

Christchurch and East Dorset Community Infrastructure Levy Revised Draft Charging Schedules for Christchurch and East Dorset RESPONSE FORM

Your Details		Agent's Details <i>(please only complete if you are using an agent)</i>
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Question 1: Do you wish to be heard in support of your representations at the Public Examination of the Draft Charging Schedule?

Please note that the Inspector will decide if a public hearing session is required as part of the examination process. You may choose to request to appear at a public hearing to clarify your comments, but you must communicate this to the Council before the close of the consultation. If you do not wish to be heard at the examination, your written representations will carry the same weight as those made by respondents who appear and are heard in support of their representations.

No, I do not wish to participate at the oral examination:

Yes, I wish to participate at the oral examination:

Question 2: Which amendment reference number does your representation relate to?

RDGS 14 & RDGS 16

Question 3: Please add your comments on this amendment. Please set out any relevant evidence to support your view.

RDCS 14 & RDCS 16 seek to increase the CIL contribution from the development of sites of 10 dwellings and less, to £150.00 m², in the event that the High Court decision of July 2015 is overturned. The evidence to support the proposed charging rate is stated to be set out in the reports of Peter Brett Associates (PBA) dated June 2013, December 2014 and January 2015. In our opinion, some of the evidence and assumptions in these reports is not regarded as sound.

For example, in the 2013 PBA Report, Paragraph 4.8 asserts that if the Residual Land Value (RLV) of a site is equal to its benchmark value, it is viable - albeit without CIL being charged. This is incorrect. Landowners will not make sites available for development if there is no incentive for them to do so. An RLV generated by a grant of planning permission that is equivalent to the value of the site as it is - the benchmark value - generates no additional profit - and will not come forward for development.

Paragraph 4.8 also states that where RLV exceeds the benchmark value, then development is viable and CIL can be captured. That may, or may not, be the case. Viability is not the sole test of whether a site will come forward for development. The key test is *deliverability*. Benchmark land values must be exceeded by a sufficiently high RLV in order for a landowner to make his / her site available for development. The return must be competitive, as required by the National Planning Policy Framework (NPPF) and the supporting National Planning Policy Guidance (NPPG).

There is no guidance as to what constitutes a competitive return to a landowner. Research commissioned by DCLG suggests that for greenfield sites, the uplift from existing use value should be in the order of £300K/£400K per net developable acre (£740K/990K per hectare). However, in Christchurch and East Dorset the impact of CIL in this scenario is largely irrelevant as most green field sites - in the form of urban extensions - are CIL exempt.

The issue to be addressed is therefore whether the evidence that supports the proposed CIL Charging Schedule is soundly based insofar as it applies to the development of brownfield sites and those considered appropriate for re-development at higher densities - urban intensification.

The PBA research hypothesises that benchmark land values are £1.5M and £1.65M per hectare (ha) (£600K/£667K per acre). The latter figure is taken for the purposes of this consultation response. It is however considered to be wholly inappropriate as it is lacking evidence to support it - or what it is even meant to represent. For example, Section 5 of the 2013 PBA Report sets out commentary on a range of values associated with different types of use, but without being clear as to whether the values are for development land, or the completed investment value. Examples are as follows (all values are per ha):

- Residential - land transactions at £1.5M/£1.65M.
- Industrial - land transactions at £1.235M.
- Retail - £2.6M based on rents and yields (*does this imply that this is the investment value?*).
- Care Homes - £1.4M (*is this a land value - the report accepts that the evidence is scarce?*).
- Hotels - £2M (*is this a land value as well - the report accepts that the evidence is scarce?*).

(Our underlining and italic emphasis)

Taking the residential use as an example, £1.65M per ha equates to £668K per acre. For schemes of urban intensification through demolition and re-development, it would not be possible to acquire land as cheaply as this, when it would already accommodate existing dwellings; in the case of a one acre site, probably between four and eight. The only scenario where the PBA benchmark figure works is with the development of garden land, without requiring any demolition.

We consider that a residential benchmark value, where demolition is required, is nearer £5M per ha.

Taking industrial use as another example, it is clear that the PBA Report is based on a land transaction where there is no demolition. This is an unlikely scenario, given the local plan policies that protect employment land. However, in the event that an existing industrial building could be purchased for residential re-development, it would need to be valued as a commercial investment, taking into account the rental stream. Prices, on a per ha or per acre basis will vary according to the age, condition and location of the building. On the assumption that a building is in a relatively poor condition, the likely purchase price for a factory of, say, 2,000 m² floor space with parking on one acre of land would be in the order of £800K. This equated to £2M per ha.

Given the need to incentivise an owner to sell a factory site and establish a profit, a benchmark value is considered to be in the order of £2.5M per ha. This is approximately half of our residential benchmark value - a ratio that is most commonly found in the South East Dorset property market area.

On this basis it is considered that the evidence to support a higher CIL rate for sites of up to 10 dwellings (in the event that the Government affordable housing threshold is re-introduced) is unsound. The use of the current threshold land values, and their assessment against RLV, needs to be re-considered so as to establish a CIL charging rate that will not act as a disincentive to housing delivery - particularly from small sites.

Furthermore, placing an additional financial 'hurdle' to delivering much needed housing development from small sites flies in the face of Government policy, which is seeking to increase supply this source. A reduction in the CIL liability will be consistent with the national policy, and is regarded as sound.

Please indicate if you wish to be notified of any of the following:

That the Revised Draft Charging Schedules have been submitted to the examiner in accordance with Section 212 of the Planning Act 2008	✓
The publication of the recommendations of the examiner and the reasons for those recommendations	✓
The approval of the Charging Schedules by the charging authorities	✓

Please sign and date:

Signature:

pp Goadsby

Date:

December 2015

Please send completed forms by the end of **Friday 8th January 2016** to:

**Planning Policy, Christchurch Borough Council, Civic Offices, Bridge Street,
Christchurch, Dorset, BH23 1AZ**

Or, alternatively email them to **planningpolicy@christchurchandeastdorset.gov.uk**

Please note: Comments cannot be treated as confidential and therefore by responding, you are agreeing to your information being disclosed to third parties.

All comments made must be supported by your full name and address. Comments will be published on the Council's website along with your full name.

Data Protection *(Please tick the relevant boxes)*

I/we understand that Christchurch Borough Council / East Dorset District Council will use the information that I/we have provided for the purpose of the Community Infrastructure Levy. I/we consent to Christchurch Borough Council / East Dorset District Council disclosing my/our information to third parties for this purpose.

I understand that I/we have the right to ask for a copy of the information held about me/us and which is subject of Data Protection Act 1998 (for which Christchurch Borough Council / East Dorset District Council may make a charge) and to correct any inaccuracies in my/our information.

Data Protection Act 1998: Any information provided will be treated in strict confidence and will be held on and processed by computer.