

## Purbeck District Council

### Community Infrastructure Levy Charging Schedule Examination

#### Key Issues Discussion Paper

#### Issue 1 - Justification/ Balance/Viability

- (i) Is the Schedule justified by **appropriate available evidence**, having regard to the national guidance, e.g. the *National Planning Policy Framework* (NPPF), or in the local economic context and infrastructure needs, including in relation to the *Purbeck Local Plan* (LP) and the Purbeck Infrastructure Plan and Delivery Schedule 2006-2027?

*Some views summarised*

**Purbeck District Council:** Evidence base supports CIL charging schedule; tested at Local Plan (LP) preparation, and is consistent with LP requirements; several viability assessments (VAs) prepared [CD35; 36; and 37] to set affordable housing (AH) policy, and also included nominal CIL amount. Then further VA to recommend CIL rates [CD33]. Council confident that charging rates fully supported by up to date evidence and should provide competitive return to landowners and developers to bring development forward. The money will be used to deliver crucial infrastructure to support growth set out in LP.

**Tetlow King for SW HARP:**

- (a) Supports the updated Viability Study, but concerned that only modelled schemes are used.
- (b) Paragraph 27 of the Guidance states that a charging authority should sample an appropriate range of types of sites across its area in order to supplement existing data.
- (c) The proposed rates for CIL are not justified by viability evidence.

**Home Builders' Federation:**

- (a) The Council's Viability Appraisal (VA) lacks transparency.
- (b) There is no indication of the appropriateness of the residual land values generated in the VA.
- (c) In the Harman Report, the threshold land value is based on a premium over current use values and credible alternative use values – there should be evidence of a competitive return that would lead to a market transaction.
- (d) To guard against assuming that land will come forward at the margins of viability, a viability cushion should be incorporated in the testing to ensure that sites upon which the LP relies upon in the first 5 years will on the balance of probability come forward as required.
- (e) There is no confirmation or reasoned evidence as to whether or not the resultant land values are acceptable or unacceptable in the locality.
- (f) BCIS build costs are only basic costs, and they exclude external structural and local site works, such as roads and sewers, open spaces, site abnormalities, SUDS, flood protection, land acquisition costs, etc.
- (g) CSH level 3 assumed, cf LP policy D, which refers to Lifetimes Homes standards.

- (h) No explanation is given regarding the mix and density assumptions used in the VA.

**Bloor Homes:** In principle, the CIL is justified and supports necessary investment to unlock and assist development delivery. The overall residual valuation methodology is appropriate. However, the following points are made:

- (a) The key test is whether proposed CIL would be put at serious risk the overall development of the area; cumulative impacts should not put the implementation of the LP at serious risk – adequate testing of scenarios that reflect key sites has not been achieved in VA.
- (b) Viability buffer of at least 30% should be applied.
- (c) Supporting documentation/guidance on aspects such as instalments, payments in kind, relief, relationship to S106 is needed.
- (d) New Homes Bonus should be seen as a funding source.
- (e) The extent of the landowners' premium is needed, say around 15-20% in excess of EUV.
- (f) Developer profit should be revised to 20%.
- (g) Build costs – BCIS estimates smaller housing schemes (up to 3 units) averaging £1,300/m<sup>2</sup>, cf the Council's estimate of £960/m<sup>2</sup>.

**Wyatt Homes:**

- (a) There is a lack of robust and transparent evidence available for assessing residual land values.
  - (b) If market advice is not heeded, then either AH policy will suffer or development will not come forward, as it would not be viable.
  - (c) Developer profit should realistically be 25%;
  - (d) Lifetime Homes will add significantly to build costs.
- (ii) Overall, does it **strike the right balance** between helping to fund the new infrastructure required and the potential effects on economic viability of development across the District?

*Some views summarised*

**Purbeck District Council:** Aims to strike even balance between competing demands on scheme and site viability; some negotiation inevitable. Infrastructure Plan [CD10] sets out requirement of £30.5M, with approx £25.5M shortfall – CIL expected contribution of £6.1M only fills 22% of shortfall. Infrastructure spending therefore has to be prioritised, with Heathland mitigation and proportion of transport taking priority.

House prices have largely been stable over last 5 years and less than 1% vacancy rates for retail units in Swanage and Wareham town centres. Viability weaker in Upton and Purbeck Rural Centre submarkets – CIL rate therefore lowered to £30/m<sup>2</sup> for residential development in these areas, and CIL is still needed for Heathland mitigation in these areas.

**Environment Agency:**

- (a) Supports the principles of the proposed CIL.
- (b) Concern that there is no reference to mitigation requirements for the protection of Poole Harbour, to meet the requirements of the Water Framework Directive.
- (c) Concern that there is no requirement for funding towards flood risk management.

**Dorset County Council:**

- (a) Concern that there is a large gap between the original level of funding and the level now predicted; an identified shortfall of around £16M will have to be scaled back.
- (b) Supports inclusion of Wareham-Swanage rail connection; other schemes on the Reg 123 list should include A35/A351 roundabout improvements; public transport service enhancements; Upton footway/cycleway improvements; and Swanage sustainable transport improvements.

**Dorset Wildlife Trust:** Supports inclusion of Heathland mitigation projects as priorities, but Nature Improvement Areas should be supported as well.

**Pro Vision (for Charborough Estate):** CIL finding priorities should be clarified.

**Home Builders' Federation:** It is not clear how Heathlands mitigation is dealt with in the VA.

**Bloor Homes:** Concern that the rate of CIL does not cater for the lower value areas of the District.

**Robert Field:** The levels of CIL requirements will not stimulate economic growth.

- (iii) In terms of the overall costs of the scheme, broadly what would be the **impact of CIL** in percentage terms for the various land uses?

*Some views summarised*

**Purbeck District Council:** Land owners generally think upwards from existing use value (EUUV), and not downwards from residual value. Using residential scheme of 35 units per ha with 3 bed semi-detached houses of 80m<sup>2</sup>, the impact of CIL on residential development schemes is as follows:

- The Coast = 15% of residual value
- Swanage = 18% of residual value
- Wareham = 16% of residual value
- Purbeck Rural Fringe = 12% of residual value
- Purbeck Rural Centre = 7% of residual value
- Upton = 26% of residual value

- (iv) What is the justification for identifying different rates, in **different geographical areas** of the District, and is the Council confident that the boundaries of these areas are appropriately and unambiguously drawn?

*Some views summarised*

**Purbeck District Council:** Variation in house prices has a significant impact on development economics and the impact of AH on scheme viability. AHVS [CD 37 and update CD36] identified sub-markets and provided a basis for developing CIL rates. Postcodes are seen as appropriate building blocks. Zoning agreed in two workshops.

**Affpuddle & Turnerspuddle Parish Council:** Cannot see the justification for 3 separate levies based on postcodes.

**Arne Parish Council:** Parish should be included in Purbeck Rural Fringe.

**Tetlow King (for SW HARP):** Higher rates of CIL in coastal/rural areas will affect the ability of Housing associations to bring forward rural exception sites.

**Bloor Homes:** There is insufficient evidence to justify the geographic zones.

- (v) What is the current **funding gap** between the cost of the planned infrastructure and the likely level of resources other than CIL? What proportion of this gap would be filled by CIL?

*Some views summarised*

**Purbeck District Council:** The current gap between the cost of planned infrastructure and other funding is £25.5M. The Council estimates it will receive £6.1M from CIL by 2027, i.e. 22% of the gap in the provision of infrastructure.

**Home Builders' Federation:** It may be necessary to review the Council's policy requirements and give priority to those that are deemed critical to development in Purbeck.

## Issue 2 – Residential Levy Rate

- (i) Are the rates for residential development **reasonable and realistic** in relation to an appropriate balance between helping to fund new infrastructure and the potential effects on economic viability?

*Some views summarised*

**Purbeck District Council:** CIL income falls well short of what is required to meet the infrastructure funding gap; it is the minimum required to meet the essential mitigation requirements that will enable the Plan to be delivered, i.e. heathland and transport mitigation. The Council will work with other service providers to find alternative ways of funding other essential infrastructure, including transport and education.

House prices have generally remained stable over the last 5 years; and there is a 1% vacancy rate for retail units in Wareham and Swanage town centres-there are no signs that the recession has had a negative impact on the majority of land values in Purbeck. To increase the rates could lead to viability concerns for developments; therefore the Council considers it has struck the right balance, but recognises that current viability in Upton and Purbeck Rural Centre submarkets is tighter than elsewhere, which explains the lowering of the CIL rate to £30/m<sup>2</sup> for residential development in these zones. The rates for Care Homes (C2) and residential homes (C3) were reduced following representations based on additional build costs and extended build out periods.

**Affpuddle & Turnerspudde Parish Council:**

- (a) There is a failure to explore the impact of single dwelling extensions or individual self builds; extensions could easily breach the 100m<sup>2</sup> limit.  
(b) The high level of charges is excessive and would be disproportionately levied on smaller builds, as opposed to hotels, which accommodate more people and generate more traffic.

**Arne Parish Council:**

- (a) Local families would be unable to access local housing due to insufficient building land.
- (b) Building extensions would be prohibitively expensive.
- (c) Levy should be lower to encourage local people to build and stay within their parish.

**Corfe Castle Parish Council:**

- (a) CIL is likely to hold back development and reduce potential benefit and income.
- (b) CIL has not been properly tested by the current property industry.

**Worth Matravers Parish Council:** £180/m<sup>2</sup>, instead of quick starting the economy, can have the reverse effect and stifle building projects, due to cost.

**Pro Vision (for Charborough Estate):** The proposed CIL charges are too high, and are likely to have a detrimental effect on the sustainable economic development of Purbeck; a 3 bedroom semi-detached house in Wareham/ Rural Fringe would be in the region of £13,000.

**Bloor Homes:** There should be a flexible instalments policy.

- (ii) If this is the case, how does the CIL rate relate to the S106 tariff based approach to **affordable housing (AH)**? If the CIL rate is higher than the existing S106 tariff, would this reduce the yield of affordable housing likely to come forward from new sites? If the answer is 'yes', how many affordable housing units is the District likely to lose in a typical year?

**Purbeck District Council:** CIL may replace S106 contributions on some sites, but not AH which will continue to be levied through S106. VA shows that no AH units will be lost. At a recent application for 153 dwellings at Worgret Road, Wareham, with 50% AH, CIL contributions sought are about £600K, plus SANG and AH, compared to £1.2M – the developer chose not to wait until CIL.

Only two sub-markets (Swanage /Coast) where CIL will be higher than current S106 arrangements (excluding AH), and this should not impact on delivery as there are significant buffers with high residual values.

**Tetlow King (for SW HARP):**

- (a) Concern that the Updated Viability Study [CD36] tests several levels of AH, despite 40% target in the north-west and 50% target in the south-east of Purbeck.
- (b) The adopted AH target can't be substituted for higher infrastructure contributions; reducing AH targets to obtain a higher level of CIL is not a sound approach and there needs to be greater assurance that the Council does not intend to risk the delivery of AH policies within the LP through the CIL charging schedule.

**Home Builders' Federation:**

- (a) The AH targets in the LP are very ambitious.
- (b) Is there any public subsidy to support the AH tenure mix?

**Bloor Homes:** The reduction of the AH threshold in some of the analysis is not policy compliant.

**Lionel Gregory Architects:** The CIL rates limit opportunities for AH.

**Wyatt Homes:** Concern regarding CIL impact on AH if no grant is available.

- (iii) Has the impact of **S106 contributions**, including for affordable housing (AH), been properly taken into account?

*Some views summarised*

**Purbeck District Council:** The residual values which informed the rate setting were based on 40% and 50% AH. The delivery of SANGS on specific sites would be clearly set out through a plan-led approach via development briefs.

**Home Builders' Federation:** It is unclear whether viability assessments include S106 allowances.

**Bloor Homes:** Concern over the scale of S106 contributions to be sought alongside CIL.

### **Issue 3 – Levy Rates on Use Classes C2 and C3: Care Homes and Sheltered and Retirement Housing**

- (i) Are the rates for Use Classes C2 and C3 **reasonable and realistic** in relation to an appropriate balance between helping to fund new infrastructure and the potential impacts on economic viability?

*Some views summarised*

**Purbeck District Council:** The CIL rate for C2 and C3 uses was reduced in response to concerns from McCarthy and Stone and Churchill Living; new evidence questions whether the Council was right to lower C3 rates in Swanage/the Coast. Andrew Golland Associates (AGA) advises that sheltered housing should not be excluded from CIL.

**McCarthy & Stone and Churchill Retirement Living:**

- (a) Retirement housing doesn't justify a CIL requirement; the DCLG Guidance Note (paragraph 37) states that charging schemes should not impact on particular forms of development.
- (b) The council is to be commended for seeking to differentiate between general needs housing and specialised housing; however, even at £100/m<sup>2</sup> and £30/m<sup>2</sup> this would give a competitive advantage to general needs housing schemes, and therefore there is no reasonable justification for a CIL charge on sheltered housing at the levels proposed.
- (c) Retirement housing differs from general needs housing in the following respects: higher density; larger communal areas; higher build costs; revenue not necessarily higher; slower return on investment; higher marketing costs; phasing not possible; higher void costs; brownfield costs; and higher land values.

**Tetlow King (for SWHARP):**

- (a) There is insufficient evidence to justify £180/m<sup>2</sup> for C2/C3 development; the build costs for sheltered housing are £300/m<sup>2</sup> higher than for general market housing and the charge will disproportionately affect the viability of the development of specialist older persons' housing.
- (b) There are important community benefits of C2/C3 housing, which need to be maintained.

**Lionel Gregory Architects:** CIL charges for care homes are excessive.

- (ii) The Council's **Statement of Modifications in relation to C2 and C3 uses** is significant and potentially far reaching. Are the reduced rates of £100/m<sup>2</sup> in Swanage/the Coast and £30/m<sup>2</sup> in Wareham/Purbeck Rural Fringe justified?

*Some views summarised*

**Purbeck District Council:** There are some queries about the McCarthy and Stone and Churchill Living data submitted on 9 August 2013, as follows:

- No worked example in line with policy requirements (50% AH and £100/m<sup>2</sup> and £30/m<sup>2</sup> CIL rates);
- They estimate total build costs at £3.520M which the Council estimates as £2.464M.
- Average property prices are about a third lower than an equivalent second hand M&S property currently advertised in Swanage;
- Included empty property holding cost of £220K and stamp duty of £31,328.
- Total annualised ground rent is only included for year 1; it will apply for every subsequent year.
- On-site AH would generate an annual payment from RSL or an upfront capital return.
- Marketing costs at 6% seem excessive compared to an average of 3% in 3 Dragons Toolkit.

Evidence from existing property market prices in Swanage and work on various scenarios (including the 3 Dragons toolkit) points to the M&S reduced rates being unrealistic. It is not therefore unreasonable to require CIL for this sector.

**CPRE:** Acknowledges the need for dedicated care homes, but the CIL rate should not be less than £140/m<sup>2</sup>. McCarthy & Stone and Churchill Living clients are relatively wealthy and car-owning in order to afford these high quality flats; therefore the CIL rates should be higher.

#### **Issue 4 – Levy Rates on Other Uses**

- (i) Are the rates for other uses listed in the schedule **reasonable and realistic** in relation to an appropriate balance between helping to fund new infrastructure and the potential effects on economic viability?

*Some views summarised*

**Purbeck District Council:** The Purbeck CIL has been set by taking a very sensitive approach to viability, varying CIL by location and by type of development. The residual value for shops (A1) is higher than for other

retail uses (A2-A5), and CIL rates have been set accordingly. Employment, non-residential institutions, assembly and leisure uses are non viable or marginally viable, and are therefore zero rated for CIL. Hotel schemes are also likely to prove challenging with respect to viability, and zero rating for CIL is proposed.

**English Heritage:** Social, communal and civic infrastructure are important and should be supported by CIL, as well as conserving historic areas.

**Environment Agency:** Supports inclusion of retail and other commercial uses.

**The Theatres Trust:** There is no guidance for sui generis uses, such as theatres, petrol stations, launderettes and scrap yards; charitable institutions should be eligible for relief.

**WYG (for Sainsburys):**

- (a) The updated VA does not specify what assumptions have been made about the amount of land required for a 5,000sqm superstore.
- (b) The Council should demonstrate how the proposed different rates for different types of development would not give rise to notifiable state aid.
- (c) The Council should operate a discretionary relief policy.
- (d) The Council should operate a payment instalment policy.

**Thomas Eggar (for Asda Stores):**

- (a) The retail sector has an important role in employment creation, which needs to be recognised.
- (b) VA does not make sufficient allowance for S106 and S278 contributions, and the Council has therefore underestimated the true cost of retail developments and artificially inflated the relevant benchmark land values used for the VA models.
- (c) The CIL schedule does not make the connection between CIL charges proposed and the infrastructure requirements of the particular developments upon which they are being levied; with the proliferation of modern supermarkets, infrastructure requirements have been reduced and overlap with S106.
- (d) Exceptional circumstances relief should be provided by the Council, to allow strategic/desirable but unprofitable development schemes to progress.
- (e) An instalment policy would spread the cost of CIL across the construction period.
- (f) A flat rate across all forms of development would be a fairer solution.

**Lionel Gregory Architects:** Support CIL not in the main to be charged on commercial projects.

## Initial questions from the Examiner

1. **Development Viability Assessment** [Doc CD33]: I am assuming that the developers' return in the Viability Assessment is 15%, which is clearly set out in relation to the non-residential uses, and in the worked example for 8 dwellings (Appendix 4); is this still the case in relation to the housing schemes analysed in section 3 of the Assessment? In which case, is this figure, which many developers would argue is too low, still appropriate nearly 3 years on from the Three Dragons Study [CD36], bearing in mind



the changed state of the economy during this time? Has an allowance been made for Code for Sustainable Living?

*Some views summarised*

**Purbeck District Council:** The Council's CIL consultant used a profit margin of 17.5% and a blended return of 20%; this figure was accepted extensively at appeal and Local Plan Examinations. House prices across Purbeck have remained stable despite the recession. Analysis assumed build costs at current requirements (e.g. CSH Level 3). Where building costs are required to be higher than the baseline, this would be negotiated on a scheme basis.

- 2. Harman Report: Viability Testing Local Plans:** This report seems conspicuous in its absence when it is widely accepted by both the development industry and local planning authorities as appropriate for CIL charge setting. Whilst I note that the feedback from the workshop held in January 2012 on local perceptions of land values in Purbeck was not forthcoming [CD33, paragraph 4.4], this is clearly an important consideration. The Harman Report stresses the use of locally determined threshold land values and the inclusion of a viability cushion to guard against assuming that land will come forward at the margins of viability. A concise statement is needed to address the issue of whether the residual land values, especially in table 3.3, are acceptable/unacceptable locally. What would also be key to properly understanding table 3.3 are some actual worked examples, showing the residual land values in relation to existing use values.

*Some views summarised*

**Purbeck District Council:** The Council's CIL consultant has significant concerns with the Harman Report and regards the 3 Dragons approach as the best advice available. Unsure what the Harman Report means by residual land value approach. Question of an acceptable and competitive land owner return is difficult to define, particularly where contributors to a key workshop were not forthcoming with information. It is clear that returns to landowners are significant in Purbeck. DCLG study *The Cumulative Impact of Policy Requirements* (2011) suggests land value benchmarks of £247,000 to £370,500 per ha. In some instances, notably Upton, viability will be challenging, but CIL is set at an appropriate level.

- 3. Use Classes C2 and C3 (Care Homes and Sheltered and Retirement Housing):** I note that the CIL Schedule has been changed, presumably at least in part in response to a number of representations, from £180/m<sup>2</sup> to £100/m<sup>2</sup> in Swanage and The Coast, and from £100/m<sup>2</sup> to £30/m<sup>2</sup> in Wareham and the Rural Fringe. However, it is important for the Examination to have worked examples/sensitivity tables to demonstrate the viability impact of these changed rates.

*Some views summarised*

**Purbeck District Council:** Council is proposing reduced charges for care homes and sheltered and retirement housing, and no CIL for Upton and Purbeck Rural Centre. The chart makes it clear that residual values per ha for the range of sub markets, taking into account AH provision, leaves a large buffer in the CIL charging schedule.

4. **Affordable housing:** I note that section 4 of the Development Viability Assessment is hypothetical (Paragraph 4.11), but it is clear from the recent (April 2013) CIL Guidance (e.g. paragraph 29) that CIL rates should take into account relevant Plan policies, and in particular those for affordable housing. I would therefore be concerned if any part of the Council's case involved reducing the percentages of affordable housing from those in the relevant policy areas.

*Some views summarised*

**Purbeck District Council:** Council's priority is to deliver as much AH as possible, with CIL levels set accordingly. CIL can be delivered without prejudicing the AH target. Generally the Council expects that any residential developments over 2 dwellings (or sites of 0.05ha and above) will provide 40% or 50% AH as set out in the LP, with the use of open book appraisals where exceptional development costs may make a development potentially unviable.

## Further Questions from the Examiner

A number of issues have been raised in some of the representations and which require appropriate responses from the Council.

### 1. The size of the funding gap

- (i) It would be helpful for the Council to indicate both the size of the anticipated funding gap over the Plan period and the expected yield from CIL.

*Some views summarised*

**Purbeck District Council:** Response given to Issue 1.1 above.

### 2. General concern - transparency

- (i) Concern is expressed in a number of representations that the *CIL Development Viability Assessment Final Report* (February 2013) lacks transparency, so that it is difficult to assess whether or not an accurate assessment of viability has been concluded.

*Some views summarised*

**Purbeck District Council:** The approach is accepted and adopted in over 100 local authority viability studies across the country, and has been subject to scrutiny at developer and landowner workshops.

### 3. Residual land value

- (i) In order to take account of the need, as set out in *the Framework* (paragraph 173), for LPA's to take account of a '**competitive return**' to a willing land owner and to avoid assuming that land will come forward at the margins of viability, a 'viability cushion' needs to be incorporated in the testing (a point that is also made in the *Harman Report*). Is there a viability cushion included within the relevant viability calculations, and if so, what is the percentage or range of percentages that are included in the calculations?

*Some views summarised*

**Purbeck District Council:** The Council has set CIL and AH policies based upon providing landowners with a competitive return, although this is difficult to define. Returns to landowners, however, are very significant in Purbeck. (The residual values are based on a set of notional residential development schemes by % of AH and by zone.) The Council is allowing for much more competitive returns from landowners than the benchmark levels set by DCLG *The Cumulative Impact of Policy Requirements* (2011).

- (ii) Concern is expressed that there is little reference to **local benchmarks**, especially for non-urban sites or urban extensions (which are relevant in Purbeck), taking into account local partner views on market data and information on typical minimum price provisions for local sites; and that if such benchmarks are disregarded, there is an increasing risk that land will not be released and the assumptions upon which the CIL is based may not be found sound. The testing analysis/assumptions referred to in the *CIL Development Viability Assessment Final Report* (February 2013) appear to be theoretical rather than based on specific benchmarks. It would be helpful if the Council could clarify this. If the data is theoretical, it would be helpful to obtain a few local market benchmarks to avoid the risks identified above.

*Some views summarised*

**Purbeck District Council:** The Council has used national figures, as contributors to the workshop were not forthcoming with locally based information. The Chart (page 4 of the Council's response), showing residual value at 50dph for the range of sub-markets in Purbeck, makes it clear that a large buffer has been built into the CIL schedule, especially the mid to higher sub markets, but it accepts that in some instances (most notably Upton) viability will be challenging in the short term economic conditions that the District is facing.

- (iii) Concern is expressed that there is no confirmation or reasoned evidence to indicate whether the resultant residual land values are acceptable or unacceptable in the locality. Clarification is required from the Council on this point.

*Some views summarised*

**Purbeck District Council:** The point is addressed in (ii) above.

- (iv) Concern is expressed that the proposed rate of CIL does not sufficiently cater for the **lower value areas** of the District.

*Some views summarised*

**Purbeck District Council:** The Council recognises that current viability in the Upton sub-market is tighter than elsewhere in the District, which is why the recommended rate has been reduced to £30/m<sup>2</sup>. It is important that new housing development in this sub-market pays some CIL to at the very least cover some of its essential Heathland mitigation.

#### 4. **Build costs**

- (i) Concern is expressed that the **BCIS costs** are only basic build costs, with no inclusion of a wide range of other relevant costs, e.g. SUDS, highways improvements, etc, and that the 15% regional allowance may or may not include these factors. Council evidence to substantiate this would be helpful.

*Some views summarised*

**Purbeck District Council:** The approach is consistent with over 100 similar viability studies nationally.

- (ii) The build costs used in the viability assessments are for **Code for Sustainable Homes (CfSH)** Level 3 only, so the costs of implementing the Government's Zero Carbon Homes Agenda are specifically excluded (see DCLG *Cost of Building to CfSH Updated Costs Review* 2011, which shows that the costs of building to Code 5 increases build costs by 28-31%) This omission is inconsistent with Local Plan policy D (which specifically refers to achieving Lifetime Homes standards). Is policy D aspirational, or should the CIL take this policy on board?

*Some views summarised*

**Purbeck District Council:** These increased costs will be easily absorbed by house price inflation in a location such as Purbeck. Build costs are assumed at current requirements.

#### 5. **Other costs**

- (i) It appears uncertain whether an allowance has been made for site acquisition costs such as land agents' fees, legal fees and stamp duty, whilst sales and marketing costs are set at the lowest percentage of 3% (cf *Harman Report's* recommendation of 3-5% of gross development value). Clarification is required that the Council has taken these necessary allowances into consideration.

*Some views summarised*

**Purbeck District Council:** These allowances have been taken into consideration, both in the workshops and in the 3 Dragons work.

#### 6. **Affordable housing (AH)**

- (i) It is not clear whether grants are assumed to be available to fund the tenure mix of 90% social/10% intermediate housing, as set out in Local Plan policy AHT. In view of the comment in paragraph 5.3.3 of the *Viability Report Update Study* (October 2010) that: "with very significant cuts to both grant as well as to housing benefit, we remain unconvinced that the new policy direction can deliver a new model of affordable housing provision", are the proposed CIL rates of £180/m<sup>2</sup> for Swanage/The Coast; £100/m<sup>2</sup> for Wareham/Purbeck Rural Fringe; and £30/m<sup>2</sup> for Upton/Purbeck Rural Central still appropriate and realistic? A clarification or update is required.

*Some views summarised*

**Purbeck District Council:** Residual value has been calculated assuming no grant available, [e.g. from the HCA]. In relation to the Government's change in policy approach from social rent to affordable rent, the Council considers that schemes will still come forward where social rent makes up the lion's share of the affordable element. However, the new policy direction, particularly if and when supported by grant, provides a significant potential impetus to the viability of housing in the District.

## 7. Section 106 payments

- (i) It would appear from paragraph 3.9 of the *Final Report* that no S106 allowance has been included, or not in all cases; an appropriate allowance should be included where appropriate.

*Some views summarised*

**Purbeck District Council:** The only S106 contributions on CIL liable developments will be for AH. On settlement extensions over 50 dwellings the Council may ask for SANGS.

- (ii) Concern is expressed that some developers are going to be 'hit' twice – by the CIL rate and by existing S106 payments. If there would be cases where both payment systems would operate at the same time, clarification from the Council would be helpful.

*Some views summarised*

**Purbeck District Council:** The Council will set out in monitoring reports how CIL is spent (and S106), which will ensure a transparent approach with no double counting.

## 8. Transport

- (i) Concern is expressed that additional costs implications, such as those stemming from Local Plan policies IAT and ATS, relating to accessibility and transport, may not be fully accounted for. Clarification is needed from the Council.

*Some views summarised*

**Purbeck District Council:** There are two types of transport contributions – to make a site acceptable in planning terms (S106 and S278), and to support development to mitigate district wide transport impacts (via CIL).

- (ii) Concern is expressed by Dorset CC that there is a large funding gap, when compared to the current tariff approach, which means that some projects will have to be scaled back. Has the Council identified any other sources of finance to bridge this gap, e.g. New Homes Bonus, other grants, etc?

*Some views summarised*

**Purbeck District Council:** The Council is working with Dorset CC to identify priorities and other forms of funding, e.g. SUSTRANS, LEP, LSTF, etc. New Homes Bonus is not sufficient to cover the Council's cut in government grant and will not therefore be available for infrastructure. Minerals and employment developers will continue to deliver transport

improvements necessary to enable their developments to go ahead; careful phasing will also be linked to priorities.

**9. Dorset Heathlands Mitigation**

- (i) Concern is expressed that the method of dealing with the compulsory Dorset Heathlands requirement contributions is not clear. Clarification is needed from the Council.

*Some views summarised*

**Purbeck District Council:** Heathland mitigation will be top sliced from CIL and will account for around a quarter of all CIL income. SANGS may also come out of S106, with the viability of each site to be assessed before allocation, in consultation with the developer.

**Pro Vision (for Charborough Estate):** SANGS requirement should be clarified; developments providing on-site SANGS should not be required to pay this element of CIL.

**Bloor Homes:** SANGS requirement should be clarified.

**Wyatt Homes:** Concern that Heathlands mitigation and SANGS requirements would be a double hit to developers.

- (ii) Concern is expressed that the CIL charging schedule should be consistent with the Dorset Heaths DPD, and developers providing land for Suitable Alternative Natural Green Space (SANGS) should not be required to pay this part of the CIL. Clarification from the Council would be helpful.

*Some views summarised*

**Purbeck District Council:** CIL disconnects the development from the infrastructure or mitigation. However, the total Council's income from CIL from settlement expansions will be used to pay for other mitigation such as transport, or go to the local community. Double counting will not take place.

**10. Ratio of net to gross site area**

- (i) The *Final Report* does not mention the ratio of gross site area to net developable area in the viability assessments, which is of general concern, and also specifically relevant to policies BIO (Biodiversity and Geodiversity), GI (Green Infrastructure, Recreation and Sports Facilities) and FR (Flood Risk). Clarification is needed from the Council.

*Some views summarised*

**Purbeck District Council:** In practice, benchmarks are usually a mix of a range of different types of sites. Green Infrastructure will only be required through separate S106s. Policy BIO is about replacing lost trees and should come out of residual value.

## 11. Mix and density

- (i) The *Final Report* does not provide any explanation of the mix and density assumptions used in the VA. If the mix/density ratio is incorrect, the Gross Development Value would be artificially inflated. Clarification is needed from the Council.

*Some views summarised*

**Purbeck District Council:** The mixes [Document CD33, table 3.2] were tested and approved in the workshop. They are not inconsistent with development elsewhere. The mix reflects a compromise between meeting housing needs and the demands of the market.

## 12. Conversion schemes

- (i) Concern is expressed that there is no acknowledgment that the economics of conversion are very different to those of new build schemes, and that the imposition of CIL could put some of these schemes at risk. Clarification is needed from the Council.

*Some views summarised*

**Purbeck District Council:** Conversion should not create additional floor space and would only be liable for CIL if the increased floorspace is over 100sqm. The AH contribution would only kick in if the site area were over 0.05ha.

**Thomas Eggar (Asda Stores):** VA does not acknowledge that the economics of conversion schemes are very different from those of new build schemes.

## 13. Cumulative impacts

- (i) Concern is expressed, with reference to *the Framework* (paragraph 174) that the cumulative impacts of CIL and other standards and policies could put the implementation of the Local Plan (LP) at serious risk. Clarification is needed from the Council; has the Council formed a view as to what percentage of development would be put at risk through the implementation of the proposed CIL?

*Some views summarised*

**Purbeck District Council:** The Council has no concerns over the impact of LP policies on development being viable in all the housing sub-markets, except for Upton in the short term. The new AH thresholds will require a period of bedding in. The recent planning permission in Worgret Road, Wareham with 50% AH sends a message to developers that the LP policies are justified and deliverable; 2 other allocated settlement extensions are likely to be brought forward in the next 12 months.

Employment is zero rated and not eligible for CIL. Most new retail will fall under the 100m<sup>2</sup> threshold and not be CIL liable. The only likely contributor will be a new or expanded supermarket at Swanage, but the owner of the prime potential site, the Co-Op, has not objected to the CIL charging schedule. Therefore the LP is deliverable.

- (ii) Concern is also expressed that the proposed rate of CIL does not sufficiently cater for the lower value areas of the District. Clarification is needed from the Council.

*Some views summarised*

**Purbeck District Council:** Current viability in Upton and Purbeck Rural Centre is tighter than elsewhere in the District, which is why the recommended rate has been lowered to £30/m<sup>2</sup> for residential development. In the short term the Council recognises that it may not achieve 40% AH in these sub-markets. But it is important that new housing development does pay some CIL to at the very least cover some of its essential Heathland mitigation.



#### 14. Review of CIL

- (i) The Council has stated in response to some representations that it intends to regularly review CIL. Clarification from the Council would be helpful, in terms of date(s) and/or trigger points.

*Some views summarised*

**Purbeck DC:** The CIL will be revised alongside the Partial Review of the LP, which is due for adoption in 2017. The effects of CIL will be continuously monitored to see if the effects of CIL and other policies lead to a dramatic drop in developments being implemented.

**Bloor Homes:** The review mechanism for CIL should be outlined.