



Community Infrastructure Levy

Analysis of the Responses to the Preliminary Draft Charging Schedule



Prepared by Christchurch Borough Council and
East Dorset District Council

May 2014

The following schedule sets out responses received to the consultation on the Councils' Preliminary Draft Charging Schedules and the Councils' response. Consultation on the Councils' Preliminary Draft Charging Schedules was undertaken from the 28th January to the 11th March 2013.

Para or Question	Summary of comments	Response	Recommendation
General	The Government's introduction of CIL will not deliver development. CIL will hit the self-build group. The extra costs of CIL are passed on to the purchaser.	The CIL legislation restricts the use of planning obligations. This means that if an authority wishes development to provide infrastructure, which in the case of Christchurch and East Dorset, includes the provision of SANGs which are required as a result of the Habitats Regulations Assessment, then CIL must be introduced. Once set in an area, CIL becomes a fixed cost on new-build development and is therefore, a factor to be considered when negotiations are taking place on land purchase. All developers, including self-builders, will need to negotiate a land price that reflects the CIL charge.	Proceed with the next stage of the CIL process.
Para 2.4 Proportion to be passed on	This is unclear.	Bullet 4 should be amended to say: CIL requires local authorities to hand over a 'meaningful proportion' to local communities where development takes place to spend as they wish on infrastructure or other things to deal with	Amend in line with the changed regulations

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		<p>the impact of development. Where there is no neighbourhood plan, the proportion is 15%, capped at £100 per existing dwelling. Where there is a neighbourhood plan, or the development was allowed under a neighbourhood development order, the proportion is an uncapped 25%. Where there is a parish or other local council, the funds are passed to it. Where there is no local council, the Local Authority will spend the proportion on behalf of the local community.</p>	
<p>Para 2.9 Discretionary Relief</p>	<p>This paragraph states that the councils do not propose to make discretionary relief available in exceptional circumstances in accordance with the viability assessment. The assessment does not say this and therefore clarification is required.</p> <p>It is considered that the authorities are silent on discretionary relief yet the regulations require a statement on this, It is imperative that the authorities make relief available from the date of introduction and outline their approach in conformity with the Regulations. Omission of Discretionary Relief is</p>	<p>The facility to choose to allow claims for exceptional circumstances is not designed as an alternative to setting a rate which seeks to avoid threatening the sites and scale of development identified in the Local Plans.</p> <p>A policy to allow claims for exceptional circumstances is not a matter for the charging schedule. An authority can choose to allow exceptional circumstances claims, suspend that policy with 14 days' notice, and reinstate it at any time, all subject to its discretion. Accordingly the existence, or otherwise of a policy to allow claims for exceptional circumstances is not something which can be taken into account when testing development viability to set the CIL rate.</p>	<p>Continue with including information in the Draft Charging Schedule. Additional reasoning will be added to explain the position.</p>

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	<p>not based on sufficient evidence. The absence of any trigger for a review of CIL in the document adds weight for the need for such flexibility.</p> <p>Have the authorities set out when Discretionary Relief be available? Are the circumstances set out in this such that affordable housing does not become a casualty of CIL?</p> <p>The councils are urged to use non-mandatory exemptions at this stage. This would introduce flexibility and long-term robustness.</p> <p>The Charging Authority should retain the ability to reduce CIL on qualifying schemes. Flexibility should be built into the system to permit negotiations on the CIL rate where this can be supported by sound viability evidence. This could be used where an economic generating development becomes unviable as a result of the flat CIL rate.</p>	<p>As a result, the viability assessment assumes no relief and recommends rates which would avoid threatening delivery of the Local Plans without such relief in place. The statement at Para. 2.9 of the PDCS reflects this position.</p> <p>If an authority adopts a policy to allow claims for relief it must use the criteria and procedure set out in the regulations. These restrict claims to specific, unusual situations. The authority must consider that:</p> <ol style="list-style-type: none"> 1) the CIL liability would have an unacceptable impact on the viability of the development; and 2) granting relief would not constitute notifiable State Aid. <p>The procedures do not allow the authority to change the criteria or other arrangements for relief in any way. The first point means that only a very small number of unusual developments might qualify for consideration. The last point means that any developer may only receive up to €200,000 (about £170,000) of relief over a rolling three-year period across Europe.</p> <p>These rules heavily restrict both the scope and potential benefits from 'exceptional</p>	<p>.</p>

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		<p>circumstances' relief. As a result, the authorities consider it does not offer worthwhile flexibility in the application of CIL and have decided not to make such relief available. However, the authorities have taken care to aim to set CIL rates which, in accordance with the requirements of the regulations and 2012 CIL guidance, they judge will not threaten the sites and scale of development identified in the Local Plans. This balance may still mean that some sites will be unviable but development across the area as a whole will still take place.</p> <p>The authorities will keep the charging schedule under review so that it could be revised, should changing market conditions lead to the likelihood of such a threat. Information on the future review will be included in the consultation paper alongside the Draft Charging Schedule.</p>	
<p>Para 2.11 Regulation 123 list</p>	<p>This list should be consulted on. Concerns over double-dipping as there is no list The IDP includes SANG. There is concern there could be double-charging of this requirement, through CIL and s106s. Roeshot Hill is a strategic site and should be</p>	<p>The Regulation 123 list is required under the Regulations. The Councils intend to work on the list and to publish it when the consultation takes place on the Draft Charging Schedule.</p> <p>The Councils propose that all SANG will be provided through CIL and that this</p>	<p>Prepare the Regulation 123 list and publish with the Draft Charging Schedule.</p>

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	<p>excluded from the CIL charging schedule or subject to a nil charge and infrastructure requirements negotiated through s106. Information needs to be included about the provision of land and future maintenance costs.</p> <p>Greater clarity is required regarding items which the authorities will be funded through site specific s106 agreements. The lack of certainty makes it difficult to assess the cumulative impact of CIL.</p>	<p>provision for larger sites may involve payment by land. The Councils' draft Regulation 123 list will clarify the use of S106 agreements for the management of SANG in perpetuity. There will therefore be no risk of double counting.</p>	
<p>Para 3.6 Infrastructure Delivery Plan and Funding Gap</p>	<p>The sum total amount required to fund the infrastructure necessary to support the development in the plan has not been identified nor the target stated.</p>	<p>Information will be provided with the consultation on the Draft Charging Schedule.</p>	<p>Include information on the funding gap with the Draft Charging Schedule.</p>
<p>Para 4.1 Viability Assessment</p>	<p>The Viability Assessment was informed by a lower level of affordable housing provision than the Councils emerging policy requires. Mid Devon was criticised for this and the charge reduced.</p>	<p>The revised Viability Report addresses this issue in Appendix 5.</p>	
<p>Para 4.2 Development types and scenarios</p>	<p>Developer profit was assumed at 20% of development costs which is too low for most housing developments. It should be not less than 24% of development</p>	<p>The % profit is an expression of risk. In the appraisals carried out by the consultants, 20% on costs has been adopted with due regard to the strength of the market, the potential positive increase in future house</p>	

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	<p>costs or 20% of gross development revenue.</p> <p>The viability assessment should consider the effect on a retirement apartment (sheltered housing scheme) to take into consideration the key differences which will affect land value that can be produced by each.</p>	<p>prices and that construction costs are relatively stable. The consultants believe that this level of profit is sufficient for a developer. This approach is clarified in the introduction to the revised Viability Report.</p> <p>In analysing the residential appraisals and formulating an appropriate CIL charge it is considered a sufficient buffer has been allowed, which allows for variations in residential typologies.</p> <p>There is no specific reference made implying that the proposed CIL rate would deem such development unviable.</p> <p>A development appraisal with supporting market evidence should be made available if the respondent feels the proposed CIL is negatively affects viability.</p>	
<p>Para 4.4 Other forms of development</p>	<p>This paragraph states that other forms of development that in principle could pay a CIL charge are set at a £0 rate as they would otherwise be unviable. The types of development should be expanded on here. The Viability Testing document sets out some other forms of development which were tested but it is unclear if other uses such as cafes, restaurants, A5 hot food takeaways and drinking</p>	<p>CIL guidance links to the NPPF and requires the focus of viability testing to be on avoiding threat to the sites and scale of development identified in the Local Plan. There is no requirement to test for a wide range of development scenarios or types which are neither likely nor identified in the Local Plan as being important for the development of the area. Accordingly, a range of development types and scenarios have been tested at a level of granularity which appropriately take into account the</p>	<p>No change proposed</p>

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	<p>establishments have been studied and if so what conclusions were drawn.</p> <p>Examine the impact on sheltered housing provision which provides communal space for which the developer has to build but for which they do not receive any direct revenue. A retirement housing developer has a building of typically 70% net saleable area to acquire revenue from yet CIL is charged per sq metre. Such developers will therefore be at a disadvantage in acquiring land.</p> <p>It has been estimated that the additional build cost of an extra care development over and above market apartments for a 50 unit scheme is in the region of 1.8 million. Oxford and East Northamptonshire have both produced viability assessments which recognise these factors.</p> <p>The understandable desire to keep rates simple fails to acknowledge the specific viability issues associated with such development.</p>	<p>Plan priorities, the range of CIL-liable development types (e.g. refurbishment, change of use and small extensions will not be liable) and locations needed to deliver them.</p> <p>In the report for the Greater Norwich Development Partnership the Inspector commented that he would not propose any change as a result of the McCarthy and Stone comments. He believed it to be unrealistic to expect charging schedules to be made flexible and varied enough to cater for a variety of considerations particular to types of residential accommodation providers.</p> <p>In analysing the residential appraisals and formulating an appropriate CIL charge it is considered a sufficient buffer has been allowed, which allows for variations in residential typologies.</p>	
Para 5.1	Class C2 and sheltered housing	In the report for the Greater Norwich	No change proposed

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	<p>should be nil rated- see comments on para 4.4</p> <p>The overall approach of a “flat rate” across EDDC and CBC would seem logical for the reasons given in the viability report.</p>	<p>Development Partnership the Inspector commented that he would not propose any change as a result of the McCarthy and Stone comments. He believed it to be unrealistic to expect charging schedules to be made flexible and varied enough to cater for a variety of considerations particular to types of residential accommodation providers.</p> <p>In analysing the residential appraisals and formulating an appropriate CIL charge it is considered a sufficient buffer has been allowed, which allows for variations in residential typologies.</p> <p>There is no specific reference made implying that the proposed CIL rate would deem such development unviable.</p> <p>A development appraisal with supporting market evidence should be made available if the respondent feels the proposed CIL is negatively affects viability.</p> <p>Noted</p>	
Para 5.2	The authorities need to demonstrate that comparison	As set out in the PBA analysis submitted to the Plymouth examination, the regulations	Draft Charging Schedule to adopt new, clearer

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	<p>retailing is a genuinely different intended use from convenience retailing. This has not been done. Consideration of CIL in other places demonstrates that it is necessary to clearly define different distinct uses and demonstrate that there is clear evidence of different viability characteristics for the different uses. This analysis has not been undertaken. It is not possible to show that comparison and convenience retail are different distinct uses. Supermarkets often have a strong element of comparison retailing and this proportion will change over time. Retail differentiation needs to be addressed in more detail. A report by Peter Brett Associates relating to Plymouth is quoted as setting out a more detailed analysis of this issue and should be considered here. The Inspector’s report for Plymouth City should also be examined.</p> <p>Should the definition based on Annex B of PPS4 be used? Difficulties are likely to arise where a retailer proposes new</p>	<p>allow distinction between ‘use’ of buildings according to the broad meaning of that word. 2012 CIL Guidance confirms this is not restricted to ‘use classes’.</p> <p>“Convenience” and “comparison” are not only descriptors of types of goods, they are widely recognised and understood as categories of retail store use, employed for planning purposes, and within and outside the retail industry - for example, by industry analysts such as the Local Data Company and Colliers.</p> <p>To add clarity regarding the treatment of stores selling both comparison and convenience goods, the DCS will define the uses by reference to stores where the intention is to sell “wholly or mainly” convenience or comparison goods. This phrase has a widely understood legal meaning (effectively, more than 50%). This reflects the basis for the viability evidence, which shows a clear viability distinction in the district between convenience and comparison uses when this definition is applied.</p> <p>Separate information could be issued to give clarity over the way the definition applies in circumstances where the ‘intended use’ is not known at the time planning permission first permits the</p>	<p>definitions of ‘comparison’ and ‘convenience’ uses. Accompanying text to explain what the definitions mean for the treatment of schemes where the balance of use is not clear at the time of planning permission.</p>

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	<p>development for a range of goods which do not fall wholly in the definition, for example where a mix of comparison and convenience floor space is proposed.</p> <p>Viability work should test whether £100/sqm is an appropriate levy in the event that values drop, ie should a lower levy be appropriate to ensure further delivery is not threatened.</p> <p>The Council's decision to propose a single charge across the district is supported as this will enable cross-subsidy rural exception schemes to continue to be brought forward in East Dorset.</p> <p>Class C2 developments and sheltered housing should be nil rated.</p>	<p>development.</p>	
<p>Q1 Are the rates informed by the viability study?</p>	<p>We trust that this is so.</p> <p>Question the assumptions made-costs of complying with emerging energy performance policies/building regulations appear to be underestimated or absent.</p> <p>Viability should be tested using the</p>	<p>The Councils and their consultants are of the opinion that the build costs assumed are realistic to cover Code Level 4 costs. This is stated within the viability report.</p> <p>In line with the Inspector's report on Mid Devon, different rates of affordable housing</p>	<p>In the absence of alternative evidence from respondents, the Councils are content that the rates are informed by the viability study.</p>

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	<p>affordable housing policies in the Plan, not just current markets.</p> <p>Concerned that the level of housing proposed in the Core Strategy is too low and there is too much reliance on the capacity of the urban area to provide too much housing.</p> <p>Need to consider the effect on retirement apartments/sheltered housing. These are very different from general needs housing and Class C2 rethomes/nursing homes. Need to be treated as a separate development type in the viability study and given a separate charging rate.</p> <p>National figures used do not reflect the situation in East Dorset.</p> <p>The Viability Study in proposing a single band CIL does not accord with the Three Dragons “Affordable Housing Provision and Developer Contributions in Dorset” Report. (Jan 2010)This report identified five</p>	<p>have been tested. See revised Viability Report, Appendix 5.</p> <p>The level of housing and growth is set in the Core Strategy and discussed through its Examination. The CIL Charging Schedule does not set the level of growth.</p> <p>Sheltered housing and retirement apartments are different from care homes as stated in the report. These types of development are include in the C3 category and chargeable under the residential rate.</p> <p>All appropriate available evidence has been used, both local and national.</p> <p>Viability testing for CIL and particularly the subsequent exercising by the authorities of their discretion to set rates on the basis of that evidence must be carried out in accordance with the CIL legislation and associated guidance. This may well result</p>	

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	<p>broad bands of market value areas and suggested three possible policy options regarding affordable housing provision. It is not clear why a similar approach as not been taken here. The Council has not proposed different percentages of affordable housing requirements for different market areas and objections have been made to the Core Strategy on this basis.</p> <p>There are flaws with the methodology relating to Christchurch.</p> <p>Not known if the rates are informed by the report.</p>	<p>in a different set of conclusions to an exercise conducted for a different, narrower purpose.</p> <p>The methodology used is in accordance with the NPPF and the Harman report which provides guidance on the viability testing of local plans. The same methodology has been used by the Councils' consultants taking Fareham Borough Council's CIL through its Examination which has recently been approved at Examination.</p> <p>The report is explicitly clear that the rates are informed by the viability report.</p>	
<p>Q2 Is the evidence on viability correct?</p>	<p>Would have expected to see further analysis and benchmarking of land values.</p>	<p>Detailed analysis and benchmarking of land values was undertaken. However, the majority of information provided was</p>	<p>Information on schemes will be provided to provide evidence of the Funding</p>

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	<p>A more detailed IDP is required to justify the charging schedule. Until this is done it is difficult to comment on the soundness of the proposed charges.</p> <p>Further work is needed to assess the infrastructure requirements of delivering housing policies over the plan period.</p> <p>Mixed schemes comprising flats and houses have not been tested as one housing type may cross subsidise another. If no differentiation is to be given in the charging schedule between flats and houses, then further analysis is required to assess the impact of mixed developments. An approach to mixed housing scenarios was undertaken for New Forest DC by DTZ and it is not understood why it was not done here.</p> <p>Other authorities are charging less than is proposed here eg New Forest, Poole, Southampton and</p>	<p>confidential and as such cannot be detailed within the report.</p> <p>Information on schemes will be provided to provide evidence of the Funding Gap as required by the Regulations and will be published with the Draft Charging Schedule.</p> <p>A single, residential charge is included in the PDCS which both housing and flat schemes can accommodate.</p> <p>There is no relevance in testing mixed housing scenarios; our CIL rate is set under both the viability threshold of both flats and houses.</p> <p>CIL charges are based on the viability of sites and land values. These change from place to place and therefore the rate of CIL</p>	<p>Gap as required by the Regulations and will be published with the Draft Charging Schedule.</p> <p>Draft Charging Schedule to adopt new, clearer definitions of 'comparison' and 'convenience' uses. Accompanying, text to explain what the definitions mean for the treatment of schemes where the balance of use is not clear at the time of planning permission.</p> <p>Publish Reg 123 list and information on use of s106 agreements as part of the consultation on DCS.</p>

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	<p>East Devon. As the charging schedule has not been finalised against an up to date IDP, it is recommended further work is undertaken to justify the higher rates proposed.</p> <p>National food operators do not all operate the same business models. Deep discount retailers such as ALDI operate a model based on high levels of efficiency and low overheads which enables cost savings to be passed on to customers. This provides accessible low cost goods to assist those on lower incomes and in deprived areas. A high rate of CIL could impact on the viability of the business and deter further investment. Concern over the lack of delineation between convenience and comparison which does not exist in many cases. Therefore, it will be difficult to determine the amount of floor space which falls into each category and it will be hard to know if the CIL rate applies or not. The definition used does not provide adequate clarity by</p>	<p>set by authorities will vary.</p> <p>As set out in the PBA analysis submitted to the Plymouth examination, the regulations allow distinction between ‘use’ of buildings according to the broad meaning of that word. 2012 CIL Guidance confirms this is not restricted to ‘use classes’.</p> <p>“Convenience” and “comparison” are not only descriptors of types of goods, they are widely recognised and understood as categories of retail store use, employed for planning purposes, and within and outside the retail industry - for example, by industry analysts such as the Local Data Company and Colliers.</p> <p>To add clarity regarding the treatment of stores selling both comparison and convenience goods, the DCS will define the uses by reference to stores where the intention is to sell “wholly or mainly” convenience or comparison goods. This phrase has a widely understood legal meaning (effectively, more than 50%). This</p>	

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	<p>referring to the PPS4 reference to “main” in the superstore definition. Is a lower figure needed to ensure the future delivery of development is not threatened.</p> <p>Need to provide evidence that comparison and convenience retail have demonstrably different viability outcomes. Testing 3 scenarios was not sufficient or fine-grained enough. Did not use a large convenience/grocery retail development in town centre or edge or centre or a retail warehouse scheme.</p> <p>Ferndown TC believe that some charge should be made for offices and light industrial/warehousing at a rate of £20. These uses have an impact on the infrastructure of the</p>	<p>reflects the basis for the viability evidence, which shows a clear viability distinction in the district between convenience and comparison uses when this definition is applied.</p> <p>In summary, different businesses have different business models. CIL cannot be created for one business in particular. Clearly, this would be contrary to state aid rules. Regulations state that Councils must ensure that CIL does not obstruct the delivery of the plan and must leave some capacity for developers and businesses to cope with atypical circumstances. The viability tests have been careful to comply with both. It is considered that the regulations have been complied with.</p> <p>Separate information could be issued to give clarity over the way the definition applies in circumstances where the ‘intended use’ is not known at the time planning permission first permits the development.</p> <p>Charges through CIL are based on the viability of developing sites and the work carried out so far shows that only those development types with a charge are viable with a charge placed on them. It is</p>	

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	<p>area. To encourage residential development, this charge should be reduced to £80. Figures seem to be influenced by national trends, not local ones. Figures should be reviewed bi annually. The proposed charge of £40 is insufficient. The figure should be increased as there is no evidence locally that there are vacant places in such homes.</p> <p>The build costs of £837sqm at Code Level 4 are far too low and a figure closer to £1100 sqm due to associated costs of servicing land is more realistic. A recognition that Code 5 may apply is required. CHS4 can increase build costs by 13% and CSH5 by 24%.</p> <p>Code for Sustainable Homes will also erode developers profit as the property sale price is not expected to increase proportionately to cover this additional development cost Testing needs to reflect 40% affordable housing.</p> <p>Developer's profits would be</p>	<p>recognised that other uses have an impact on infrastructure but CIL looks at viability not impact. It is unlawful for an authority to consider infrastructure impact of development types when setting CIL rates.</p> <p>The Councils' consultants are of the opinion that the build costs assumed are realistic to cover Code Level 4 costs as the building industry has been building in and around this standard for quite some time.</p> <p>Code Level 5 is not currently required by Christchurch and East Dorset. Should this change in the future, further viability tested may have to be undertaken. However, the merits of that would need to be checked at the time, because given past experience, the costs of compliance can be expected to fall.</p> <p>The percentage profit is an expression of</p>	

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	<p>expected to be at least 20% to 22.5%. 20% does not reflect a developer's expectation. In the current economic climate, developers are using 25% or higher to reflect uncertain market conditions.</p> <p>The Consortium has provided an independent viability study. The Consortium has carried out two viability appraisals to give alternative approaches. See document.</p> <p>This group considers that the overall methodology is appropriate but it has specific comments as follows:</p> <p>Concerns over residential benchmark land value. This information has not been made publically available. The consultees who provided the information are not considered to be those who would not sell land on a day to day basis. This should be redone using agents who do sell land.</p>	<p>risk. The Councils' consultants have adopted 20% with due regard to the strength of the market, the potential positive increase in future house process and that construction costs are relatively stable. This approach has been clarified in the introduction to the revised Viability Study.</p> <p>Noted.</p> <p>After consultation with agents and developers the consultants found there was a dearth of land transactions within Christchurch and East Dorset. In the absence of detailed comparable evidence they therefore analysed the wider market for land transactions to derive the benchmark land values. This evidence has been supplemented by secondary information obtained through Focus, EGI and VOA.</p> <p>The comparable evidence that was collated cannot be made publically available as it is confidential. Additional comparable evidence would be welcomed as part of the CIL consultation process.</p>	

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	<p>Concern that the typologies used are tested against the housing trajectory and typologies used which are based on the characteristics of other known sites that form potential supply and other types of site that have contributed in the past.</p> <p>Concern that typologies do not match with proposed allocations. Up to 100 dwellings have been tested but the CS has larger sites. (Also raised by others) The study assumes all land is fully serviced and this is not the case.</p> <p>The Consortium have checked the build costs and recommend the following are used: Housing £852 per sqm, Flats £1,03 per sqm and Sheltered Housing £1072 per sqm. Broadly these costs are the same as used but it should be noted that smaller more complicated sites are significantly more expensive to</p>	<p>A mix of potential schemes was selected for testing to create representative but focussed profile of residential development likely to come forward in the area for the foreseeable future.</p> <p>Some of the strategic sites are larger than 100 units. Due to local market conditions and subsequent effects on financial costs, we consider it highly unlikely that a single developer would build out more than 100 units at any one time and instead development would occur in a number of phases and/or by multiple developers. It is therefore believed that the approach is correct and does consider the larger sites appropriately.</p> <p>BCIS costs are based on a range of samples, including smaller and larger developments. As such the costs used incorporate economies of scale and vice versa.</p> <p>Furthermore, altering costs to stand-alone units would be over complicated. In reality, costs will differ from those utilised but not solely down to numbers of dwellings but</p>	

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	<p>build as economies of scale cannot be reached. The assumption that sites below 15 units can be built to a cost of £852 per sqm is a concern.</p> <p>The viability appraisals do not recognise the costs of promoting a site through the planning process and these costs should be considered in setting the Charging Schedule.</p> <p>It is considered that the minimum acceptable profit margin used should be 20% on GDV. This figure has been used by a number of neighbouring and nearby authorities.</p> <p>Gross:net ratios are inappropriate. Sites will need to take into consideration open space, SUDs, SANGs and other on site infrastructure. A ratio of 70% would be applicable. This also applies to sheltered housing schemes with 30% non-saleable floorspace and 35% for Extra Care</p>	<p>also other factors including specification, housing mix, size etc.</p> <p>The consultants remain of the opinion that 8% for professional fees are sufficient for these additional planning requirements especially when coupled with a 5% contingency.</p> <p>The % profit is an expression of risk. 20% has been used with due regard to the strength of the market, the potential positive increase in future house process and that construction costs are relatively stable. The approach is clarified in the introduction to the revised Viability Report</p> <p>When purchasing a site, the developer should take into account policy costs such as open space, SUDs, SANG etc either</p> <ol style="list-style-type: none"> 1) Placing nil value on such land to be utilised for policy costs or 2) Reducing overall price paid for the land <p>Either option would ultimately equate to the same purchase price.</p>	

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	<p>accommodation. These types of accommodation also provide additional services. This means CIL could make sites unviable. The professional fees figures used for the larger site typologies are too small.</p> <p>CIL rates should not be set up to the margin of viability, backed up by the report into the Greater Norwich CIL. This cushion should take account of the risks to delivery. Overall, the report does not contain sufficient evidence to justify the conclusions.</p> <p>Should look at the Greater Norwich Examiner's report for guidance.</p> <p>Revenue expectations are based on a borough average, with the site at Roeshot Hill falling in a lower revenue area. Using the borough average is therefore incorrect. No allowance has been made for unknown costs.</p> <p>No consideration of cross boundary infrastructure. CIL payments may</p>	<p>The net area assumed that such policy costs would be provided outside of this area (with the developer effectively paying £0 for the policy cost land). The net areas are therefore approximate. A comment on professional fees is made above.</p> <p>The viability report provides thorough justification on how the buffer was formulated.</p> <p>A single CIL charge is applied across the whole areas for the reasons explained in the report. There is a 5% contingency amount applied.</p> <p>Consideration has been made with regard to cross boundary infrastructure. The</p>	

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	<p>come from other authority areas to deliver strategic infrastructure and conservation mitigation.</p> <p>Density of development used in viability assessment is wrong; the density of new development within the urban areas is likely to be less than 10dph.</p> <p>Need to test on sites of single dwellings.</p> <p>SANG contributions need to be included in the assessment. Viability tests need to be re-run.</p> <p>CIL rate must reflect the need for affordable housing and the effect this has as a constraint to scheme viability.</p>	<p>authorities work with other authorities to deal with heathland mitigation through the SPD and with the County Council, Poole and Bournemouth with regard to transport issues. The County Council has also advised on service provision at that level.</p> <p>Emerging policy indicates housing densities at higher levels. 10dph would be contrary to policy.</p> <p>A single dwelling scheme has now been tested</p> <p>As the intention is to use CIL to provide SANG, there will not be additional contributions to take into account. The viability testing reflects this. The position will be made clear in the Reg 123 list and statement on s106. Both will be made available alongside the DCS consultation and brought forward to examination.</p> <p>Noted</p>	

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	<p>The £1k per unit allowance for s106 is unrealistic for the urban extensions and the Council's requirements for these areas.</p> <p>Build costs are too low due to the high levels of design demanded by policies and Briefs etc. If the Councils are moving towards a 30% affordable housing assumption, then policies need to be changed to reflect this.</p> <p>25% on GDV is being looked for not 20%.</p>	<p>This is an estimate and one which is becoming the industry standard across a wide range of CIL studies. The majority of future betterment will be covered by CIL with s106 reduced to a small element of the site specific costs.</p> <p>The build costs used are considered to be sufficient to meet policy.</p> <p>30% has been tested as a reflection of current market conditions. There is an expectation that as the market improves, the Councils will initially seek to increase the percentage of affordable housing rather than other policy factors that impact on viability. A new Appendix 5 has been inserted in the revised Viability Report showing the impacts of testing CIL assuming 35% affordable housing.</p> <p>The % profit is an expression of risk. 20% has been used with due regard to the strength of the market, the potential positive increase in future house process and that construction costs are relatively stable. The introduction to the revised Viability Study provides clarification.</p> <p>A realistic assumption has been taken in</p>	

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	<p>Whilst a case is made for not testing scenarios for over 100 dwellings on the basis of site phasing, some infrastructure is required immediately and therefore costs of development cannot always be phased.</p>	<p>assuming infrastructure costs are applicable over the whole development period. It is agreed that in some circumstances, a large proportion of infrastructure costs may be required immediately. However, equally the largest infrastructure costs may not be required until the later stages of development. It is impossible to say with a great amount of certainty exactly how much and when infrastructure costs will be required will be required for each development. Costs have been applied equally.</p>	
<p>Q3 Appropriate balance between funding infrastructure and bringing forward development</p>	<p>Blanket rate of £100 is about 10% of construction costs. This charge is in addition to affordable housing. Concerned that the two requirements will impact on the delivery of affordable housing. Reassess after examining the report on Mid-Devon</p> <p>Subject to the updating of the viability assessment, the approach overall strikes an appropriate balance. Once the viability assessment has been updated, then the Councils should revisit the decision to proceed with a single</p>	<p>A new Appendix 5 has been included in the revised Viability Report showing the impacts of testing CIL assuming 35% affordable housing.</p> <p>Noted</p>	

Para or Question	Summary of comments	Response	Recommendation
	<p>tariff.</p> <p>Relationship between SANGs, CIL and s106s needs to be clarified. Imposition of a flat rate across the borough will lead to doubled charging for heathland mitigation. Introduce CIL free zones. Heathland mitigation would be provided by the development site and s106 used for contributions.</p> <p>Need to ensure that the CIL level does not prevent the delivery of affordable housing.</p> <p>Wimborne Town Council agrees the rate set strikes an appropriate balance.</p> <p>The viability assessment has assumed delivery of 30% of affordable housing. The Core Strategy proposes 35% and more on some sites. This shows the Council is not taking into account the full costs of providing community infrastructure.</p> <p>Allowances for roads/site</p>	<p>SANG will be provided through CIL. The Councils' draft Regulation 123 list and statement on s106s will further resolve the issues over how heathland mitigation will be provided and managed in perpetuity. Both statements will be brought forward alongside the DCS.</p> <p>The work is being carried out to ensure this.</p> <p>Noted</p> <p>A new Appendix 5 has been inserted in the revised Viability Study showing the impacts of testing CIL assuming 35% affordable housing.</p> <p>The consultants believe that the allowance</p>	

Para or Question	Summary of comments	Response	Recommendation
	<p>works/external works appear to be too low and a higher allowance should be made, contingency allowances are too low and profit should be applied upon total GDV and be benchmarked at a minimum of 20% and then reflect further project risks.</p> <p>It is imperative that an appropriate balance is achieved so that other policies, including affordable housing, do not fail.</p>	<p>made for roads/site works/external works, coupled with the contingency are appropriate. The % profit is an expression of risk. In the appraisals, the consultants have adopted 20% on costs with due regard to the strength of the market, the potential positive increase in future house prices and that construction costs are relatively stable. We believe this level of profit is sufficient for a developer. This approach is clarified in the introduction to the revised Viability report.</p> <p>The work aims to achieve this.</p>	
<p>Q4 Instalments policy</p>	<p>CIL liability if all levied at the outset of a large development could have a significant detrimental effect on viability. The proposal is supported.</p> <p>Would give flexibility. Payment in kind (eg of land) should be considered.</p> <p>Payment during the occupation phase of a retirement development would be preferable.</p>	<p>Regulation 69B requires an authority which wishes to collect CIL in instalments, to publish on the instalment plan on its website. The following are the only criteria which may be used:</p> <ol style="list-style-type: none"> 1 The number of payments 2 The amount or proportion of CIL payable in any instalment 3 The time (to be calculated from the date the development is commenced) that the first instalment is due, and the time subsequent payments are due 4 The minimum amount of CIL below which 	<p>Prepare the instalment policy and either include it in the DCS with the note that it does not form part of the consultation or the Examination or publish separately as part of a process guide.</p>

Para or Question	Summary of comments	Response	Recommendation
	<p>Part payment on first occupation would be fairer for a retirement scheme, then phased on occupation levels.</p> <p>For larger schemes, 100% of CIL should be paid when 66% of the development has been completed. An upfront payment of 33% followed by 66% to be paid in stages within 60 days is possible.</p> <p>Any instalment policy needs to factor in site specific costs and infrastructure, allowing time for units to be constructed and sold.</p> <p>Instalments are particularly important in larger schemes.</p> <p>Initial contribution payable at the commencement of development should vary depending on the scale of the total CIL payment. Timing and proportion of subsequent payments should also vary according to the scale of the CIL liability. Should include a mechanism to negotiate timing in</p>	<p>CIL may not be paid by instalment. The instalment plan must therefore be based on time, not on occupation of dwellings. No consultation is required on the instalment plan.</p> <p>The instalment policy could allow longer to pay for larger liabilities. Larger developments may also be delivered as phases within an outline consent, thus further spreading CIL liability over time.</p> <p>These factors cannot be taken into account in setting an instalment policy. It could be written to allow larger developments longer to pay.</p>	

Para or Question	Summary of comments	Response	Recommendation
	<p>certain situations.</p> <p>Payments can be set out in a s106.</p> <p>25% of CIL on occupation of 25% of the approved dwellings. Payment of a further 25% of CIL on occupation of 50% and balance on 90%.</p> <p>Phase schemes over 30 units, pro rata to be paid 60 days post commencement and on every 31st unit.</p> <p>A timing approach as used by other councils does not relate to need for mitigation and does not allow for variation in construction rates.</p> <p>Instalments could help ensure delivery of affordable housing.</p> <p>Need to ensure defaults do not occur.</p>	<p>Payments cannot be set out in a s106 agreement.</p> <p>See above.</p> <p>See above</p> <p>See above.</p> <p>Noted</p> <p>The regulations set out the enforcement action which authorities can use to recover the CIL owed plus penalties.</p>	
Q5 Any other	It would be helpful if the intended	Administrative processes applying to CIL	Set out the process for

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<p>comments</p>	<p>administration costs and processes could be outlined.</p> <p>Concern that there is no “joined up” approach to CIL with other authorities. There should be a regional or housing market approach. Without this, there is a risk that the areas with the lower CIL rates will attract growth.</p> <p>It is unclear if the CIL charge will include heathland mitigation. How does the CIL rate reflect the heathland element?</p> <p>Concern that there could be double charging on relation to heathland mitigation, by the provision of on-site SANG which could be part of the area solution to mitigation and a CIL payment to the area solution.</p> <p>There needs to be a mechanism whereby the SANGs are maintained in perpetuity. Without</p>	<p>are set out in the CIL Regulations. Consider whether the process should be outlined in the Draft Charging Schedule or a process guide.</p> <p>As CIL is based on viability of sites within the area of the charging authority, viability and therefore CIL will vary from place to place. It therefore follows that CIL rates will vary from authority to authority and even within an authority’s area if the viability assessment shows this.</p> <p>An indication of the categories and schemes on which CIL will be spent will be included in the Regulation 123 lists which the Councils will publish. An Infrastructure Funding Gap Assessment will also be prepared for each authority and will be published. These documents will show the infrastructure which is to be funded by CIL and the items to be funded through s106 agreements. The Councils intend to provide SANG through CIL.</p> <p>The management of SANG in perpetuity will be secured by way of S106 agreement as set out in the Councils’ draft regulation 123 list which will published alongside the</p>	<p>collecting CIL including an instalment policy in a process guide.</p> <p>The authorities will continue to work with the neighbouring authorities on CIL and the use of CIL monies but a combined approach to setting CIL levels will not be taken.</p> <p>Prepare and publish a Regulation 123 list, a s106 policy and an Infrastructure Funding Gap Assessment for each authority with the DCS.</p> <p>Publish draft regulation 123 list alongside Councils’ Draft Charging Schedules</p>

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	<p>this, there could be a breach of the Habitats regulations.</p> <p>Affordable housing and heathland mitigation- affordable housing is not liable for CIL. How do the Councils propose to provide mitigation on their behalf? Surrey Heath Borough has addressed this issue in their DCS but there is no mechanism here for this.</p> <p>It is not clear with the community top slicing, how the LA will continue to secure heathland mitigation. How can mitigation be provided if local communities do not wish to share their CIL share on such projects.</p>	<p>Councils' Draft Charging Schedules.</p> <p>All other residential development will pay CIL. The Councils draft Regulation 123 list will clarify the relationship between S106 and CIL in the delivery and maintenance of SANGs.</p> <p>The LAs will work closely with the local councils and discuss with them the local infrastructure requirements which could be provided through their funds. Working with</p>	<p>to set out how the relationship between CIL and S106 in the delivery and maintenance of SANGs.</p> <p>Prepare and publish an Infrastructure Funding Gap Assessment for each authority and a table of recent funds etc from s106 agreements.</p> <p>Additional documents to be prepared on guidance as set out in the CIL regulations and Guidance, either supporting the DCS or when the Schedule is adopted.</p> <p>The Councils will meet the requirements of paragraph 87 of the Guidance.</p> <p>The Councils will proceed with the next stage which</p>

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	<p>It would be useful for developers to know what their contributions will be used for.</p> <p>There are a large number of existing housing commitments in the districts. Assuming these will be delivered before CIL, this would result in a significant level of funding for infrastructure which may be subject to CIL funding. If they are not delivered before CIL, then they will add to the overall CIL funding.</p> <p>Concern that the charge could render developments unviable.</p>	<p>the local councils is a requirement of the Guidance. Residential development cannot take place without heathland mitigation and therefore it will be the first priority for the authorities once administrative costs and the local councils' payments have been made.</p> <p>The Councils will be publishing a list of the funds which have been obtained through s106 agreements over a number of years. The funds obtained are shown as part of the committed sums in the IDP and will also be shown in the Infrastructure Funding Gap Assessment.</p> <p>Comment noted.</p> <p>CIL viability examines viability across the whole area but it is accepted by the Government that some individual schemes</p>	<p>is consultation on the Draft Charging Schedule</p>

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	<p>HCC is keen to work in partnership with the two authorities and DCC to take account of any key infrastructure requirements where there may be potentially cross-boundary funding implications.</p> <p>NFNPA suggest that a clearer outline should be given of where funds may be appropriate outside of the Councils' administrative area. This should include the mitigation of impacts on the Natura 200 habitats within the National Park and could include the provision of recreational opportunities which would benefit residents. The Authority would welcome the opportunity to be involved, once details of projects emerge.</p> <p>Further documentation is required which does not form part of the DCS and will not be subject to examination. This information is: Guidance on how to calculate the chargeable development/level of</p>	<p>will not come forward due to viability issues.</p> <p>Meetings have been held with HCC to discuss these issues.</p> <p>Discussions have been held with NFNPA and HCC on this subject.</p> <p>Much of this information is included within the CIL Regulations. The Councils will examine how to set out additional information either within the Draft Charging</p>	

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	<p>CIL Guidance on liability to pay CIL/Appeals process Policy for payments by instalments Approach to payments in kind Guidance on relief from CIL and a policy on exceptional circumstances relief from CIL. Include a clearly defined review mechanism with monitoring on a 6 monthly basis and information published regularly on the councils websites.</p> <p>Authorities are required to prepare information on the amounts raised in recent years through s106 agreements and the extent to which affordable housing and other targets have been met. This information has not been provided and should be produced in advance of the Draft Charging Schedule consultation.</p> <p>Older people’s housing contains communal areas and sales periods are longer than for general properties. Further work is needed to determine the effect of CIL</p>	<p>Schedule or within any additional documents. The CIL Regulations require regular monitoring and the production of annual reports. Reviewing the documents and the Charging Schedule is at the discretion of the authorities.</p> <p>Paragraph 87 of the Guidance, December 2012, requires information on the extent to which s106 targets have been met to be set out at Examination.</p> <p>See also responses and comments above. The Councils’ consultants and the Councils believe that the CIL charge has been</p>	

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	<p>charges on older people’s housing. A CIL charge for older people’s accommodation will provide greater certainty for developers. The current approach of charging the same level of CIL on all types of C3 development will frustrate the delivery of accommodation such as Extra Care housing and threaten the plan’s ability to deliver sufficient housing for the over 50s age group.</p> <p>The imposition of another levy at a time when we are trying to revive house building seems counterproductive. It is accepted that any building project impacts on infrastructure but who pays?</p>	<p>formulated to allow a sufficient buffer which allows for variations in residential typologies. There is no specific reference made which would deem such development unviable. A development appraisal with supporting market evidence should be provided for examination by the authorities to support this comment.</p> <p>The Government has introduced CIL and in doing so has restricted the use of s106s so the existing transport and heathland mitigation payments will be included in the CIL charge, as will other payments or requirements which are currently included in s106 agreements. The CIL charge proposed has been assessed using information on site costs and other factors to establish that the CIL charge does not make sites unviable.</p>	