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## **Report to Purbeck District Council**

**by Mike Fox BA (Hons) Dip TP MRTPI**

**an Examiner appointed by the Council**

**Date: 31 January 2014**

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PLANNING ACT 2008 (AS AMENDED)

SECTION 212(2)

### **REPORT ON THE EXAMINATION OF THE DRAFT PURBECK DISTRICT COUNCIL COMMUNITY INFRASTRUCTURE LEVY CHARGING SCHEDULE**

Charging Schedule submitted for examination on 17 July 2013

Examination Hearing held on 8 October 2013

File Ref: PINS/B1225/429/2

## Non Technical Summary

This report concludes that the Purbeck District Council Community Infrastructure Levy Charging Schedule provides an appropriate basis for the collection of the levy in the District. The Council has sufficient evidence to support the schedule and can show that the levy is set at a level that will not put the overall development of the area at risk.

One modification is needed to meet the statutory requirements. This can be summarised as follows:

- Reduce the rate for C3/C4 other residential dwellings in Upton to £10 per square metre (psm).

The specified modification recommended in this report is based on matters discussed during the public Hearing sessions and does not alter the basis of the Council's overall approach or the appropriate balance achieved.

## Introduction

1. This report contains my assessment of the Purbeck District Council Community Infrastructure Levy (CIL) Charging Schedule in terms of Section 212 of the Planning Act 2008. It considers whether the schedule is compliant in legal terms and whether it is economically viable as well as reasonable, realistic and consistent with national guidance.
2. To comply with the relevant legislation the local charging authority has to submit what it considers to be a charging schedule which sets an appropriate balance between helping to fund necessary new infrastructure and the potential effects on the economic viability of development across the District.
3. The basis for the Examination, which included one Hearing session, is the submitted schedule dated July 2013 (submitted on 17 July 2013). This includes several modifications which were made by the Council following the response to the Consultation Draft CIL dated April 2013.
4. The Council proposes a matrix approach based on six zones, which are defined on the Ordnance Survey based map of the District at the end of this report: Purbeck Rural Centre, Purbeck Rural Fringe and Upton are located in the northern half of the District; Wareham is located in the centre of Purbeck; and Swanage and the Coast are located in the southern/ south-eastern half of the District.
5. The following CIL charges are proposed:
  - A1 (retail) - £75 psm across the District.
  - A2, A3, A4 and A5 (financial and professional services in town centre;

restaurants/cafes; drinking establishments; and hot food takeaways) - £20 psm across the District.

- C2 (care homes) and C3 (sheltered and retirement housing) - £100 psm in Swanage/The Coast; £30 psm in Wareham/Purbeck Rural Fringe; and NIL rate in Upton/Purbeck Rural Central.
- C3/C4 (other residential dwellings) - £180 psm in Swanage/The Coast; £100 psm in Wareham/Purbeck Rural Fringe; and £30 psm in Upton/Purbeck Rural Central.
- A NIL rate would apply to all other uses.

### **Is the charging schedule supported by background documents containing appropriate available evidence?**

#### *Infrastructure planning evidence*

6. The *Purbeck Local Plan Part 1* (PLP1) was adopted in November 2012. This sets out the main elements of growth that will need to be supported by further infrastructure across the District in the period up to 2027. PLP1 provides for some 2,520 new dwellings and land for an estimated 1,735 additional jobs over the plan period.
7. There are very high property values throughout much of Purbeck, largely in response to the area's attractive coastal and landscape assets and in view of its proximity to the major urban areas and employment centres of Bournemouth and Poole. Unlike most parts of the country, property prices have been rising throughout the recession.
8. The *Purbeck Infrastructure Plan and Delivery Schedule 2006-2027*<sup>1</sup>, which underpins PLP1, provides a detailed list of the key elements of infrastructure which are necessary for its delivery, together with costs, the main providers and other potential funding sources. It also separates infrastructure provision which is critical to the implementation of PLP1 from other schemes. The *Delivery Schedule* was last published in April 2013; it is regarded as a working document which will continue to be regularly updated.
9. The *Infrastructure Plan* sets out a total known requirement of £30.5 million for essential infrastructure projects over the plan period. After accounting for other established funding sources, a shortfall of approximately £25.5 million remains. The proposed CIL charging schedule for Purbeck is expected to raise about £6.1 million, i.e. about 22% of the funding gap. If the rate of new development were to exceed the Council's estimations, it is clear that the funding gap, even with CIL in place, is still likely to be significant. The Council's background paper<sup>2</sup> outlines the key infrastructure projects which form the basis for the Regulation 123 list of projects proposed for funding through CIL.

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<sup>1</sup> Examination Core Document CD10.

<sup>2</sup> Purbeck District Council: *Community Infrastructure Levy-Projected Income and Priorities for Spending*; July 2013 [Examination Document CD40].

10. These key infrastructure projects include Heathland mitigation, the creation of Suitable Alternative Natural Greenspace (SANGS), Green Infrastructure, education, rail and other social infrastructure.
11. The Council's intention is that CIL will be the primary source of infrastructure funding from development contributions. A number of representations raised the issue of the relationship between the CIL charge and S106 planning obligations. The Council produced a Core Document<sup>3</sup> on this matter, which sets out its general position. Table 5 in this document compares the existing impact of S106 contributions and anticipated CIL charges across the six housing sub-markets in Purbeck based on an example of a 80 sm 3 bedroom house. The current S106 requirement is considerably higher for four of these sub-areas than the CIL charge would be, although in the remaining two areas, i.e. Swanage and the Coast, the CIL would be almost double the existing S106 charge, reflecting the clear viability differences within Purbeck.
12. The document also states that upon implementation of CIL, the Council will no longer collect Heathland and transport contributions through S106 Agreements, although it was clarified at the Hearing that where a development proposal would have a direct impact on highway safety, such as in relation to its access, a S106 charge would address this issue in addition to the overall CIL charge. I consider that this approach is reasonable in principle.
13. In the light of the information provided, the proposed charge would therefore make only a modest, but important, contribution towards filling the likely funding gap. The figures therefore demonstrate the need for the CIL.

#### *Economic viability evidence*

14. The Council commissioned two recent, independent CIL Viability Assessments (VAs) - an *Update Study* dated October 2010<sup>4</sup> and a *Final Report* dated February 2013<sup>5</sup>. These VAs use a residual valuation approach, based on reasonable standard assumptions for a range of factors such as BCIS<sup>6</sup> building costs (including the Code for Sustainable Homes (CSH) requirements for all new housing), profit levels, and affordable housing levels based on the PLP1 requirements. The model was carried out for notional schemes, including a range of unit sizes and percentages of affordable housing in each of the six CIL charging zones, which were based on the six housing sub-market areas referred to above. Overall, I am satisfied that the study's methodology is in line with the guidance in the *Harman Report*<sup>7</sup>.
15. Following my request at the Hearing, this work was supplemented to include worked examples of 12 actual sites, in line with the advice in the CIL

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<sup>3</sup> *Purbeck District Council Community Infrastructure Levy: Section 106 Agreements in Purbeck – Past and Future*; July 2013 [Examination Document CD25].

<sup>4</sup> CD36 *Purbeck District Council Viability Report Update Study*, by Dr Andrew Golland and Three Dragons; October 2010.

<sup>5</sup> CD33 *Purbeck District Council Community Infrastructure Levy and Development Viability Assessment – Final Report*, by Andrew Golland Associates and Corbens; February 2013.

<sup>6</sup> Building Costs Information Services, provided by the RICS, which covers the cost and price information for the UK construction industry.

<sup>7</sup> *Viability Testing Local Plans: Advice for planning practitioners* (known as the *Harman Report*); June 2012.

*Guidance*<sup>8</sup>; this Consultation Document<sup>9</sup> was subject to a further period of public consultation. These worked examples, which covered sites in all six CIL zones, were taken from the Council's 5 year housing land supply as set out in its Strategic Housing Land Availability Assessment. They covered a wide range of unit sizes (1-153 dwellings), densities (7-104 dwellings per ha), tenures, brownfield/greenfield and urban/rural sites, and I consider that the range is appropriate for the District.

16. These worked examples support the Council's notional evidence, and demonstrate that for the majority of housing sites in Purbeck - over an estimated 96% of the potential housing supply - the targets of 40-50% affordable housing (where applicable), plus CIL, would result in viable developments, in many cases with a significant uplift in the remaining land values. In some of the other sites, which involve intensification and in some cases, demolition of existing housing, the work shows that developments may not be viable, and renegotiation of the proportion of affordable housing based on 'open book' accounting, in accordance with PLP1 policy AH, will probably enable a significant proportion of these sites to come forward.
17. Several concerns relating to elements of the Council's valuation approach were raised in response to the Council's worked examples. Some focused on perceived lack of transparency, lack of a suitable return for the landowner, and little confidence in the one worked example submitted by the Council before the Hearing.
18. Some of the representations also criticised the Council for doing extra work on specific cases, but this criticism flies in the face of advice in the CIL *Guidance* (paragraph 27 states that a charging authority should sample directly an appropriate range of types of sites across its area in order to supplement existing data), and in my view this is necessary to ensure that the notional figures may be compared with actual examples.
19. Concerns were also expressed that it was wrong to base the rates on the set of worked examples which were prepared after the close of the Hearing, as it was argued that these could be affected by specific site characteristics which may not necessarily apply to other sites in Purbeck. One specific concern expressed was the failure of the Council to adhere to the site value approach as set out in the *RICS Report*<sup>10</sup>, paragraph 3.4.1, thereby failing to understand the 'real world' of the market, and what is a reasonable landowner uplift. However, no one at any stage of the Examination was prepared to share specific land valuations within Purbeck.
20. Turning to methodology, the *Guidance*<sup>11</sup> states that there are several available valuation models and methodologies, and no particular model is held up as the one to use. The point is echoed in the *Harman Report*<sup>12</sup>, which refers to a number of existing models which are available, without recommending a

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<sup>8</sup> DCLG: *Community Infrastructure Levy-Guidance*; April 2013.

<sup>9</sup> Purbeck District Council's *Consultation Paper on the Viability of Specific Sites* was put out to public consultation over the period 4 November - 13 December 2013.

<sup>10</sup> RICS Professional Guidance, England: *Financial Viability in Planning*; August 2012.

<sup>11</sup> DCLG *Guidance*, paragraph 24.

<sup>12</sup> *Viability Testing Local Plans: Advice for planning practitioners*; June 2012 (known as the *Harman Report*). (See page 24, towards the bottom of the page.)

specific model. I see no reason to disagree with the Council's approach, which also ties in with the advice in the *Guidance* that there is room for some pragmatism<sup>13</sup>.

21. The Council explained that its approach, based on a 'tried and tested' model devised by respected valuation consultants<sup>14</sup>, was widely used in England and Wales. This approach had been presented to landowners and their agents at a workshop held in January 2012 where there had been no objection to the general approach adopted for assessing viability proposed by the Council's consultants. The Council further pointed out that the companies represented by the main opponents of the proposed CIL charging rates at the Examination were also represented, albeit by different individuals, at the workshop. The Council had also asked for information at the workshop on local benchmarks, but information on specific sites was not forthcoming; this had been a key factor in the decision of the Council to initially model notional sites with virtually no worked examples.
22. The Council's expectation of landowners' return was discussed at length at the Hearing. A range of £150,000 to £250,000 per gross acre (£375,000 - £625,000 per gross hectare) was cited by one of the representatives of the house building industry as being a typical minimum expectation. This range is somewhat higher than the findings of the DCLG *Cumulative Impacts Study*<sup>15</sup>, which states that landowners typically expect figures of circa £100,000 to £150,000 per gross acre (£247,000 - £370,500 per gross hectare). Although this study does not have the status of Government policy, the research behind these figures was not challenged and there is no reason to assume that the study is flawed.
23. The Council stated that the residential values in its modelling for Purbeck easily exceeded both of these figures in most parts of the District, even with the high levels of affordable housing required by PLP1 policy AH. This view was supported by the worked examples which were prepared and consulted on after the Hearing. Whilst it is clear that every site has its own specific characteristics, it is also important that the notional work carried out on behalf of the Council is grounded in reality; this also accords with the national CIL advice<sup>16</sup>.
24. Another principal area of disagreement between the Council and some parties concerned developers' percentage returns. The Council's estimate of 17.5% was criticised by some representors as being too low, although it argued that an allowance for developer overheads should be added to give a 'blended return' of 20%<sup>17</sup>. A Viability Review by the District Valuer (DV)<sup>18</sup> in relation to a scheme in Swanage for 35 dwellings (17 of which are affordable homes), dated 3 October 2013, states that in the current market, a developer's return of 17.5% of the Gross Development Value is reasonable.

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<sup>13</sup> DCLG *Guidance*, paragraph 28.

<sup>14</sup> *Three Dragons Dorset Toolkit*; June 2011 [Examination Document CD32].

<sup>15</sup> DCLG: *Cumulative impacts of regulations on house builders and landowners - Research paper*; 2011.

<sup>16</sup> DCLG *Guidance*, paragraph 27.

<sup>17</sup> Purbeck District Council Statement in Response to Initial Question 1 from the Examiner.

<sup>18</sup> District Valuer: Viability Review-Prospect Farm, Swanage; 3 October 2013.

25. The Council's assumption of 6% developer's return for affordable housing was also criticised by some parties as being too low, with 20% again being cited as an appropriate figure. The Council argued for the lower figure on the basis of significantly less risk, and it is supported by the above mentioned DV Review, which considers that a developer's return of 6% for affordable housing is reasonable. In my view, the Council's assumptions regarding developers' returns are justified.

### *Conclusion*

26. The draft Purbeck CIL Charging Schedule is supported by detailed evidence of community infrastructure needs and a funding gap has been identified. The valuation methodology, supported by a limited number of local worked examples, is well used and recognised, and is informed by clear assumptions about build costs, levels of affordable housing and developer returns. Although the locationally specific scenarios were limited, I consider that the range of sites tested in the worked examples were representative of the most common forms of development likely to be implemented within Purbeck. On this basis, I consider that the evidence which has been used to inform the Charging Schedule is robust, proportionate and appropriate.

### **Is the charging rate informed by and consistent with the evidence?**

#### *CIL rates for residential development*

27. The District of Purbeck has some of the most expensive property prices in the country and unlike most parts of the UK, these prices have not generally fallen during the past few years. Moreover, there is a strong likelihood of house prices continuing to rise, in particular in response to the encouraging signs of growth in national GDP in the most recent quarters of 2013. The increasing value of much of the District's housing stock puts significant pressure for greater numbers of affordable housing to meet the needs of local people. The adopted PLP1 policy AH has increased the affordable housing requirement from 35% in the previous local plan on sites of 15 dwellings and above, to either 40% or 50% (depending on the location) on sites of 2 dwellings or above or on sites of 0.05ha or above.
28. However, the geography of Purbeck is relatively complex in housing terms, and six zones are included in the CIL charging schedule, which are shown in the map at the back of this report. These include two very high value zones – Swanage and the Coast – where the proposed CIL rate is £180 psm.
29. In other zones, further to the north and west of Purbeck, where property prices are lower, the proposed CIL rate is £100 psm in the Rural Fringe (two separate areas, one to the west of the District covering Briantspuddle, Moreton Station, Winfrith Newburgh and Chaldon Herring; and one to the north-east, covering Lytchett Matravers and Lytchett Minster); and in Wareham. Finally, the proposed CIL rate is £30 psm in Purbeck Rural Central, which covers all the territory between the two parts of the Rural Fringe, including the settlements of Bere Regis, Bovington and Wool, together with the zone in and adjacent to Upton, which is a suburban settlement on the fringes of Poole.
30. The Council's viability evidence shows that for most of the District the returns

to developers are significantly greater than the benchmarks of £247,000 to £370,500 per ha in the above mentioned DCLG *Cumulative Impacts Study*. Taking the benchmarking table provided by the Council<sup>19</sup>, on the basis of a £300,000 benchmark, the proposed CIL rates would comprise a range of 6%-17% of the developers' return, with the highest figures in the Swanage and the Coast areas where house prices and developers' returns are at their highest and can sustain relatively high levels of CIL.

31. The exception to this pattern is the proposed CIL rate for Upton, which would form 31% of the developers' return, which is significantly out of line with the prevailing ratios for Purbeck as a whole; this points to the likelihood that the proposed CIL rate for Upton would be at the margin of viability across this relatively small zone, contrary to the advice in the *Guidance*<sup>20</sup>.
32. The Council accepts that "current viability in the Upton sub-market is tighter than anywhere else in the District."<sup>21</sup> This conclusion also seems to be borne out in two out of the three worked examples for sites in the Upton area. The Council also accepts that it "has no concerns over the impact of PLP1 policies on development being viable in all the sub-markets, except for Upton in the short term"<sup>22</sup>. I agree with this assessment.
33. However, I consider that by the Council's own admission, the proposed CIL rate would result in viability issues for development at Upton, at least in the short term, and I therefore recommend that the CIL schedule is modified to charge residential development in Upton at £10 psm, as set out in **EM1** in Appendix A. This would give a CIL/benchmark ratio of 10%, which would still enable some contribution towards Heathland mitigation to be made.
34. Clearly, there will be some unviable housing sites throughout the District, but firstly, the *Guidance* points to the importance of not threatening the delivery of the Plan as a whole<sup>23</sup>, rather than securing the viability of every site, and secondly that there is room for some pragmatism<sup>24</sup>.
35. In summary, I consider that the Council's proposed rates for the different zones across Purbeck, subject to an amendment to the rate for Upton, are reasonably justified by the available evidence and are deliverable.

*CIL rates for residential development for care homes (Use Class C2) and sheltered and retirement housing (Use Class C3)*

36. The Council's original CIL rates for Use Classes C2 and C3 were set at £180 psm for Swanage and the Coast, £100 psm for Wareham and Purbeck Rural Fringe and a nil rate for the remaining two zones. Following representations from developers specialising in C2 and C3 uses, the Council reduced its rates to £100 psm for Swanage and the Coast, £30 psm for Wareham and Purbeck Rural Fringe and maintained its nil rate for the remaining two zones.

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<sup>19</sup> Purbeck District Council Statement in Response to Further Question 2 from the Examiner (table on page 3).

<sup>20</sup> DCLG *Guidance*, paragraph 30.

<sup>21</sup> Purbeck District Council Statement in Response to Further Question 3 (iv) from the Examiner (page 5).

<sup>22</sup> Purbeck District Council Statement in Response to Further Question 13 (i) from the Examiner.

<sup>23</sup> DCLG *Guidance*, paragraph 30.

<sup>24</sup> DCLG *Guidance*, paragraph 28.



37. Although developers specialising in C2 and C3 uses initially withdrew their objections to the reduced CIL rates, they submitted further evidence in response to the Examiner's questions and argued for a nil rate across Purbeck. This is based on a number of factors, including (i) higher build costs; (ii) larger communal areas (which do not generate revenue); (iii) slower return on investment; (iv) higher marketing costs; (v) the phasing of developments is not possible; and (vi) limitations on available sites, which are often brownfield and which need to be located within easy walking distance of town centres, facilities and public transport, which has the effect of driving up the land costs.
38. On the basis of these considerations they argued that the proposed CIL rates would be contrary to the *Guidance* which states that charging schedules should not impact disproportionately on particular sectors<sup>25</sup> or specialist forms of development, and that meeting the requirements for housing the elderly is a priority for the Council.
39. The Council accepts that the additional build cost for many homes for the elderly is greater than for general market housing, and this was instrumental in the Council's decision to reduce the C2/C3 CIL rates as described above. Whilst the Council accepted the point concerning larger communal areas, it challenged the other arguments. In particular, the Council challenged the sales prices quoted by the specialist developers, and submitted evidence based on three existing properties on the market at de Moulham Road in Swanage<sup>26</sup>. This showed that the average property prices submitted in evidence by two of the C2/C3 developers were about one third lower than the above-mentioned equivalent 2 bedroom retirement flats for sale in Swanage.
40. Whilst I accept that the communal areas in C2/C3 properties are a material consideration, and that there may be a marginally slower return on investment, which is linked to slower development phasing, no compelling evidence was submitted in writing or explained at the Hearing in relation to higher marketing costs or limitations of available sites. Further, any increased funding costs are balanced by higher unit sales values based on the specialist facilities and internal specifications.
41. It was also clear that many occupiers of retirement housing are car owners, so that the limitations of site location may not be as tight as the C2/C3 developers suggest. This was confirmed by my observation of the car park of the above-mentioned de Moulham Road block of retirement flats, which had ample car parking to the rear and which was located a brisk walk away and uphill from the town centre.
42. The point was also made that C2 developments often involved extra care provision for the occupiers, and were therefore less viable. Whilst I accept that there may be some elements which would add to the cost of these developments, such as extra mobility equipment, no robust evidence was submitted to support this view.

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<sup>25</sup> DCLG *Guidance*, paragraph 37.

<sup>26</sup> Purbeck District Council Statement in response to Issue 3 - *Levy rates on Use Classes C2 and C3: Care Homes and Sheltered and Retirement Housing*: Appendix 1: Descriptions of three estate properties on the market in Swanage.

43. Taking all the above matters into consideration, I consider that the reduced CIL rates, from £180 to £100 psm in Swanage and the Coast, and from £100 to £30 psm in Wareham and Purbeck Rural Fringe, have taken into account the increased build costs, the impact of communal areas and the slower returns on investment. On this basis, the additional complexity of the CIL charging regime to take account of 'extra care' developments, as suggested, cannot be justified.
44. I therefore conclude from the evidence before me that development of C2/C3 properties in the above four zones can generally sustain the proposed CIL charges, and that these charges would not put the development of housing for the elderly in Purbeck at serious risk.

*CIL rates for other uses*

45. The CIL schedule sets the following rates for other uses: £75 psm for retail (Use Class A1); and £20 psm for financial and professional services in town centres (A2), restaurants and cafes (A3), drinking establishments (A4) and hot food take-aways (A5). All other uses, including industrial, storage and distribution, hotels and guesthouses and non-residential institutions, assembly and leisure uses, are zero rated.
46. **Retailing** in Purbeck is comparatively healthy in relation to the country as a whole, with the Council's evidence showing a low vacancy rate of around 1%. The Council's viability evidence<sup>27</sup> shows that high street shops and superstores have residual values significantly higher than for the other Class A uses, although these other uses are also viable.
47. Representations on behalf of superstores stressed the importance of retailing to the local economy and they questioned a number of aspects of the proposed CIL rate for retail development. These included: (i) the assumptions made about the land required for a 5,000 sm superstore; (ii) the Council should demonstrate how the proposed different rates for different types of development would not give rise to state aid; (iii) sufficient allowance is not made for the impact of S106 and S 278 contributions; (iv) the Council should adopt a discretionary relief policy; (v) the Council should adopt an instalments policy; (vi) the charging schedule does not make the link between CIL charges and the infrastructure requirements of the development being levied; and (vii) the Viability Assessment (VA) does not allow for the economics of conversion schemes to be considered.
48. The Council has indicated that the food retail needs over the plan period are only 1,300 sm for the entire District. The Council's VA<sup>28</sup> points to retail uses generating a residual value of around £1,500 psm; at £75 psm, the CIL rate for A1 retail would be only 5% of the residual land value, which is not significant in viability terms, especially for a larger store. In addition, the Council has already agreed to implement both an instalments policy and exceptional relief from CIL in appropriate circumstances<sup>29</sup>. Regarding state

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<sup>27</sup> CD33: section 5.

<sup>28</sup> CD33: Paragraph 6.22.

<sup>29</sup> Purbeck District Council Background Paper: *CIL Policies* [Examination Document CD38].

aid, the Council's Viability Update Study<sup>30</sup> illustrates how the imposition of CIL would lead to negative land values for some developments in some areas of the District, making it appropriate to apply different rates of CIL according to land use, and that the application of these differential rates in the charging schedule does not of itself amount to state aid.

49. The Viability Update Study<sup>31</sup> shows that the development of other high street uses, such as **financial and professional services in town centres** (Use Class A2), **restaurants/cafes** (A3), **drinking establishments** (A4) and **hot food takeaways** (A5) would lead to smaller but not insignificant residual values. The relatively modest rate of £20 psm for these uses, which was not challenged at the Hearing, is reasonable.
50. The Council's VA also shows that the imposition of CIL would lead to negative residual land values for **non-residential institutions** (Use Class D1) and **assembly and leisure** (D2), which supports a zero rating.
51. In relation to the viability of **hotels** (Use Class C1), the Council's research<sup>32</sup> has shown that there has been a net loss in Purbeck since 2006, especially of larger hotels, mainly through conversion to residential flats. This suggests that hotel schemes are likely to prove challenging with respect to viability. The Council's research shows that even for smaller hotels, e.g. around 6 bedrooms, viability is likely to be marginal, which supports a zero rating.
52. The Council's evidence<sup>33</sup> also shows that most **commercial and industrial uses** operate at or below the margins of viability, which justifies a zero rating.
53. I therefore conclude from the evidence before me that the development of the uses described above can sustain CIL charges where the rate is above zero, and that these charges would not put these developments in Purbeck at serious risk.

**Does the evidence demonstrate that the proposed charge rate would not put the overall development of the area at serious risk?**

54. The Council's decision to set a matrix approach based on geographical areas is based on reasonable assumptions about development values and likely costs and the relatively complex geographical variations in the local property market. The evidence indicates that residential and commercial development will remain viable across most of the area if the charge is applied. Only if development sales values are at the lowest end of the predicted spectrum might development in some parts of the District be at risk.

**Conclusion**

55. In setting the CIL charging rate the Council has had regard to detailed evidence on infrastructure planning and the economic viability evidence of the

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<sup>30</sup> CD33: Appendix 3.

<sup>31</sup> CD33: Appendix 3.

<sup>32</sup> Purbeck District Council *Community Infrastructure Levy and Development Viability Assessment Addendum*; February 2013 [Examination Document CD34].

<sup>33</sup> CD33: See in particular the tables on pages 39-44.

development market in Purbeck. The Council has tried to be realistic in terms of achieving a reasonable level of income to address an acknowledged gap in infrastructure funding, while ensuring that a wide range of development remains viable across the authority area. The *Purbeck Local Plan* (PLP1) is a recently adopted Plan, which would not in itself point to the need to consider any early revision to the charge. However, in view of the relatively complex charging matrix comprising geographical zoning and uses and the affordable housing targets, regular monitoring is essential.

<b>LEGAL REQUIREMENTS</b>	
National Policy/Guidance	The Charging Schedule complies with national policy/guidance.
2008 Planning Act and 2010 Regulations (as amended 2011)	The Charging Schedule complies with the Act and the Regulations, including in respect of the statutory processes and public consultation, consistency with the adopted Local Plan and Infrastructure Delivery Plan and is supported by an adequate financial appraisal.

56. I conclude that subject to the modification set out in Appendix A the Purbeck Community Infrastructure Levy Charging Schedule satisfies the requirements of Section 212 of the 2008 Act and meets the criteria for viability in the 2010 Regulations (as amended 2011). I therefore recommend that the Charging Schedule be approved.

*Mike Fox*

Examiner

This report is accompanied by:

Appendix A (below) – Modification that the Examiner specifies so that the Charging Schedule may be approved.

**Appendix A – Modification that the Examiner recommends so that the Charging Schedule may be approved**

<b>Modification No.</b>	<b>Submitted CIL Rate</b>	<b>Modification</b>
<b>EM1</b>	Use Classes C3/C4 Other Residential Dwellings, Upton £30 psm	£10 psm

Appendix A (below) – Modification that the Examiner specifies so that the Charging Schedule may be approved.

