers that the imposition of the full affordable housing requirement would have rendered these schemes economically unviable. The logical conclusion to this is that the imposition of any CIL onto these schemes would have at best reduced the amount remaining for affordable housing (thereby putting the delivery of the development plan in jeopardy), or at worst rendered these schemes wholly economically unviable, even with no affordable housing contributions. Aggregate floor space of the developments above is some 45,000 square metres, whilst the total AH & s106 contributions are some £2.05m. This is scope to make some £45 per square metre of planning gain contributions. Therefore, had any CIL have been implemented then it cannot be said that these sites would have some forward as retirement housing developments.

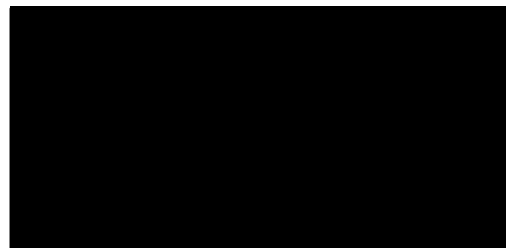
Whilst only on an aggregate basis, the above figures demonstrate that even before affordable housing is taken into account, aggregate levels of CIL anywhere over £45 per sq m applied to these developments would have rendered them unviable, jeopardising retirement housing delivery. When taken in the context of affordable housing planning policy, any CIL whatsoever would likely have constrained supply significantly.

Without properly assessing a retirement housing scheme against a range of existing and competitor uses, the implication of adopting a CIL rate based on general needs housing is that supply will be constrained in this important market sector. Paragraph 37 of the CIL Guidance should be noted here. Furthermore, the examples provided of the schemes where planning decisions were made in 2013 show that any CIL requirement for a retirement housing scheme is not justified if affordable housing is to be delivered.

The paper recommends that any CIL evidence base should have regard to spatial variations in land use and the competitive nature of a constrained and rationed market for land in close to town centre settings.



Andrew Burgess BA (Hons) MRTPI
Managing Director - Planning Issues Ltd
Director - Churchill Retirement Living
Ltd



Gary Day MRTPI MCIH
Land and Planning Director -
McCarthy and Stone Retirement
Lifestyles Ltd

Appendix I

The Benefits of Retirement Housing

To further embed the notion that retirement housing is a distinct housing market type that deserves special consideration within the Development Plan, it is worth setting out the benefits of retirement housing to both residents and the wider community. Sheltered housing gives rise to many social benefits by providing specialized accommodation to meet a specific housing need. In summary, sheltered housing:

- provides purpose built specifically designed housing for local elderly people
- a recognised local housing need (according to the latest research by Churchill Retirement Living, of their existing sheltered housing developments, reinforcing previous findings of McCarthy & Stone, over 50% of occupants of sheltered housing move from within a 10 mile radius of the development);
- helps to reduce anxieties and worries experienced by many elderly people living in housing which does not best suit their needs in retirement by providing safety, security and reducing management and maintenance concerns;
- provides companionship and a community which helps to reduce isolation, loneliness and depression;
- provides a form of housing which addresses the onset and increasing problems of mobility/frailty;
- is very well located in relation to shops and other essential services, being within easy walking distance or readily accessible by public transport which can reduce isolation and reduce the worry of depending on a car;
- helps to maintain an independent lifestyle; and
- helps to maintain health and general well-being.

There are also many planning benefits which include:-

- sheltered housing releases under-occupied housing and plays a very important role in the recycling of stock in general;
- there is a 'knock-on' effect in terms of the whole housing chain enabling the more effective use of the existing housing stock;
- sheltered housing maximises the use of previously-developed land;
- because of its location, sheltered housing reduces the need to travel by car (the elderly living in more remote locations will remain far more dependent upon the private car); and
- helping to introduce mixed land uses in town centres, revitalising such areas.

Private sheltered housing is a 'good neighbour' in all respects. There is a very low traffic generation, and the general lack of peak hour traffic movement ensures that

conflict does not occur with other peak traffic movements such as school and work journeys. Residents tend to be relatively active in the local community, be a watchful eye on the local neighbourhood in terms of crime and safety, and are local shoppers/spenders.

In addition to the above retirement housing provides a number of key sustainability benefits including;

- Making more efficient use of land thereby reducing the need to use limited land resources for housing;
- Providing high density housing in close proximity to services and shops which can be easily accessed on foot thereby reducing the need for travel by means which consume energy and create emissions;
- Providing shared facilities for a large number of residents in a single building which makes more efficient use of material and energy resources.

**COMMUNITY INFRASTRUCTURE LEVY
AND
SHELTERED HOUSING/EXTRA CARE DEVELOPMENTS**

**A BRIEFING NOTE ON VIABILITY
PREPARED FOR RETIREMENT HOUSING GROUP BY
THREE DRAGONS**

MAY 2013



Executive Summary

New provision of retirement housing (whether sheltered or extracare) is very patchy across the country and provision of sale housing in particular is focussed on the South East and South West with very limited delivery outside these locations.

In low to medium value areas it is already very difficult for retirement housing to compete with mainstream housing development. The introduction of CIL will have a negative impact on viability and further reduce supply. To date most local authorities have not carried out a viability appraisal of retirement housing as part of the evidence base which supports the CIL charging schedule. Those local authorities who have undertaken a viability appraisal have appraised extracare but not sheltered housing and have generally found that, like Care Homes and other C2 uses, newbuild sale extracare housing cannot support a CIL payment.

This paper seeks to provide evidence which will enable viability practitioners to appraise both types of retirement housing, even in those locations where no newbuild stock has recently been provided. It has been prepared by Three Dragons drawing on information provided by members of Retirement Housing Group.

Retirement housing schemes are generally less viable than general needs housing because of a range of factors including higher build costs per sq m, a higher proportion of communal space, lack of ability to phase development and longer selling periods. This will affect their ability to pay CIL and to provide affordable housing.

S106 obligations for retirement housing have generally been subject to negotiation to reflect both financial viability and the calls which the development makes on local facilities. CIL is a fixed charge which cannot take account of scheme viability. It is therefore important that CIL rates are set at a level which reflects the overall viability of particular types of development

Because retirement housing is higher density than general needs housing the introduction of CIL will increase the value of planning obligations sought from a development much more steeply for retirement housing than is the case for general needs family housing.

Local authorities and practitioners undertaking viability appraisal and assessing affordable housing need should therefore carry out specific case studies of older persons housing when setting CIL charging schedules and affordable housing targets. This will contribute to a robust analysis which will stand up at Enquiry.

This document deals specifically with viability appraisal and draws on general information provided by members of Retirement Housing Group (RHG) to provide broad guidelines on the costs and revenues associated with provision of sheltered and extra care housing. It will assist with viability appraisal where no locally specific information is available.

Three Dragons was commissioned by RHG to carry out specimen viability appraisals for high, medium and low value areas outside London using the cost and revenue data provided by RHG. The viability appraisal compared general needs family housing with specialist retirement housing, both sheltered and Extracare accommodation. The chosen specimen locations were

- Tunbridge Wells (high value area)
- Tewkesbury (medium value area)
- Coventry (low value area)

Schemes were modelled with the local authority's target percentage of affordable housing and no s106 obligations. In all locations general needs housing was more viable than retirement housing and sheltered housing was more viable than ExtraCare. In medium and low value areas it is not possible to provide retirement housing which meets the local authority affordable housing target even before the introduction of CIL. The introduction of CIL at £100 per sq m on market housing further reduces scheme viability when compared with general needs housing.

1. Recent delivery of retirement housing for sale and rent

We analysed unpublished data from the Elderly Accommodation Counsel which looks at provision of retirement housing by region. This shows that in the period from 2010 to 2012 207 schemes were developed of which 57% were for rent.

55% of all provision of retirement housing for sale was in the South East and 'South West (48 schemes). No other region had more than 9 schemes of retirement housing for sale.

	Sale schemes	Rental schemes	All schemes
EM	2	8	10
East	9	21	30
London	5	13	18
NE	3	0	3
NW	8	13	21
SE	27	29	56
SW	21	13	34
WM	8	10	18
Y+H	5	12	17
	88	119	207

2. Policy Context

This document is intended to provide background information to local planning authorities and their consultants when undertaking the viability analysis which informs a CIL Charging Schedule. It focuses specifically on retirement housing, including both sheltered and Extracare accommodation.

It draws on the experience of a wide range of retirement housing providers to summarise the key variables which determine viability and to demonstrate how these affect the viability of retirement housing provision compared with general needs housing.

Local planning authorities are required to make provision for all household types, including older people, when drawing up their Local Plan.

To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:

- *plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes);*
- *identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand*

NPPF para 50

Ministers have repeated their support for this policy objective and it is a key feature of the National Housing Strategy

Half of all households in England are older 'established homeowners'. Some 42 per cent are retired and 66 per cent own their own home outright. As life expectancy increases, more of these households will need support to remain in their homes in later life. Limited choice in the housing market makes it difficult for older households to find homes that fully meet their needs.

Laying the foundations: a housing strategy for England p9

"Imaginative housing schemes for older people can save money for the NHS and social services. They can also make it more attractive for older people to move out of their family homes, thereby helping to meet the pressing housing needs of young families"

Nick Boles 17 December 2012

At present the majority of local planning authorities when setting their Community Infrastructure Levy do not differentiate specialist accommodation for older people from general needs housing and are applying the same CIL rate to both.

3. How retirement housing differs from general needs housing

There are several important differences between specialist retirement housing and general needs housing which make it inappropriate for a viability appraisal based on general needs housing to be applied to retirement housing.

Key differences between retirement housing and general needs housing include:

- Retirement housing is higher density than most general needs development: typically 100-120 dph compared with average densities of 30-70 dph for general needs housing
- Larger communal and non-saleable areas in retirement housing (eg common rooms, laundries, guest rooms, warden's office, dining room, special activity rooms)
- Higher build costs per sq metre for older persons housing than for general needs housing due to higher specifications of individual apartments and buildings.
- While revenue per unit is typically higher for specialist older person housing than for general needs flats, revenue per sq metre is not necessarily higher
- A slower return on investment as schemes need to be fully completed before sales are made as older people are less inclined to buy 'off plan' without seeing a dwelling, the communal facilities and/or meeting staff.
- Higher marketing costs to reach this older age group for whom a move is a discretionary choice often requiring consultation with extended family. Marketing costs are typically 6% of GDV compared to 3% of GDV for open market housing.
- Greater financial risk as phasing is not possible as with general needs housing as retirement developments are often built as a single block, meaning a development must be built out before any return is possible.
- Higher void costs as schemes take longer to sell than general needs housing and flats.
- Most schemes are on brownfield sites, which are often in short supply and have higher development costs.

- Higher land values as schemes work best when they are close to shops, services, GP practices and transport links, where older residents wish to live.

4. Standards of viability testing required by the CIL regulations

The Regulations that guide the setting of CIL allow charging authorities to set different rates for different **intended uses** of development. While the use class order¹ provides a useful reference point – CIL Charging Schedules do not have to be tied to it. The recent “Consultation Paper on Community Infrastructure Levy: further reforms” confirms that

Currently regulation 13 allows charging authorities to set different levy rates within their area. This can be done by reference to “zones” (regulation 13(1)(a)) and “different intended uses of development” (regulation 13(1)(b)). The revised Community Infrastructure Levy guidance has clarified that “uses” does not have the same meaning as “use class”. (para 20)

Justification for setting different rates for different uses relies on a, “*comparative assessment of the economic viability of those categories of development.*”²

While local authorities will want to avoid overly complex patterns of CIL charges, it is important that their charging schedule does not, “*impact disproportionately on particular sectors or specialist forms of development*”.³

The Regulations therefore permit local authorities to carry out a viability assessment of all likely types of development. Just as different types of retail and leisure uses will have separate viability appraisals so too should different types of residential development including sheltered and ExtraCare housing.

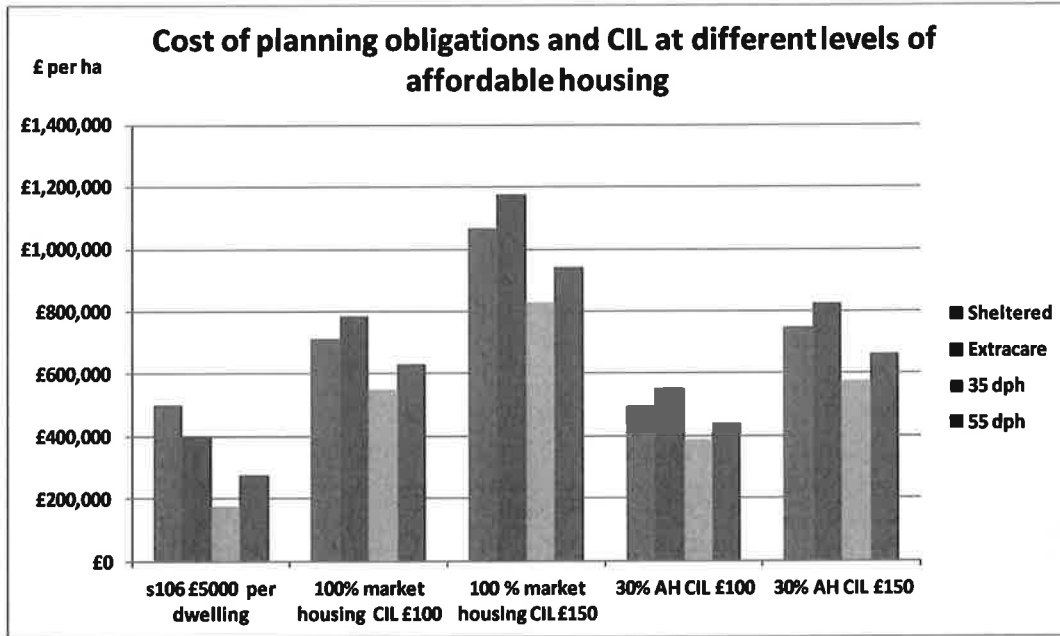
5. Density and its impact on CIL and S106 obligations

Both CIL and S106 obligations bear more heavily on specialist retirement housing than on general needs housing. This is because higher density development attracts higher levels of both CIL (based on £ per sq m of market housing) and S106 obligations (based on total number of dwellings). The chart below shows the relative costs per hectare of a standard S106 contribution of £5,000 per dwelling compared with CIL of £100 per sq m and £150 per sq m at both 100% market housing and 30% affordable housing.

¹ Town and Country Planning Act (Use Classes) Order 1987

² Community Infrastructure Levy Guidance, DCLG Dec. 2012 (para 35)

³ *ibid* – para 37



In all circumstances retirement housing pays a higher level of planning obligation than general needs housing. The difference between CIL and S106 is that S106 was negotiable and related to the needs arising from the scheme in many cases retirement housing did not contribute to certain S106 requirements (eg education) and hence paid a lower rate per dwelling than general needs housing. That flexibility is lost with CIL.

6. Key variables affecting the viability of specialist older persons housing provision

Local Planning Authorities and their consultants need robust information on which to base any viability appraisal of retirement housing as distinct from general needs housing. This can be difficult to obtain at local level if there has been no recent development of retirement housing. RHG has therefore prepared the following generic examples of typical sheltered and extracare schemes which included key variables which can be applied in any area of the country.

Typical scheme size (0.5 ha site)

General Needs	15-20 family houses @ 30-40 dph
	27-32 flats @ 55-65 dph
Sheltered	50-60 units @ 100 -120 dph
Extracare	40-50 units @ 80 -100 dph

Typical mix retirement housing

Ranges from 60:40 1 bed : 2 bed to 40:60 1 bed : 2 bed apartments

House prices: Practitioners should use local market values for newbuild retirement housing where they exist. Where they do not exist the following formula is an indicative guide to the price of lower value units which are likely to be affordable by most local home owners.

Methods of price setting for retirement housing vary by location.

In medium and low value areas the price of a 1 bed sheltered property = approx 75% of price of existing 3 bed semi detached house. A 2 bed sheltered property = approx 100% of price of existing 3 bed semi detached

In high value areas with a high proportion of flats the price of a 1 bed sheltered property is linked to the price of high value flats, normally with a 10-15% premium

ExtraCare housing is 25% more expensive than sheltered: if a sheltered 1 bed flat sells for £100,000 then an extracare 1 bed flat will sell for £125,000

Unit sizes (sq m)	Sheltered	ExtraCare
1 bed	50	65
2 bed	75	80

Non-chargeable/communal space

General needs houses	nil
General needs flats	10%
Sheltered	20-30%
ExtraCare	35-40%

Build cost per sq m (Source BCIS),

Sheltered typically 9% above build costs for 1-2 storey flats

Extracare typically 13% above build costs for 1-2 storey flats

(defined by BCIS as "sheltered housing with shops, restaurants and the like")

Marketing costs are typically 6% of revenue compared with 3% of revenue for general needs houses and flats.

Sales periods are typically longer for retirement housing than for general needs housing. A rough guide is that 40% of unit will be sold at the end of the first year of sales, 30% during the second year of sales and 30% during the third year. There is typically an 18 month build period before sales commence.

The economics of schemes which provide higher value (and cost) units will differ in detail from the example quoted but are unlikely to be significantly more viable when compared with general needs housing. Where the local authority believes that such schemes are likely to play a role in meeting local housing need a specific viability appraisal of this type of retirement housing will need to be carried out as part of the overall CIL viability appraisal.

Based on the parameters set out above Three Dragons was commissioned by RHG to carry out a viability appraisal of older persons housing compared with general needs housing development. Specimen sheltered and ExtraCare developments were modelled on a half hectare site in three locations:

- Tunbridge Wells (high value area)
- Tewkesbury (medium value area)
- Coventry (low value area)

and compared with the most viable form of general needs housing which could have been provided on the same site, family housing at 35 dph.. The three locations were chosen as typical of high, medium and low value locations outside London.

The output was a residual land value per hectare (ha) for each form of development. It was assumed that for retirement housing to compete in the land market residual land value must be equal to the residual land value achieved for general needs housing

The table below shows residual land values for the three different types of development in each of the three locations. All schemes were modelled with the target percentage of affordable housing.

Affordable housing at the LA target %age No S106 obligations	residual land value per hectare (£)		
	general needs housing	sheltered housing	ExtraCare
<i>Tunbridge Wells – 40% AH</i>	£4,000,000	£3,250,000	£2,000,000
<i>Tewkesbury – 30% AH</i>	£1,000,000	-£1,375,000	-£3,000,000
<i>Coventry – 25% AH</i>	-£300,000	-£3,250,000	-£3,500,000
Add CIL @ £100 per sq m on market housing			
<i>Tunbridge Wells CIL</i>	£205,000	£430,000	£470,000
<i>Residual land value</i>	£3,795,000	£2,820,000	£1,530,000
<i>Tewkesbury CIL</i>	£240,000	£500,000	£550,000
<i>Residual land value</i>	£760,000	-£1,875,000	-£3,550,000
<i>Coventry CIL</i>	£255,000	£535,000	£600,000
<i>Residual land value</i>	-£555,000	-£3,785,000	-£4,100,000

- In all locations general needs housing was more viable than sheltered or ExtraCare housing.
- Sheltered housing was more viable than ExtraCare housing.

- In Tunbridge Wells (high value area) all three schemes produced a positive land value at the local authority affordable housing target even with CIL at £100 per sq m, but residual land value was higher for general needs housing than for retirement housing.
- In Tewkesbury (medium value area) retirement housing produced a negative land value at the local authority affordable housing target both with and without CIL
- In Coventry all three schemes produced a negative land value at the local authority affordable housing target both with and without CIL..

7. Conclusions

The introduction of CIL has a more significant impact on retirement housing than on general needs housing because of the greater density (and hence higher sq metres) of development.

S106 requirements were also potentially more onerous for retirement housing than for general needs housing but because these were negotiable dependent on financial viability and specific requirements related to the development there was more flexibility to ensure that the planning obligations sought were related to the specific viability of the development.

The viability of older persons housing provision when compared with that of general needs housing varies by location. Local authorities and practitioners undertaking viability appraisal should therefore carry out specific case studies of older persons housing when setting CIL charging schedules. This is permitted by the CIL regulations and will contribute to a robust analysis which will stand up at Enquiry. The information provided in this document will assist with viability appraisal where no locally specific information is available.



**Department for
Communities and
Local Government**

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03 JUN 2013

Many thanks to you and your colleagues for meeting with me on Tuesday 9 May to discuss suggestions for increasing the quality and provision of housing for older people, and for your letter dated 14 May. I found our discussion very informative.

Local planning authorities are required to make provision for all household types, including older people. I strongly support this policy objective and consider that imaginative housing schemes for older people, as well as saving money for the NHS, can make it more attractive for older people to move out of their family homes, thereby helping to meet the needs of young families.

We have strengthened the revised Community Infrastructure Levy guidance. The revised guidance published in December 2012 is clear that "charging schedules should not impact disproportionately on particular sectors or specialist forms of development and charging authorities should consider views of developers at an early stage." (page 11, paragraph 37). The guidance does not specify that any form of housing should be treated any differently to other sectors but is clear that if you have evidence that your development would be made unviable by the proposed levy charge, this should be considered by the authority and by the examiner. The guidance supports early engagement in the Levy rate setting process and I would encourage you to work with local authorities consulting on Levy rates to ensure any viability issues are shared. I understand you have a meeting with my officials to discuss the Levy on 12 June.

Since receiving your letter I have received a number of suggestions from the RHG Secretariat for extra-care facilities which might be suitable for a visit. I would welcome such a visit jointly with the health minister and will be in touch with you shortly about finding a convenient date.

It was a pleasure meeting you and getting the opportunity to discuss such an important and pressing matter. It is great to see such commitment in seeking to ensure that the interests of older people are looked after.

NICK BOLES MP

Jennifer Howard

From: Giles Stogdon [REDACTED]
Sent: 11 July 2014 11:18
To: EHDC - ldf Shared
Subject: Fwd: Community Infrastructure Levy (CIL) Draft Charging Schedule Consultation

Dear Sirs.,

I wish to make the following representations:-

1. There appears to be a disproportionately high level of charging in the north of the district. This seems to be the north subsidising elsewhere. In my view this is inequitable and should be altered.
2. EHDC's FAQs say that there should not be much difference in cost between the CIL and the current Section 106 charges. However, there will still be some S106 charges on a development as well as the CIL. In my view, the two taken together should not exceed the old S106 charges so as not to adversely impact the supply of land for development.
3. It is unclear if the CIL includes the £10,000/house charge for the Alton Sports Centre in the northern part of the district. In my view this charge should not be on top of the CIL so as not to adversely impact the supply of land for development.

Giles Stogdon
[REDACTED]

-----Original Message-----

From: Jessica Hill <Jessica.Hill@easthants.gov.uk>
Sent: Fri, 30 May 2014 16:59
Subject: Community Infrastructure Levy (CIL) Draft Charging Schedule Consultation

To: All Consultees

East Hampshire District Council is moving forward with the process of developing a Community Infrastructure Levy (CIL). The first stage of consulting on the Draft Charging Schedule is now underway and will run until **5.00pm on Friday 11 July 2014.**

The consultation letter and Draft Charging Schedule are attached to this email for reference. Copies of all the documents including the supporting studies (the draft Infrastructure Delivery Plan, Viability Study and FAQs) are available on our website.

If you have any queries relating to any of the documents or the consultation process then please do not hesitate to call the Planning Policy team on 01730 234280.

Regards,

Valerie Dobson - Principal Policy Planner
East Hampshire District Council
Penns Place Petersfield GU31 4EX
Direct Tel: 01730 234152

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Jennifer Howard

From: Grayshott Parish Council [REDACTED]
Sent: 11 July 2014 11:35
To: EHDC - Idf Shared
Subject: Community Infrastructure Levy (CIL) Draft Charging Schedule Consultation

To EHDC Planning Policy

I have been asked to notify you that Grayshott Parish Council have reviewed the draft charging schedule and although they have no specific comment to make they wish to let you know that it has been duly noted.

Thank you

Katie Weir
Assistant Parish Clerk

Grayshott Parish Council
Grayshott Village Hall
Headley Road
Grayshott GU26 6TZ

Telephone [REDACTED]
www.grayshott.com/parishcouncil

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Jennifer Howard

From: Sansby, Paul [REDACTED]
Sent: 02 June 2014 08:42
To: Jessica Hill
Cc: Morley, Steve
Subject: RE: Community Infrastructure Levy (CIL) Draft Charging Schedule Consultation

Jessica
Thanks for the information about the CIL.
Water expenditure for new development is covered by charges and developer contributions.
We do not have any direct involvement in the CIL and so have no comments on the process.
Regards
Paul

From: Jessica Hill [<mailto:Jessica.Hill@easthants.gov.uk>]
Sent: 30 May 2014 17:04
Subject: Community Infrastructure Levy (CIL) Draft Charging Schedule Consultation

To: All Consultees
East Hampshire District Council is moving forward with the process of developing a Community Infrastructure Levy (CIL). The first stage of consulting on the Draft Charging Schedule is now underway and will run until **5.00pm on Friday 11 July 2014**.
The consultation letter and Draft Charging Schedule are attached to this email for reference. Copies of all the documents including the supporting studies (the draft Infrastructure Delivery Plan, Viability Study and FAQs) are available on our website.
If you have any queries relating to any of the documents or the consultation process then please do not hesitate to call the Planning Policy team on 01730 234280.
Regards,

Valerie Dobson - Principal Policy Planner
East Hampshire District Council
Penns Place Petersfield GU31 4EX
Direct Tel: 01730 234152

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Jennifer Howard

From: Atiq, Nawal [REDACTED]
Sent: 02 June 2014 09:40
To: Jessica Hill
Subject: FW: Community Infrastructure Levy (CIL) Draft Charging Schedule Consultation
Attachments: CIL consultation letter.pdf; Preliminary Draft Charging Schedule May 2014.pdf

Dear Jessica

To whom it may concern,

Thank you for your e-mail dated 30 May 2014 inviting the Highways Agency (HA) to comment on East Hants' Community Infrastructure Levy Preliminary Draft Charging Schedule.

The HA is an executive agency of the Department for Transport (DfT). We are responsible for operating, maintaining and improving England's Strategic Road Network (SRN) on behalf of the Secretary of State for Transport.

The HA has no comment to make at this stage, but we reserve the right to make representations about monies pertaining to the national/strategic transport matters as and when they arise in the development process and on a case by case basis

Kind regards

Nawal Atiq

Highways Agency | Federated House | London Road | Dorking | RH4 1SZ

Tel: [REDACTED]

Web: <http://www.highways.gov.uk>

GTN: [REDACTED]

Safe roads, reliable journeys, informed travellers
Highways Agency, an executive agency of the Department for Transport.

From: Jessica Hill [<mailto:Jessica.Hill@easthants.gov.uk>]
Sent: 30 May 2014 17:03
Subject: Community Infrastructure Levy (CIL) Draft Charging Schedule Consultation

To: All Consultees

East Hampshire District Council is moving forward with the process of developing a Community Infrastructure Levy (CIL). The first stage of consulting on the Draft Charging Schedule is now underway and will run until **5.00pm on Friday 11 July 2014**.

The consultation letter and Draft Charging Schedule are attached to this email for reference. Copies of all the documents including the supporting studies (the draft Infrastructure Delivery Plan, Viability Study and FAQs) are available on our website.

If you have any queries relating to any of the documents or the consultation process then please do not hesitate to call the Planning Policy team on 01730 234280.

Regards,

Valerie Dobson - Principal Policy Planner
East Hampshire District Council
Penns Place Petersfield GU31 4EX
Direct Tel: 01730 234152

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Communications via the GSi may be automatically logged, monitored and/or recorded for legal purposes.

Jennifer Howard

From: Peter Parkinson [REDACTED]
Sent: 02 June 2014 12:10
To: EHDC - Idf Shared
Subject: CIL Consultation

Dear Sir

1) I am surprised to read the proposal that Whitehill and Bordon has two CIL rates, one of £60/sq.m and the other of £0/sq.m. The zero rate applies to what is called the "Eco-Town". There is no Eco-town.

Back in 2012 , the promised eco-town referendum was cancelled because we were told there was no longer an eco-town. So this term is now meaningless. When the eco-town was a live issue, the whole of Whitehill, Bordon and Lindford came within the specially designated "eco-town policy area". So unless a new, unpublicised eco-town area has been designated, the idea of one part of Whitehill and Bordon being in and another part being out, makes no sense.

2) As a special case, Whitehill and Bordon clearly needs special assistance. So more importantly, zero rating the development is a clear signal that there will be no gain, no benefit for existing residents, no facilities deriving from the huge housing developments in the town. How then can these now be financed ?

3) Taking the point a stage further, it appears that the modest £60/sq.m levy applied to Whitehill and Bordon (Excluding the Eco-Town) is all that will be available to finance the list of supposed gains. So the old town will now have to supply funding to finance the benefits previously ascribed to the new town

4) At item 4. it says *"The Council is required to, in setting CIL rates, 'strike an appropriate balance between' the desirability of funding infrastructure from the levy and 'the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area'.*

It appears that the 'balance' is all in one direction. Any possible advantage to existing residents has apparently been sacrificed on the altar of encouraging housing development in Bordon at all costs.

Sincerely

Peter Parkinson
[REDACTED]

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Jennifer Howard

From: Nicole Penfold [REDACTED]
Sent: 03 July 2014 08:36
To: EHDC - Idf Shared
Subject: East Hampshire CIL - Preliminary Draft Charging Schedule - Gladman representations
Attachments: East Hampshire CIL (PDCS) - Gladman representations.pdf



Re: CIL – Preliminary Draft Charging Schedule

In response to the above consultation please find representations submitted by Gladman Developments.

I would appreciate if you could acknowledge receipt of this submission by responding to this email.

Kind Regards,

Nicole

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CIL Project Manager
East Hampshire District Council
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Submitted by email only: ldf@easthants.gov.uk

3rd July 2014

Dear Sir / Madam

RE: Community Infrastructure Levy – Preliminary Draft Charging Stage

Introduction

Gladman Developments has considerable experience in the development industry in a number of sectors including residential and employment land. Gladman are aware that East Hampshire District Council adopted their Joint Core Strategy on the 8th May 2014 and are beginning work on the Local Plan Part Two (the Site Allocations Plan). Alongside this the Council are in the process of preparing a Community Infrastructure Levy for the area. This Consultation is for the Preliminary Draft Charging Schedule of CIL.

CIL is intended to have a positive effect on development. The CLG guidance notes that *“By providing additional infrastructure to support development of an area, the levy is expected to have a positive economic effect on development across and area. In deciding rate (s) of the levy for inclusion in its draft charging schedule, a key consideration is the balance between securing additional investment for infrastructure to support development and the potential economic effect of imposing the levy upon development across their area”*. (Paragraph 8, CLG Guidance, 2012)

The Council must ensure that they strike an appropriate balance between the desirability of funding from CIL and the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across the local authority area. This means that the Council must consider the impact of CIL together with the policies contained in the Local Plan on developments within the borough when deciding an appropriate CIL rate.

Setting the levy at the appropriate rate will be key to ensure that development comes forward in your local authority area and subsequently that the Local Plan is implemented. These representations address some key

areas that local planning authorities must consider when preparing their CIL charging schedule, drawing on recent guidance produced by the CLG.

Funding gap / evidence base

Local planning authorities need to be able to demonstrate the infrastructure need and subsequent funding gap and must ensure that the level of total CIL receipts that could be generated through the levy reflects these true needs and the proposals in the Local Plan. The CIL should not be used by Council's as a mechanism for creating an unrealistic 'wish list' of infrastructure projects in their area.

When establishing a funding gap that CIL receipts are intended to contribute towards filling, it is vital that the Council take account of every possible income stream. This has to include an accurate assessment of future New Homes Bonus and council tax and business rates receipts generated as a result of new developments allocated in the Local Plan, as well as central government funding streams. This should also include an assessment of statutory undertakers asset management plans, as these companies will at some stage be upgrading their systems/facilities. This also needs to be taken account of when assessing the infrastructure requirements of the authority.

The Council need to have an up to date, robust evidence base that fully justifies the infrastructure needs based on the amount of development that is required. Information on these infrastructure needs should, wherever possible, be drawn directly from the infrastructure planning that underpins the Development Plan, as this should identify the quantum and type of infrastructure required to realise their local development needs. If the authorities infrastructure planning is weak or out of date then the Council should undertake an exercise to refresh this. If the evidence base is not complete, robust and up to date the charging schedule will be unsound and the local planning authority will have difficulty adequately demonstrating their funding gap and subsequent CIL requirements.

The CLG guidance notes that: *"Charging authorities should be able to show and explain how their proposed Community Infrastructure Levy rate (or rates) will contribute towards the implementation of their relevant plan and support development across the area. It is likely, for example, that charging authorities will need to summarise evidence as to economic viability in a document (separate from the charging schedule) as part of their evidence base."* (Paragraph 21, CLG Guidance, 2012)

It is important that in calculating the level of infrastructure you need as a result of development you distinguish between *new* and *existing* demands. New houses do not always create new pressure on infrastructure as evidence shows that a large proportion will be occupied by people already living in the borough, attending local schools, and registered with local GP surgeries. They will therefore require less infrastructure provision compared to new residents in the borough.

The available guidance makes it clear that CIL is expected to have a positive economic effect on development across an area in the medium to long term. The CIL charging rates should not be set at such a level as to put at serious risk the overall development of the area. The Council will need to provide robust evidence that the proposed rates will not jeopardise development. The rate will also need to be appropriate over time, bearing in mind land values, market conditions and the wider economic climate change rapidly.

The Council needs to ensure that they have a full understanding of the potential costs of infrastructure projects needed to meet the infrastructure needs. Gladman believe that it is inappropriate to set the levy based on a partial understanding of these infrastructure costs and in particular if the total money needed for infrastructure is unknown.

Differential charging rates

The CLG guidance notes that the use of differential charging rates can be an appropriate approach where there is viability evidence that constitutes the basis for this. *"This is a powerful facility that makes the levy more flexible to local conditions"* (Paragraph 34 CLG Guidance, 2012)

The rules around the use of differential rates in the Charging Schedule are clear: they can only be for different geographical zones in which development would be situated or by reference to different intended uses of development. Furthermore, as inspectors have made clear, differential rates should be set *"based on economic viability considerations alone, rather than any planning or any other public policy related choices"* (Paragraph 14, Newark and Sherwood EIP report, August 2011), and *"CIL is not intended to be a planning policy tool"* (Paragraph 23, Huntingdonshire EIP report, April 2012). Charging schedules should not impact disproportionately on a particular sector or small group of developers.

It is integral when setting differential rates for different geographical areas that these differential rates are based on accurate, up to date housing market intelligence forming the evidence base for this decision.

Discretionary Relief

Regulation 55 of the CIL Regulations allows local authorities to grant relief for exceptional circumstances from liability to pay CIL. Such provision should be factored into the Council's CIL and will avoid rendering sites with specific and exceptional cost burdens unviable should exceptional circumstances arise.

Requirement to consult

As with Local Plans, local planning authorities have an obligation to consult at various stages of the CIL preparation process. However, the guidance does not provide details as to the format that this consultation must take or length of the consultation period. Gladman echo the CIL guidance and would urge your local authority to engage with local developers and others in the property industry early and throughout the process. This will help your authority to gain opinions from the market to feed into the preparatory work.

Once the charging schedule is ready for Examination the local authority must publish the draft schedule for a further stage of formal public consultation.

Examination

As outlined in paragraph 56 of the CLG guidance the charging authority must appoint the examiner. The examiner must be independent and have the appropriate qualifications and experience. The guidance confirms that a Planning Inspector would fulfil these criteria.

Conformity with Framework

The National Planning Policy Framework (from here on referred to as the Framework) provides the current central government planning policy and requirements for local planning authorities to meet. The Framework places emphasis on sustainable development and in particular ensuring that the objectively assessed needs of an area are met through the requirements and policies within the new Local Plan.

It is fundamental that the Council ensures that the proposed levy rates are realistic and not set too high. Arbitrarily high rates may jeopardise the delivery of housing schemes within the area. This would be contrary to the Government's aim outlined in the Framework to *"significantly boost the supply of housing"*, as schemes may not come forward due to viability issues.

The Council's CIL charging rates must not threaten the overall delivery of the Local Plan, by making sites unviable. This point is reiterated in the CLG guidance *"in proposing a levy rate (s) charging authorities should show that the proposed rate (or rates) would not threaten delivery of the relevant plan as a whole."* (Paragraph 29, CLG Guidance, 2012). When testing the impact of CIL it is vital that the assumptions that underlie the

standard residual valuation approach used to test the impact on viability of CIL are realistic and accurate. This should include abnormal costs, contingency costs, preliminary costs, and developer profit, which should reflect the current level of risk perceived in the market.

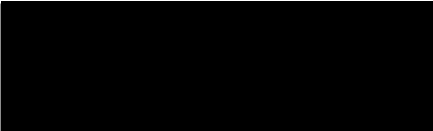
Gladman would urge the Council to adopt an instalments policy for CIL payments as this will give developers the flexibility to pay contributions in line with development phasing schemes and will facilitate cash flow and therefore development viability.

Gladman would also like to remind the Council of the need to review CIL tariffs once these have been set. The economic climate will inevitably change over the course of the plan period and as such the levy rates that can be set whilst ensuring development remains viable will also change. The CLG guidance promotes the need for charging schedules to remain under review *"This is important to ensure that the levy charges remain appropriate over time, and also so that that they remain relevant to the gap in the funding for the infrastructure needed to support development of their area"* (paragraph 79, CLG Guidance, 2012).

The Local Plan for your area will need to be in place prior to the CIL being adopted. Gladman believe that the Council need to have a clear understanding of the level of residential development to be brought forward in the plan period when preparing the charging schedule as this will directly influence the scale of CIL that will be generated. Without this the charging schedule will not reflect the relevant and true infrastructure needs of the area.

I hope that these representations were helpful in the process of preparing the CIL charging schedule. If your require any further information or wish to meet with one of the Gladman team then please do not hesitate to contact me.

Yours faithfully,



Nicole Penfold
Planner
Gladman Developments Ltd.

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LISS PARISH COUNCIL



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Valerie Dobson
Principal Policy Planner
EHDC
Penns Place
Petersfield
Hants
GU31 4EX

Dear Valerie

CIL Draft Charging Schedule Consultation

The consultation document was discussed at our Planning Committee meeting on 23rd June & although the consultation does not directly apply to Liss it was thought to have implications for the village.

Members agreed to draw EHDC's attention to the comments already submitted to the SDNP on their consultation. LPC feel very strongly that the CIL levy suggested for Liss is anomalous for a settlement within the National Park & our full consultation comments to the SDNP were as follows:

Qu. 1 Do you have any comment on the above proposed charges?

Summary of response

1. Liss Parish Council strongly objects to the proposed residential charging regime in the Draft Charging Schedule because:
 - a) The overall approach to charging within the national park does not follow government guidance,
 - b) The approach to the differentiation of charging rates between different parts of the park does not reflect the analysis on economic viability on which it is based.
 - c) The proposed charges for Liss would militate against the provision of adequate infrastructure in Liss,

- DS
- d) The contrast between the proposed charging rate within Liss and that within adjoining areas would create significant and unfair anomalies,
 - e) The analysis on which the proposed charges for Liss is based is seriously flawed and gives a false result for Liss,
2. Liss Parish Council therefore proposes that a fairer and more workable approach to the park would be to have the same charge across the whole of the park. The appropriate level should not be proposed until there has been a proper analysis of infrastructure needs to be considered alongside economic viability.
 3. Even if that approach is not adopted the Parish Council is strongly of the view that the rate set for Liss should be the same as for Petersfield and there should be much less of a contrast between the rate proposed for Liss and that for adjoining areas.
 4. These points are expanded below.

a) The overall approach to charging within the national park does not follow government guidance

5. Government regulations and guidance require that the charging authority in setting levy rates “must aim to strike what appears to the charging authority to be an appropriate balance between the desirability of funding infrastructure from the levy and the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across the area” (Para 7 of DCLG Community Infrastructure Levy, April 2013). Subsequent paragraphs of guidance state that a starting point is establishing a CIL infrastructure funding target based on infrastructure costs (Para 14) and that charging authorities should demonstrate how the charging rates support development (Para 21). The charging rates put forward, however, are based entirely on the DSP viability assessment. There is no analysis of infrastructure needs across the area and the park authority has not even published a draft of its Infrastructure Delivery Plan. This contrasts with other authorities, such as neighbouring Winchester, who have built in infrastructure needs from the start of their CIL process. It may be assumed that infrastructure needs will be high, but this needs to be demonstrated and related to the CIL rate.
6. The proposed charging rates appear to concentrate entirely on the issue of differentiation between different places. We acknowledge that government regulation and guidance specify that should only be based on maintaining economic viability. However, the proper approach should be to look at the level of charge required for the park as a whole, taking account of the balance between infrastructure need and economic viability, and then look at the issue of differentiation based solely on the question of economic viability.

b) The approach to the differentiation of charging rates between different parts of the park does not reflect the analysis on economic viability on which it is based

7. The viability assessment by DSP makes it clear that CIL will only have a marginal impact on economic viability (see para 2.11.3 for example). The information in Appendix III and comments in the assessment (see paras 3.2.3 and 3.2.4, for example) also shows that there is considerable variation in values at a local level between settlements in the rural area. Against this background, the justification for treating all the rural area as one, and the differentiation of the major settlements from adjoining areas is totally inadequate. In particular, the application of very wide differences in the level of charge is not adequately justified as necessary to maintain economic viability, and there is no recognition of the anomalies that will result. The CIL guidance emphasises the need to take a pragmatic view (Para 28).
8. There is a complete lack of perspective in proposing such wide differences in the level of charge. The area of the park as a whole has some of the highest levels of residential value and economic viability in the country, which is acknowledged by the DSP viability assessment (see, para 3.2.4). The legislation is designed to ensure that CIL does not jeopardise economic viability in areas of low value, for example, in parts of the north of England. Within the context of the park, with high levels of economic viability and few, if any, areas at risk of development that is not economically viable, the variation in charge appears excessive and unjustified. It is noticeable that in those adjoining areas that have an approved CIL charge the ranges covered by the rates are significantly smaller than that proposed in the park.
9. It is not helped that, despite the vast amount of data collected, the DSP viability assessment is extremely poor in carrying through and justifying the argument from the data through to its conclusions. For example, tables and figures are not numbered, there are few clear references in the text to which particular data is relied on, and why, and the textual references to Liss are frankly incoherent in places (see, for example, the wording of the table under para 31 of the executive summary, and repeated later).

c) The proposed charges for Liss would militate against the provision of adequate infrastructure in Liss

10. The proposed charge for Liss £100 per square metre, as against £200 per square metre for adjoining areas and £150 per square metre for neighbouring Petersfield and other settlements. A proportion of any monies raised by the levy has to be spent locally (15%, subject to capping, or 25% if a neighbourhood plan is in place) and Liss would therefore have less money raised from each new residential unit than other areas. The difference in the amount of money raised is significant, amounting to several thousand pounds less per unit in Liss compared to other settlements, and even more compared to the rural parts of the park.
11. The infrastructure needs of Liss will be significant (the Parish Council has previously submitted to the Park Authority its view on existing needs). Although government

regulations make it clear that the differentiation of charging rates between places should be solely on the basis of economic viability the Park Authority should be very aware of the consequences of an approach that proposes large differences in charges and discriminates against a settlement such as Liss.

d) The contrast between the proposed charging rate within Liss and that within adjoining areas would create significant and unfair anomalies

12. The areas to which the proposals for differential charging have been applied are based on the SDNPA Settlement Hierarchy Study of June 2013 (see para 2.3.4 of the viability assessment by DSP Consultants from which the proposed charging regime is derived). The settlement study treats as separate settlements Liss, West Liss, Liss Forest and Hillbrow. However, these different parts of Liss are very closely linked, functioning as a single settlement making up the parish of Liss. Indeed, some rural areas of the parish, outside the defined settlement boundary, have extensive, albeit very low density housing, all of which locally are considered part of Liss. The effect of the proposed charging regime, however, is to apply £100 per square metre to Liss, and £200 per square metre to the adjoining areas, including West Liss, Liss Forest, Hillbrow and Rake.

13. Hillbrow is an area of generally higher residential values than the centre of Liss, but the residential values for West Liss in Appendix III of the DSP viability assessment shows it to have lower values than Liss (no values are shown for Liss Forest, but the nature of the settlement does not suggest it would have higher values than Liss itself). It is therefore difficult to see how a lower charging rate is justified in Liss than in settlements such as West Liss and Liss Forest which make up the Parish of Liss. The result would be that more monies for infrastructure from each residential unit in parts of Liss Parish than in other parts, unjustified by the evidence of economic viability.

e) The analysis on which the proposed charges for Liss is based is seriously flawed and gives a false result for Liss.

14. As commented above, the DSP viability assessment has looked at the economic viability of residential development in Liss based on the Settlement Hierarchy Study. The data for Liss show a restricted range of residential values, with a lack of higher end values for Liss than the other major settlements and this leads to a view that economic viability is less in Liss than the other settlements and therefore it needs a lower charging rate to ensure economic viability.

15. However, the effect of using the Settlement Hierarchy Study is that it separates out the higher value residential area of Hillbrow from Liss. This results in few higher values being recorded for Liss. This contrasts with Petersfield where the information on individual wards in Petersfield shows that high value areas have been included within the Petersfield settlement area. While the draft joint core strategy defines a settlement gap between Hillbrow and Liss, and this is helpful in controlling the sprawl of development, it makes no sense in terms of looking at the range of the residential market in Liss. A more realistic view would look at Hillbrow as part of Liss (and

indeed in terms of the residential market, would also include some rural parts of the Parish) and this would almost certainly result in a wider range of residential values, which would be comparable to other major settlements.

16. It is noted that the current Local Plan Options Consultation acknowledges that many smaller settlements close to larger settlements should be viewed as functionally part of them (see Options Consultation, paras. 6.16, 6.18 and 6.21). It is a failure of the analysis carried out by DSP that it did not look at this and did not question why Liss appeared to have no higher end residential values.
17. Also, the data in Appendix III, although limited, shows that for new residential build the values per square metre are higher in Liss than Petersfield, Midhurst and other areas. This does not appear to have been taken into account in the analysis of economic viability when, of course, it is to new build that the community infrastructure levy would be applied.
18. In its response to the local plan options consultation the Parish Council has expressed the strong view that the settlements within Liss Parish should be regarded as part of the single settlement of Liss. This is likely to give a different outcome in calculating economic viability and would also eliminate some of the anomalies between the centre of Liss and the other parts of the settlement.

Conclusion in response to Question 1.

1. In the view of the Parish Council the Park Authority needs to look at the balance of infrastructure needs and economic viability for the park as a whole and take a view of the appropriate level of charge for the park as a whole. It then should look at the question of differentiation. However, in view of the general level of high economic viability, the numerous anomalies in the data, and the need to ensure that a fair share of money is available to be invested locally it is a questionable whether there is any need for differentiation between different places.
2. The analysis provided by DSP is flawed and does not justify Liss being singled out for a lower charge than anywhere else. It should treat the settlements within Liss Parish as part of a single settlement and base its analysis on that. If, however, differentiation is still to be considered the rate for Liss should, at the very least, be the same as the other major settlements.

Qus. 2 and 3. Do you think an instalment policy is a good idea, and Do you have any comments on the number or phasing of instalments it should include?

3. The DSP viability assessment makes the point that CIL is not a major factor affecting the economic viability of development in the park area and therefore development should be able to bear CIL relatively easily. There is also a need to ensure that infrastructure is provided at the same time as development rather than lagging behind. The Parish Council, therefore, considers that normally CIL should be paid in full at the beginning of development.

4. There may be a case in very exceptional circumstances where, for example, there is a large development which is scheduled to be developed in phases over some time, where staged payments could be considered. Few such developments are likely within the park and in the view of the Parish Council, the use of instalments should be rare. 35

Qu. 4 Do you think allowing CIL to be avoided in the most exceptional circumstances is a good idea?

5. Such circumstances need to be defined. Where development has exceptional costs CIL should only be waived if there is a clear community benefit in the development going ahead.

Qu. 5 Do you think a payment-in-kind policy is a good idea?

6. This may be useful where a clear community benefit can be provided which outweighs the possible benefit from receiving CIL

Qu. 6 Do you think relief for charitable investment activities is a good idea?

7. The proposal appears to relate to developments by charities which are intended as an investment providing financial benefit to the charity. However, it is not clear that such financial benefit would necessarily provide any community benefit to the area of the park, or that there is necessarily a need for such investment to take place within the park. The proposal should only be applied where a clear community benefit to the area of the park can be demonstrated.

Qu.7 Do you think relief for low-cost market housing is a good idea?

8. Unlike affordable housing there usually is no way of ensuring that low cost market housing remains low cost once it is sold on, Thus, if there is relief on CIL the community will lose out in the long run compared to the position if it had been full market housing from the position. There appears little justification for providing relief.

Liss is also concerned that there is a lack of synergy between the planning departments of EHDC & the SDNP which reflects poorly on a supposed Joint Core Strategy.

Yours sincerely



Dick Bowery
Clerk to the Council
27/06/14

cc: SDNP

Valerie Dobson

From: [REDACTED]
Sent: 04 June 2014 10:11
To: EHDC - Idf Shared
Subject: Community Infrastructure Levy Preliminary Draft Charging Schedule
Importance: High

Hi

I have just read this document and the embedded link www.easthants.gov.uk/cil returns a page not found error!

In addition, I was under the impression that the 'ECO Town' label had been dropped as there was now going to be very little 'ECO' in the new housing development.

Regards
Ron Sergeant