

**Caerphilly County Borough
Community Infrastructure Levy**

**Preliminary Draft
Charging Schedule
Report of Consultation**

March 2013



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Head of Regeneration & Planning

Caerphilly County Borough

Community Infrastructure Levy

**Preliminary Draft Charging Schedule &
Draft Infrastructure List**

Report of Consultation

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Glossary of Terms

Charging Schedule	Community Infrastructure Levy Preliminary Draft Charging Schedule & Draft Infrastructure List
Viability Report.....	Study Into The Economic Viability of Charging Community Infrastructure Levy in Caerphilly, Merthyr & Rhondda Cynon Taf County Borough Councils
Infrastructure Report.....	Caerphilly County Borough LDP Infrastructure Assessment Report
Consultation Documents.....	Charging Schedule, Viability Report and Infrastructure Report
CIL Regs.....	Community Infrastructure Levy Regulations 2010 (as amended)

Introduction

The Consultation

1. Regulation 15 of the Community Infrastructure Levy Regulations 2010 (as amended) (CIL Regs) require that any charging authority wishing to prepare a CIL Charging Schedule must prepare a preliminary-draft charging schedule for consultation. The council, as a charging authority, prepared its Preliminary Draft Charging Schedule (Charging Schedule) and formally placed it on consultation for six weeks, between 17 October 2012 and 28 November 2012.
2. The council also published its evidence base, i.e. the Study Into The Economic Viability of Charging Community Infrastructure Levy in Caerphilly, Merthyr & Rhondda Cynon Taf County Borough Councils (Viability Report) and the Caerphilly County Borough LDP Infrastructure Assessment Report (Infrastructure Report), for consultation in conjunction with the Charging Schedule.
3. In accordance with Regulation 15 a copy of the consultation documents were sent to the Consultation Bodies and comments on the consultation documents were invited. Copies of the consultation documents, along with details of the consultation period, were made available on the Council's website and at the council offices. Statutory Notices were placed in the Western Mail and Campaign newspapers, an article was placed in the Council's Newline publication and consultation letters were sent to everyone on the council's LDP consultation database.
4. The council have complied with the consultation requirements set out in Regulation 15 of the CIL Regs.

The Responses

5. A total of 12 duly-made submissions were received during the consultation. In addition to this one submission was received shortly after the deadline for submission of comments. Normally any comments submitted after the deadline for submission of comments would not be considered. However, given that the purpose for the consultation is to actively seek comments on the consultation documents in order to improve them, the council has decided to accept the late submission and consider it alongside the 12 duly-made submissions. Consequently a total of 13 submissions have been received and considered as a result of the consultation period.
6. Whilst 13 submissions have been received a number of these submission address more than one issue. In order to ensure that all of the issues raised are addressed in this Report, each issue is specifically identified and recorded as a separate Representation. As a consequence the 13 submissions have realised a total of 59 representations.
7. It should be noted that the Representation Form that was used for the consultation set out a list of 12 "Yes/No" questions on issues related to CIL. The reason for setting out these questions was for the council to gauge views on issues of uncertainty or where inadequate guidance was available. Whilst a text box for comments was provided after each question many of the submissions addressed the questions directly and then provided separate commentary through use of a separate document. Of the 59 representations received, 7 relate to the Response

Form Questions, whilst 52 relate to the issues raised in the separate documentation.

Format of the Report of Consultation

8. In order to respect the intended purpose of the Response Form Questions, the responses to these have been set out in tabular form in section 1 of the Report. The Representation Form sets out the question with three possible answers, namely “Yes”, “No” and “Neither”. The responses are provided in numerical form relating to the number of submissions that responded in that way. Where responses did not provide an answer or selected the option “Neither” these have been recorded as “No Response” in the table. It should be noted that no analysis of this information has been provided, as the results are intended to provide a basis for further consideration of the issues.
9. Section 2 of this Report sets out the representations, which have raised issues in respect of the consultation documentation. Each representation is addressed in turn, sorted according to the nature of the issue that they have raised. The Report sets out the details of the representation along with a suggested change resulting from the representation. Then the representation is subject to an officer comment in the form of an analysis and then a recommendation on the course of action in respect of the representation.

Moving Forward

10. This Report of Consultation will form part of a Report that will be presented through the councils reporting procedure to a full council meeting in March. It is intended to present the report to the following:
 - Regeneration Scrutiny Committee (19 February 2013)
 - Cabinet (5 March 2013)
 - Council (12 March 2013)
11. Prior to submission to Scrutiny Committee the views of the Officer Working Group and the Steering Group, two of the groups set up to facilitate the preparation of the CIL, will be sought.
12. If, at the council meeting in March, the council endorses the recommendations in the report, the Delivery Agreement sets out that the Draft CIL Charging Schedule will be prepared for consultation in April/May 2013.

Section 1 - Representation Form Question Responses

Question		Yes/No		Reasons
1	Are the Viability Assumptions and method robust	Yes	2	
		No	3	The submission includes a number of objections in relation to the assumptions and method used to assess viability (each of these objections are detailed separately and individually). The lack of any figures on the income raised is a serious flaw that makes it very difficult for any assessment as to whether the assumptions are feasible
		No Response	2	
2	Is the Viability Report an appropriate basis	Yes	2	
		No	3	The submission includes a number of objections in relation to the assumptions and method used to assess viability (each of these objections are detailed separately and individually).
		No Response	2	
3	Are the Residential Zones appropriate	Yes	4	The boundaries appear logical and are based on sound viability evidence Agree with the differential residential areas set out. Irrespective of the residential rate proposed, we consider the proposed residential charging zones appropriate having taken account of the economic differences between the sub-regions. Agree the proposed boundaries
		No	1	The submission includes a number of objections in relation to the assumptions and method used to assess viability (each of these objections are detailed separately and individually).
		No Response	2	

Preliminary Draft Charging Schedule – Report of Consultation

4	Do you agree with differential residential rates	Yes	1	
		No	4	<p>The evidence appears to justify a higher rate than £40 psm in the higher viability area, i.e. up to £125 psm</p> <p>The lack of any figures on the income raised is a serious flaw that makes it very difficult to make any comment.</p> <p>The submission includes objections relating directly and indirectly to the CIL rates (these are considered separately and individually)</p> <p>To provide an incentive for environmental conservation, there should be an extra charge for greenfield development and an allowance for brownfield development.</p>
		No Response	2	
5	Should affordable housing be delivered through CIL	Yes	2	<p>Our members in the borough would prefer that residential development is subject to draft charging under the affordable housing via section 106 notices rather than by your draft charging schedule under the CIL rate. This is because there is a huge disparity</p> <p>The ability to negotiate Affordable Housing needs to be maintained to ensure site viability is maintained. Providing Affordable Housing through CIL would remove this flexibility.</p>

Preliminary Draft Charging Schedule – Report of Consultation

		No	3	<p>In order that affordable housing does not affect the economic viability of non-residential applications.</p> <p>It is likely to be easier to secure on-site through S106 ensuring mixed sustainable new communities on a site-by-site basis. Securing it through CIL could undermine delivery of affordable housing with other forms of infrastructure being prioritised ahead</p> <p>It is believed this is funded via central government.</p> <p>Strongly believe that affordable housing is best delivered as an integrated part of housing development.</p>
		No Response	2	
6	Do you agree a CB wide flat rate for A1, A3 & D1	Yes	4	
		No	0	
		No Response	3	
7	Do you agree different rates for A1, A3 & D1	Yes	2	
		No	1	'The lack of any figures on the income raised is a serious flaw that makes it very difficult to make any comment.
		No Response	4	
8	Is a £0 charge for B1, B2, B8 & D2 appropriate	Yes	1	
		No	1	'The lack of any figures on the income raised is a serious flaw that makes it very difficult to make any comment.
		No Response	5	
9	Are CIL rates an appropriate balance	Yes	3	
		No	2	The submission includes a number of objections in relation to the assumptions and method used to assess viability (each of these objections are detailed separately and individually).

Preliminary Draft Charging Schedule – Report of Consultation

		No Response	2	
10	Do you agree with the Infrastructure List	Yes	3	
		No	2	The submission includes a number of objections in relation to landuses included in and excluded from the Infrastructure List (each of these objections are detailed separately and individually). The first priority for use of the funds should be the environs of the development, to the extent that any local amenities will be damaged or require upgrading, and the work would not otherwise be done.
		No Response	2	

11	Should exceptional circumstances relief be offered	Yes	5	
		No	0	
		No Response	2	
12	How much CIL should local communities receive	Yes	4	At least 10% so that local communities receive some benefit from new development in their area, but not so much as to undermine delivery of strategic infrastructure Without knowing what the anticipated income will be it is difficult to respond to this question, but a 10% figure would be a reasonable amount to pass onto town and community councils.
		No	1	It is considered that priorities should be set so that significantly important strategic infrastructure is funded through CIL as an enabler to development prior to local priorities.
		No Response	2	

Section 2 – Issues Raised

Document: CIL Viability Report
Issue Viability Evidence - S106 Costs

Representor: Sainsbury's Supermarkets Ltd

Representation Number: 258.P6 **Representation Type:** Objection

Summary of Comment:

The assessment does not take account of additional S106 costs, which can further impact upon viability, further undermining the proposed CIL rate.

Representation:

Caution is urged in respect of the potential for other s.106 requirements (which have not been taken into account in any way in the DVS report) to further impact viability (paragraph 1.8) and in respect of exceptional development costs generally (paragraph 1.11). Such considerations call into question the wisdom of setting a CIL rate at £100/sqm as the evidence simply does not support such a level.

Representor Change:

The implications of S106 costs be taken into account in the viability assessment.

Officer Analysis:

In undertaking the site appraisals the three authorities took a strategic decision not to make an assumption in respect of S106/278 costs. This decision reflected the fact that S106 agreements for commercial development varied considerably in terms of both nature and level of contribution. Given the potential variance of such costs it would be inappropriate to viability test sites using an assumed cost, because this would undoubtedly result in over-burdening sites with high levels of S106 costs, whilst under charging sites with little or no S106 costs, both situations being inequitable.

The Viability evidence has realised some highly viable results through the site assessments and the DVS suggested range for retail developments reflects this. The council has, in turn, reflected the potential costs associated with S106 and S278 agreements by setting the CIL rate at the lower end of the range, allowing leeway for such costs. The CIL Regulations require that, in setting their CIL Rates, Charging Authorities must strike “an appropriate balance” between the desirability of generating funding through CIL and the potential effects on economic viability of development in implementing CIL. In simple terms the charging authority needs to strike what appears to it to be an appropriate balance between raising CIL funding and impacting upon site viability (meaning some sites will no longer be viable). It must be noted that neither the CIL Regulations nor any CIL Guidance seeks to maintain the viability of all sites. Consequently there must be an acceptance that a certain amount of development may be made unviable, and it is the level of this effect, considered against the need to raise funding to provide infrastructure to support development, that is the basis of the “appropriate balance”.

It is the council's view that, given the above, the CIL rate for retail development within the Preliminary Draft Charging Schedule strikes an appropriate balance and is reflective of the viability evidence.

Council Recommendation:

No amendment is made to the Viability Report in respect of this representation

Document: CIL Viability Report
Issue: Viability Evidence - S106 Costs

Representor: Landowner and Developer Consortium

Representation Number: 4555.P12 **Representation Type:** Objection

Summary of Comment:

DVS have made no allowance for S106 or S278 costs in their viability assessment, which is totally unrealistic

Representation:

The Government's position on the role of Planning Obligations is clearly outlined in the Overview document at paragraphs 59 and 60, notably the statutory basis that they must be directly related to mitigating the impact of development, and that CIL payments and planning obligations do not overlap. What is clear is that Section 106 may still be sought post CIL adoption which therefore needs to be factored into viability. However, the viability appraisals undertaken by DVS within their study have made no allowance for additional S106 or Section 278 costs which is totally unrealistic. We understand that the Council have made their own arbitrary allowances for this in setting their CIL rates toward the lower end of the range recommended by DVS, but this raises concerns about whether the ranges recommended by DVS were appropriate in the first instance and therefore whether a sufficient viability "gap" has been allowed in setting the proposed CIL rates.

The Consortium request clarification as to the remaining S106 obligations that the Council will be able to seek in addition to CIL following implementation.

Representor Change:

The Viability Report be amended to set out the likely amount of S106 contributions and the residential charging rates be amended to reflect this.

Officer Analysis:

In undertaking the site appraisals the three authorities took a strategic decision not to make an assumption in respect of S106/278. This decision was taken for the following reasons:

1. In Caerphilly only around 1 in 5 planning applications are subject of S106 contributions. As a result the vast majority of of planning applications (80%) are unaffected by S106 costs. Therefore applying a cost assumption for S106 would mean applying a cost element to this vast majority of developments, which would not incur such costs. Doing so would undermine the ability to raise CIL revenue intended to provide infrastructure to support development in accordance with the Development Plan, a prime objective of the implementation of CIL.
2. The number of planning applications, which are the subject of S106 agreements, is higher than would normally be expected due to the fact that the council applies the Caerphilly Basin Strategic Highway Network Obligation (Highway Obligation) to all residential applications in the Caerphilly Basin area. Nearly three-quarters of the total number of applications subject to S106 agreements in Caerphilly Basin relate

solely to the Highway Obligation. As a result only 25% of the total S106 applications would be subject to a S106 agreement, if the Highway Obligation were to be removed. It should, therefore, be noted that the implementation of CIL will effectively require the withdrawal of the Highway Obligation, which will then become part of the CIL eligible Infrastructure List. It should also be noted that other obligations, which would have previously been financed through S106, will also be subsumed into the Infrastructure List. It is clear that the implementation of CIL will drastically change the nature and level of S106 contributions, with many elements being subsumed into CIL and the consequential reduction in the level of S106 contributions.

The council have considered the implications of the changes in circumstances related to the implementation of CIL in respect of the relative contributions required from developments, which would have been subject of S106 agreements. In the Lower Viability Area, due to the fact that the CIL rate is £0, the net effect of CIL Implementation is to make the sites more viable by £37 per sq.m. In the Mid-Range Viability Area the net effect is to make the sites less viable by £22 per sq.m. However it should be noted that the LDP includes a policy that seeks to set out a strategic highway obligation for the Northern Connections Corridor, which encompasses the Mid-Range Viability Area. Whilst the level of obligation is unlikely to be as high as that levied in the Caerphilly Basin (£5,500 per dwelling) it is more than likely that the obligation would seek in excess of £2000 per dwelling, which would take account of the £22 increase in costs in this area. If considered against the policy position the Mid-Range Viability Area would be likely to be the same or slightly more viable upon implementation of CIL. In the Higher Viability Area, due to the presence of an extant highway obligation, the net effect is to make sites slightly more viable by £5 per sq.m. It is the council's view that the level of S106 costs would be greatly reduced and would not be as significant an effect on site viability than it has been to date.

3. The CIL Regulations and CIL Guidance require that, in setting the CIL Rates, a charging authority must strike “an appropriate balance” between the desirability of generating funding through CIL and the potential effects on economic viability of development in implementing CIL. In simple terms the charging authority needs to strike what appears to it to be an appropriate balance between raising CIL funding and impacting upon site viability (meaning some sites will no longer be viable). It must be noted that neither the CIL Regulations nor any CIL Guidance seeks to maintain the viability of all sites. Consequently there must be an acceptance that a certain amount of development may be made unviable, and it is the level of this effect, considered against the need to raise funding to provide infrastructure to support development, that is the basis of the “appropriate balance”.

In its Adopted Plan Caerphilly CBC has made a significant over-allocation (19%) in terms of residential allocations, when considered against the housing requirement for the plan period. The reason for including the over-allocation was to enhance range and choice and to try to stimulate development. As a result the council would not expect all of the allocated residential sites to come forward. Given that only 20% of applications are subject to S106 agreements, the over-allocation of sites, and the acceptance that not all sites will be developed, a sufficient allowance has been made to compensate for sites that may be made unviable by the imposition of CIL.

In undertaking the site appraisals the council is always mindful that a range of viability was likely to be realised and the council's decision on where to set the CIL rate within this range will have critical implications for site viability and CIL revenue. The council is of the view that the CIL rate should be set at the lower end of the range to maximise site viability, and this is the case in the Preliminary Draft Charging Schedule. The LDP over-allocation of residential sites combined with a CIL rate at the lower end of viability provides sufficient flexibility to accommodate S106 and S278 costs, whilst maintaining the appropriate balance between raising CIL revenue and the viability effects of imposing CIL.

Given the above, the CIL rate for residential development on the Preliminary Draft Charging Schedule strikes an appropriate balance and is reflective of the viability evidence

The Representor seeks clarification of what obligations under S106 agreements the council will seek in addition to the CIL charge. The CIL regulations require that the council must prepare and publish a list of infrastructure that will be eligible for CIL funding. Infrastructure not included on the Infrastructure List cannot be funded through CIL and could only be funded through negotiated S106 agreements. Therefore all infrastructure not included on the Infrastructure List could be sought through S106 agreements. The council produced a draft infrastructure list in the Preliminary Draft Charging Schedule to outline the council's current thoughts on what infrastructure should be CIL eligible.

Whilst the scope of S106 infrastructure is huge, the details of what contributions will be sought can only be determined when the nature of the development is known, i.e. when a proposal is brought forward. Until such time it would be impossible to determine what S106 contributions would be sought.

Council Recommendation:

No amendment is made to the Viability Report in respect of this representation.

Document: CIL Viability Report
Issue: Viability Evidence - S106 Costs

Representor: Landowner and Developer Consortium

Representation Number: 4555.P32 **Representation Type:** Objection

Summary of Comment:

No additional S106 Costs have been included in the assessments

Representation:

No additional Section 106 costs have been included, whereas in reality there are likely to be site specific circumstances where Section 106 payments are sought to mitigate the impact of development.

Whilst it is appreciated that a number of the existing planning obligations will no longer be sought via S106 contributions from April 2014 (including the Caerphilly Basin Strategic Highway Network Contribution), other obligations such as on-site provision of Play Space, site access improvements and education contributions will still be sought where appropriate and this should therefore be catered for within the viability appraisals that inform the CIL rates. In previously providing affordable housing viability assessments, the Council made assumptions of what S106 obligations and associated costs would be required in addition to affordable housing requirements and concluded that a rate of £8,500 per plot would be appropriate in the Caerphilly Sub Market and £5,000 per plot in other areas.

It is recognised that these costs will include strategic infrastructure provision, especially the Caerphilly Sub Market obligation as this will include a provision of £5,500 for the Strategic Highway Network Contribution, but based on this information it is reasonable to allow within a viability appraisal a S106 obligation of between £3,000 and £3,500 per dwelling in addition to the CIL provision and these costs should be factored into the appraisal so that their full impact on the cashflow can be recognised.

Representor Change:

The Viability Report be amended by the inclusion of an appropriate S106 cost allowance in the assessments.

Officer Analysis:

In undertaking the site appraisals the three authorities took a strategic decision not to make an assumption in respect of S106/278. This decision was taken for the following reasons:

1. Only around 1 in 5 planning applications are subject of S106 contributions. As a result the vast majority of of planning applications (80%) are unaffected by S106 costs. Therefore applying a cost assumption for S106 would mean applying a cost element to this vast majority of developments, which would not incur such costs. Doing so would undermine the ability to raise CIL revenue intended to provide infrastructure to support development in accordance with the Development Plan, a prime objective of the implementation of CIL.

2. The number of planning applications, which are the subject of S106 agreements, is higher than would normally be expected due to the fact that the council applies the Caerphilly Basin Strategic Highway Network Obligation (Highway Obligation) to all residential applications in the Caerphilly Basin area. Nearly three-quarters of the total number of applications subject to S106 agreements in Caerphilly Basin relate solely to the Highway Obligation. As a result only 25% of the total S106 applications would be subject to a S106 agreement, if the Highway Obligation were to be removed. It should, therefore, be noted that the implementation of CIL will effectively require the withdrawal of the Highway Obligation, which will then become part of the CIL eligible Infrastructure List. It should also be noted that other obligations, which would have previously been financed through S106, will also be subsumed into the Infrastructure List. It is clear that the implementation of CIL will drastically change the nature and level of S106 contributions, with many elements being subsumed into CIL and the consequential reduction in level of S106 contributions.

The council have considered the implications of the changes in circumstances related to the implementation of CIL in respect of the relative contributions required from developments, which would have been subject of S106 agreements. In the Lower Viability Area, due to the fact that the CIL rate is £0, the net effect of CIL Implementation is to make the sites more viable by £37 per sq.m. In the Mid-Range Viability Area the net effect is to make the sites less viable by £22 per sq.m. However it should be noted that the LDP includes a policy that seeks to set out a strategic highway obligation for the Northern Connections Corridor, which encompasses the Mid-Range Viability Area. Whilst the level of obligation is unlikely to be as high as that levied in the Caerphilly Basin (£5,500 per dwelling) it is more than likely that the obligation would seek in excess of £2000 per dwelling, which would take account of the £22 increase in costs in this area. If considered against the policy position the Mid-Range Viability Area would be likely to be the same or slightly more viable upon implementation of CIL. In the Higher Viability Area, due to the presence of an extant highway obligation, the net effect is to make sites slightly more viable by £5 per sq.m. It is likely that the level of S106 costs will in future be greatly reduced and not be as significant an effect on site viability than it has been previously.

3. The CIL Regulations and CIL Guidance require that, in setting the CIL Rates, a charging authority must strike “an appropriate balance” between the desirability of generating funding through CIL and the potential effects on economic viability of development in implementing CIL. In simple terms the charging authority needs to strike what appears to it to be an appropriate balance between raising CIL funding and impacting upon site viability (meaning some sites will no longer be viable). It must be noted that the neither the CIL Regulations nor any CIL Guidance seeks to maintain the viability of all sites. Consequently there must be an acceptance that a certain amount of development may be made unviable, and it is the level of this effect, considered against the need to raise funding to provide infrastructure to support development, that is the basis of the “appropriate balance”.

In its Adopted Plan Caerphilly CBC has made a significant over-allocation (19%) in terms of residential allocations, when considered against the housing requirement for the plan period. The reason for including the over-allocation was to enhance range and choice and to try to stimulate development. As a result the council would not expect all of the allocated residential sites to come forward. Given that only

20% of applications are subject to S106 agreements, the over-allocation of sites, and the acceptance that not all sites will be developed, a sufficient allowance has been made to compensate for sites that may be made unviable by the imposition of CIL.

In undertaking the site appraisals the council were always mindful that a range of viability was likely to be realised and the council's decision on where to set the CIL rate within this range had critical implications for site viability and CIL revenue. The council's view was that the rate should be set at the lower end of the range to maximise site viability, and this is the case in the Preliminary Draft Charging Schedule. The LDP over-allocation of residential sites combined with setting the rate at the lower end of viability provides sufficient flexibility to accommodate S106 and S278 costs, whilst maintaining the appropriate balance between raising CIL revenue and the viability effects of imposing CIL.

It is the council's view that, given the above, the CIL rate for residential development on the Preliminary Draft Charging Schedule strikes an appropriate balance and is reflective of the viability evidence

Council Recommendation:

No amendment is made to the Viability Report in respect of this representation

Document: CIL Viability Report
Issue Viability Evidence - External Costs

Representor: Landowner and Developer Consortium

Representation Number: 4555.P24 **Representation Type:** Objection

Summary of Comment:

BCIS Costs do not include external works and are insufficient to cover the additional costs of building.

Representation:

BCIS costs do not allow for the costs of external works and infrastructure and whilst DVS suggest that some of the evidence forming the BCIS construction rates already reflect the additional rates required to build to Code for Sustainable Homes Level 3 requirements, it must be remembered that (i) the sample is taken from England and Wales and as a result the requirements in England are lower than in Wales and (ii) the number of dwellings constructed to Code 3 plus is currently very limited. As a result, we are firmly of the view that BCIS build costs are insufficient to cover the additional costs for building new homes to Level 3 + 1 credit ENE1.

Representor Change:

The Viability Report be amended by the inclusion of additional cost allowance for external and additional costs in building.

Officer Analysis:

The site assessment methodology includes a 17.5% allowance for external works and sustainability as noted in the Viability Report (*Paragraph 5.22*). In the residential appraisal included as Appendix H to the Viability Report, this allowance amounts to £1.6m for a development of 137 dwellings, equivalent to £11,678 per house.

In respect of the issue regarding Code 3, the BCIS information is primarily informed by RSL data, which includes such costs and, in some cases a portion of the evidence will be for schemes in excess of Code 3. In addition to this DVS advise that evidence they have from local RSL developers have seen a fall in construction tender costs since the market downturn, which is indicative of the market generally, and these savings have offset increasing sustainability costs.

DVS have also advised that recent viability submissions, put forward by applicants and their consultants, often include construction rates inclusive of Code requirements and, when compared to BCIS information, are typically comparable to BCIS rates.

Finally the typical benchmark for external works is 15%. The 17.5% allowance includes an additional 2.5% notional allowance for sustainability costs.

Overall the council are satisfied that external and sustainability costs are adequately considered in the Viability Report.

Council Recommendation:

No amendment is made to the Viability Report in respect of this representation.

Document: CIL Viability Report
Issue Viability Evidence - Abnormal Costs

Representor: Landowner and Developer Consortium

Representation Number: 4555.P26 **Representation Type:** Objection

Summary of Comment:

No allowance has been made for abnormal or additional costs in the assessments

Representation:

In their appraisal, DVS have applied an additional 17.5% of core construction costs for external works and infrastructure costs, to include the additional sustainability requirements of the Welsh Government (to Level 3 + 1 credit ENE1) but with no separate allowance for abnormal development costs or additional costs reflecting the above proposed changes.

According to the Homes and Communities Agency, analysis completed by BCIS for the Housing Corporation in 2007 indicated that the average cost of external works and infrastructure on residential schemes started since 2003 was equivalent to an additional 27% of building costs, including a wide range of site specific circumstances.

The Communities and Local Government Agency undertook a “Code for Sustainable Homes Cost review in August 2011 which considered the “extra over” amount for complying with various Code levels. This provided a mean average additional cost for all house types of £2,601 to meet Code level 3 and £5,300 to reach Code level 4. WG also make allowances within their viability analysis for developing to the Welsh Government’s Standard set out by TAN 22 which allows an average of £3,833 per dwelling.

Given the requirement for Sustainable Urban Drainage (SUDS) on virtually all development sites in Wales, we consider it important to make a cost allowance for providing SUDS solutions and again the WG viability analysis assumed an average cost of £500 per dwelling, which the Consortium members consider to be a conservative estimate.

Whilst it is accepted that it is difficult to predict the level of abnormal costs on any given site, the reality is that given the very nature of the location and the Brownfield priority of the LDP, a significant number of sites in the Caerphilly area will be subject to abnormal development costs.

HBF have recently undertaken consultation with their membership in respect of costs associated with site remediation and addressing abnormal constraints. Some of the costs were estimates, whilst others were actual costs taken from recently developed sites. The costs ranged from £115,000 per gross acre for more straightforward sites, to over £400,000 per gross acre for more difficult sites. On average, from the list of sample sites provided, and from comments received, the average costs were considered to be approximately £220,000 per gross acre.

Further to the above, HBF also received reports from Integral Geotechnique and Arup outlining a summary of the typical costs of remediating sites in Wales. These organisations are professional consultancies that specialise in site remediation and the

redevelopment of housing sites. Both organisations have extensive experience and expertise in developing land in many areas of Wales for a variety of different clients and therefore, we have no doubt that the cost estimates provided within these reports are robust and accurate. As can be seen from the reports, the typical costs range between £175,000 to £325,000 per gross acre, which on average works out at £250,000 per gross acre. However, it is evident from the advice given within the reports that due to topography and the general nature of development sites in Wales, the actual costs could be well in excess of the figures quoted. As such, we believe this should be considered a conservative estimate and given the Brownfield priority comprised within the Council's LDP, it is imperative that abnormal costs are fully accounted for in undertaking viability studies for informing CIL charging schedules.

Based on this information, we consider that an allowance of 17.5% only allows for a proportion of site costs and we consider the appropriate basis of assessment would be to allow the following costs:-

A base allowance of 15% of core costs to cover site wide infrastructure and utilities

An additional cost of £3,833 per dwelling to cater for Level 3 + 1 credit ENE1

An additional cost of £4,200 per dwelling to cater for proposed Part L improvements

An additional cost of £3,075 per dwelling to cater for proposed fire sprinklers

An additional cost of £500 per dwelling to cater for SUDS

An additional average cost of £250,000 per acre to cater for abnormal costs

Representor Change:

The viability report be amended by the inclusion of the following costs in the assessments:

1. A base allowance of 15% of core costs to cover site wide infrastructure and utilities
 2. An additional cost of £3,833 per dwelling to cater for Level 3 + 1 credit ENE1
 3. An additional cost of £4,200 per dwelling to cater for proposed Part L improvements
 4. An additional cost of £3,075 per dwelling to cater for proposed fire sprinklers
 5. An additional cost of £500 per dwelling to cater for SUDS
 6. An additional average cost of £250,000 per acre to cater for abnormal costs
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Officer Analysis:

1. The appraisal methodology includes a 17.5% allowance for external and sustainable costs. This allowance covers infrastructure and utilities costs
2. In respect of the issue regarding Code 3, the BCIS information is primarily informed by RSL data, which includes such costs and, in some cases a portion of the evidence will be for schemes in excess of Code 3. In addition to this DVS advise that local RSL developers have seen a fall in construction tender costs since the market downturn, which is indicative of the market generally, and these savings have offset increasing sustainability costs. DVS have also advised that recent viability submissions, put forward by applicants and their consultants, often include construction rates inclusive of Code requirements and, when compared to BCIS

information, are typically comparable to BCIS rates. Finally the typical benchmark for external works is 15%. The 17.5% allowance includes an additional 2.5% notional allowance for sustainability costs. Overall the external and sustainability costs are adequately considered in the Viability Report.

3. Whilst it is likely that the proposed changes to Building Regulations will be formalised, there is still uncertainty over the content of the changes and when exactly such changes will become a requirement. The Viability Report does not take account of these potential additional costs as a result. However, the CIL preparation process and annual monitoring of the CIL when it is adopted provides the mechanisms for taking account of such changes if, and when, they change circumstances significantly enough to warrant change to the CIL Charging Schedule.
4. Whilst it is likely that the proposed changes to Building Regulations will be formalised, there is still uncertainty over the content of the changes and when exactly such changes will become a requirement. The Viability Report does not take account of these potential additional costs as a result. However, the CIL preparation process and annual monitoring of the CIL when it is adopted provides the mechanisms for taking account of such changes if, and when, they change circumstances significantly enough to warrant change to the CIL Charging Schedule.
5. The issue of SUDs is still unresolved. Whilst developers are required to provide an element of SUDs in developments there is currently no requirement upon local authorities to adopt them and the issue of how such provision is to be maintained has yet to be resolved by the Welsh Government. There is a current debate regarding whether SUDs will cost more or less than conventional drainage systems, particularly in respect of differing scenarios (greenfield or brownfield). Consequently, whilst the Representor seeks the WG assumption of £500, no evidence has been provided to support this sum. Given the uncertainties that exist in respect of SUDs, it is appropriate that such costs are considered and addressed on a site-by-site basis.
6. Some future development sites will be affected by abnormal costs. In establishing the methodology for the assessments the authorities, along with the DVS, concluded that it was not possible to establish and implement differential CIL rates for sites without abnormal costs and sites with abnormal costs. This is primarily due to the fact that abnormal costs are just that, abnormal, and can vary greatly in nature, scale and cost. Given the potential variance of such costs it would be inappropriate to viability test sites using an assumed cost, because this would undoubtedly result in over-burdening sites with high levels of abnormal costs, whilst under charging sites with little or no abnormal costs, both situations being inequitable. Consequently it would be inappropriate to include abnormal costs in the Viability Report methodology and consequently such costs should be considered on a site-by-site basis.

However, the issue of abnormal costs is an important one, as the South Wales Valleys contain significant amounts of derelict land. It should be noted that, over the past 10 years or more, there has been a brownfield focussed strategy for development across the South Wales Valleys, with a preference for development on brownfield land, with all of its associated costs. As a result over the past 10 years

the information that the BCIS data has been based upon has reflected the costs of brownfield building, including the abnormal costs associated with such sites. As a result the current BCIS data will reflect these costs to some degree.

In addition to the above, the brownfield strategy for the South Wales Valleys will have been reflected in the price that developers have been paying for land, i.e. the more constrained the land the lower the price. Therefore, the transactional evidence underpinning the Viability Report also takes account of an element of abnormal costs associated with South Wales Valley development.

The methodology adopted for undertaking the site assessments makes a number of assumptions and allowances for various matters. In setting the assumptions and allowances a degree of flexibility has been built in to ensure that they allow an element of flexibility in terms of overall viability. The cost allowances and assumptions used in the site appraisals provide a significant element of flexibility to the viability levels, providing a cushion for abnormal costs.

On top of the flexibility built into the site appraisal methodology, the CIL Charges have also been set at the bottom end of the CIL Ranges identified In the Viability Report. The CIL Ranges can be viewed as a scale, the higher the level the less viable development becomes with an increase in numbers of unviable schemes. By contrast the lower the level the more viable development becomes with an increasing number of viable developments. Setting the CIL Rate at the lower end of the ranges means that development is more viable and provides flexibility to accommodate any additional costs such as abnormal.

All of the above factors contribute towards a position where the CIL Rates include a significant amount of flexibility in viability terms, that can address the issue of abnormal costs.

However, there will always be a situation where a small number of individual sites could realise onerous levels of abnormal costs. It should be noted that the CIL regulations set out criteria for relief of CIL where the imposition of CIL makes development unviable, and the value of a S106 agreement (used to cover the abnormal costs) would be greater than the CIL revenue for the development. This provision caters for sites with high level of abnormal costs, allowing such development relief from paying CIL where a correspondingly high level of S106 contribution is required.

It should also be noted that, in setting the CIL Rate, the council are required to strike an appropriate balance between the desire to deliver infrastructure and the impacts of the imposition of CIL on site viability. It has to be acknowledged that, in striking the appropriate balance, some sites will inevitably be made unviable and will not come forward. Consequently it cannot be the case that the CIL Rate should ensure viability of all sites, more that it should strike the appropriate balance.

The Representor has submitted three appendices regarding the issue of the level of abnormal costs. From these appendices the Representor contends that an allowance of £250,000 per acre for abnormal costs should be made within the site appraisal methodology. Appendix 1 to the representation provides details of “abnormal costs” for a number of sites from a number of developers. Whilst the value of the “abnormal costs” is given per acre, there is no indication as to what works these costs relate to, or what makes these costs abnormal. As outlined

above there has been a brownfield emphasis for development for in excess of 10 years and costs associated with such development can no longer be considered to be abnormal. Appendices 2 & 3 of the representor's evidence set out the views of the Representor and another consultancy regarding their opinion of what an appropriate allowance for abnormal costs would be, although no supporting evidence for these positions has been put forward.

The evidence submitted by the Representor sets out the costs associated with brownfield development. However, no account has been taken of the element of the "abnormal" cost that had been accounted for in the price of the price paid for the land, nor has any allowance been made for the element of these costs that is present in the BCIS data. Consequently the costs provided by the Representor are just that, the costs of that particular bit of the development in isolation, which takes no account of how such costs would fit into the complete financial package of the development.

Council Recommendation:

No amendment is made to the Viability Report in respect of this representation.

Document: CIL Viability Report
Issue Viability Evidence - Part L Costs

Representor: Landowner and Developer Consortium

Representation Number: 4555.P25 **Representation Type:** Objection

Summary of Comment:

The DVS report has made no allowance for the additional costs arising from implementation of Part L and requirement for sprinklers

Representation:

Full regard must also be given to the additional costs which will result from the Welsh Governments (WG) stated policy intentions for proposed improvement in Part L (40% improvement) and providing fire sprinklers into new homes in Wales from 2013. Despite WG confirming that developers seeking land for development beyond 2014/15 should take a cautious approach and should plan for both the inclusion of a 40% improvement and residential sprinklers in their bid assumptions, the DVS viability study has made no allowance for these additional costs which we consider entirely inappropriate.

As part of the consultation document for the proposed change to Part L of Building Regulations and Fire Sprinklers, there was documentation that provided information on potential additional construction costs for the proposed changes. The average additional costs per dwelling are set out below:-

25% Reduction - £3,300

40% Reduction - £4,200

Sprinklers - £3,075

Representor Change:

The Viability Report be amended by the inclusion of the following additional costs in the assessments:

25% Reduction - £3,300

40% Reduction - £4,200

Sprinklers - £3,075

Officer Analysis:

The appraisals in the Viability Report have an element of allowance for sustainable development costs built into the methodology, with part of the 17.5% allowance for external and sustainable costs being prescribed to sustainable costs. In addition BCIS information already reflects sustainable construction costs that, in some cases, are designed to higher standards than currently required. However the costs set out in this representation relate to prospective changes to Building Regulations, requiring additional build costs to current housing designs. As such, whilst an element of the above cost provisions could address an element of these additional costs, it is unlikely that it will cover them in their entirety.

It is important to note, however, that these changes have not been issued in final form and, as a consequence, are not requirements at the current time. Whilst the Viability Report could have taken account of the anticipated costs set out in Welsh Government documentation, it cannot be certain that the amendments will be implemented or the costings identified will be sufficiently reflective of the actual costs to make their consideration appropriate. Consequently the Viability Report has not taken account of these changes. The CIL Charging Schedule has only reached its first formal stage and will be subject of further consultation and amendment as it progresses through the procedure to Adoption. If greater certainty arises during this procedure the Charging Schedule, along with its evidence base, can be amended to reflect the changing circumstances.

Further to this, once adopted, CIL will be monitored annually to consider whether its implementation results in undesirable impacts on viability and development. The monitoring process will determine whether the CIL Charging Schedule still represents an appropriate balance between CIL revenue and development viability. Where the balance becomes inappropriate a review of the CIL will be undertaken to address the underlying issues. In this way the CIL can react to any significant changes in circumstances, such as the imposition of new building requirements.

It must be noted that it is not always possible to take account of potential future changes and, even where potential changes are known, until they are formally published there is always uncertainty over content and when they will become a requirement. Consequently the Viability Report has not made any allowance for the costs associated with the changes (although some element could be subsumed into allowances already made in the methodology). In any event the preparation procedures and monitoring post adoption provide opportunities to review the CIL should changing circumstance require such action.

Council Recommendation:

No amendment is made to the Viability Report in respect of this representation.

Document: CIL Viability Report
Issue Viability Evidence - Timescales

Representor: Landowner and Developer Consortium

Representation Number: 4555.P17 **Representation Type:** Objection

Summary of Comment:

The Report provides no information on the assumptions used in respect of development timescales

Representation:

There is no way of establishing the assumptions on development timescales within the report

Representor Change:

The Viability Report should set out details of how the timescales for development have been taken into account in the assessments.

Officer Analysis:

The representor contends that the Viability Report does not contain any information on the assumptions used in development timescales. However, Paragraph 5.45 of the Viability Report states:

"The development periods adopted within the cash flows were based on a combination of market intelligence and the BCIS construction duration calculator."

The development timescales vary from site to site, dependent upon their respective landuses. On the residential side timescales relate to site-specific sales rates of between 1 to 4 dwellings per month. On the commercial sites development timescales have been based on the construction duration calculator (*paragraph 5.45*).

Council Recommendation:

No amendment is made to the Viability Report in respect of this representation.

Document: CIL Viability Report
Issue Viability Evidence - Assessed Sites

Representor: Landowner and Developer Consortium

Representation Number: 4555.P16 **Representation Type:** Objection

Summary of Comment:

The evidence needs to be transparent but uses assumptions rather than real costs, undermining the value of using real sites

Representation:

The DVS viability assessment was based on 69 sample development sites across the study area which included the neighbouring authorities of Rhondda Cynon Taff and Merthyr Tydfil. Whilst the study considered actual sites which are committed or allocated development sites within the respective development plans, the identity of these sites has been kept confidential. Furthermore, whilst actual sites have been reviewed, the development costs are based on assumptions as opposed to actual costs which puts the value of assessing actual sites in doubt and has also made analysis and referencing of the assumptions adopted in their study very difficult. Viability is the very cornerstone of this exercise and by its nature needs to be open and transparent.

Whilst 69 sites have been reviewed, only one commercial and residential appraisal has been provided as an appendix with the treatment of some costs and revenue streams difficult to interpret. There is also some confusion in respect of the content of appendices F, H and J. The example appraisal at Appendix I is obviously site reference 7 in Appendix F for 137 dwellings, whereas, rather confusingly, it is labeled as site reference 8 in Appendix J for 140 dwellings

Representor Change:

The Viability Report needs to provide more certainty and detail of the sites used in the assessment and real costs should be used in the assessment.

Officer Analysis:

Caerphilly, Rhondda Cynon Taf and Merthyr Tydfil County Borough Council agreed to undertake a joint viability assessment across their combined authority areas to realise benefits of considering viability across Local Housing Market Areas, which extend beyond local authority boundaries. In undertaking the viability assessments DVS have taken account of the guidance set out in Paragraph 26 of the DCLG guidance document “Community Infrastructure Levy – An Overview”. This guidance clearly establishes that the viability assessment is strategic in nature, and advises that charging authorities should sample a limited number of sites in their assessments. Further to this charging authorities only need to undertake more fine grained sampling where they are proposing to set differential charges, to justify their defined boundaries. It is evident that the Councils and DVS have gone further than required in assessing 69 sites across the study area to establish their residential viability evidence base.

The representor contends that the use of cost assumptions questions the value in assessing real sites as part of the assessment process. However it should be noted that the sites identified are, largely, allocated in adopted development plans and have yet to be

developed. As a result it is impossible to provide actual costs for the development of the sites, as some costs can vary widely between developers and cannot be known until a development proposal is brought forward. The only way of ensuring that such costs are taken into account is to make assumptions regarding the scale of the costs and integrate them into the assessment methodology. Far from undermining the use of real sites, the use of assumptions allows consideration of such sites in the absence of cost information. The fact that CIL is to be adopted prior to its applications to permitted developments requires that assumptions be used, as certainty of cost values can only be assured after planning permission has been granted.

The representor contends that the use of assumptions has made analysis and referencing of assumptions difficult. The representor suggests that, whilst 69 sites were assessed, only two appraisals (1 residential, 1 commercial) have been included and this makes some cost and revenue information difficult to interpret, where it should be open and transparent.

The assumptions used in the assessment of the sites have been clearly set out and justified in Chapter 5 of the Viability Report. Examples of some of the assumptions used, and where they are explained in the Viability Report, have been set out below:

- **Development costs** – From RICS Building Cost Information Service (Mean Average Costs) and quantity surveyors advice (*Paragraph 5.18*)
- **Affordable Housing** – No Social Housing Grant is available (*Paragraph 5.24*)
- **Debit Interest** – 6%
- **Credit Interest** – 5.2%

As identified above, the viability evidence should be strategic in nature and should address general viability rather than site-specific costs and viabilities. As outlined above 69 sites have been assessed and the councils consider this to be far in excess of what guidance advises, particularly when considered against the evidence provided by charging authorities in England, whose Charging Schedules have been adopted.

In presenting the viability evidence a balance needs to be struck between the transparency of the information provided and revealing details on actual sites that could prejudice future planning applications. As a result one commercial and one residential appraisal have been included in the report to set out the methodology used to appraise the sites. Including information on all of the sites would inevitably lead to comments and subsequent discussions at examination focussing on site-specific details, rather than on general viability in accordance with the guidance.

The council are content that the number of sites appraised as part of the viability assessments is sufficiently large, and the information provided in the Viability Report is sufficiently robust and transparent to be fit for purpose and provides a robust basis for establishing the residential charges.

The representor identifies that there is a discrepancy between the reference numbers used in the appendices, notably in respect of the site used as the example appraisal, with different numbers being used in Appendix H when compared to other residential tables. There is a printing error in Appendix H, as the correct reference numbers have not been used. This should be amended to ensure conformity across the report.

Council Recommendation:

Appendix H of the Viability Report is amended to set out the correct reference numbers for the residential sites. No other amendment is made to the Viability Report in respect of this representation.

Document: CIL Viability Report
Issue: Viability Evidence - Assessed Sites

Representor: Landowner and Developer Consortium

Representation Number: 4555.P18 **Representation Type:** Objection

Summary of Comment:

Only 13 sites in the county borough have been assessed and this is neither representative nor robust.

Representation:

Whilst the study examines 69 sites, many are located outside of the Borough in neighbouring authorities. We understand that a total of 13 sites in the Caerphilly Borough have been tested. If we consider the Southern part of Caerphilly (higher viability area) only three sites have been tested, one is a Greenfield site (site 2), which is contrary to Caerphilly's current Brownfield priority in the LDP, and another (site 3) only has a 10% affordable housing commitment (as opposed to the Council's 40% policy in this part of the Borough). We therefore question the appropriateness of the test sites being representative of the committed housing development forming part of the Council's LDP and we do not consider that the test regime that has been undertaken to be robust.

Representor Change:

The viability assessment should assess more sites to ensure they are representative and to make the process robust.

Officer Analysis:

Each local authority supplied DVS with details of the likely schemes and sites that will deliver new development of that type within each authority over the course of their respective LDPs.

Paragraph 26 of the DCLG guidance document "Community Infrastructure Levy – An Overview" states:

"In practice, charging authorities may need to sample a limited number of sites in their areas and in England, they may want to build on work undertaken to inform their strategic housing land availability assessments. Charging authorities that decide to set differential rates may need to undertake more fine-grained sampling to help them to estimate the boundaries for their differential rates."

This guidance clearly identifies that only a limited number of sites need to be considered in establishing the CIL rates. A total of 13 sites, located across the county borough were assessed as part of the viability assessment for residential development. It should also be noted that, in order to establish charging zones, the assessment was taken across the study area as a whole and, as such, the assessment consists of 31 sites across the study area. This is, if anything, far in excess of the guidance, and is certainly a higher-level assessment than some English authorities have used to establish their residential charges.

The council are content that the number of sites assessed as part of the viability assessments is sufficiently large to be fit for purpose and provides a robust basis for establishing the residential charges.

The Representor raises concerns in respect of a site within the Higher Viability Area that has a 10% affordable housing assumption, contrary to the 40% requirement for the Caerphilly Basin. It is confirmed that all of the site viability appraisals have used affordable housing levels set out in the respective authority's Adopted LDP. As such the Viability Report is entirely consistent with policy compliant affordable housing levels. The Representor's misunderstanding appears to have arisen from the fact that the Caerphilly Basin LDP affordable housing target areas differ slightly from the CIL Viability Areas, particularly in respect of the Risca area, which lies within the Higher Viability Area, but lies in the 10% affordable housing target area. A site located in this area would indeed be in the Higher Viability Area whilst correctly having a 10% affordable housing assumption.

Council Recommendation:

No amendment is made to the Viability Report in respect of this representation.

Document: CIL Viability Report
Issue Viability Evidence - Land Value Benchmarks

Representor: Landowner and Developer Consortium

Representation Number: 4555.P20 **Representation Type:** Objection

Summary of Comment:

The viability land value benchmarks are too low

Representation:

It appears from the information available that a range of benchmark land values have been adopted dependent on location, existing use and whether they represent a Greenfield or Brownfield opportunity. However, it appears from the schedule at Appendix L that the following Greenfield benchmark land values have been adopted:-

Eastern, Central and Southern Areas - £200,000 - £225,000 per net acre

Northern Areas - £80,000 to £90,000 per net acre

Western Areas - £100,000 per net acre

The Consortium, based on their own direct evidence which is supported by market evidence held by Savills, consider this range of values to be very much at the lower end of land owner expectations and prices paid for Greenfield residential development land in Caerphilly and does not account for the higher values supported by existing use values for previously developed land.

This indicates that the viability assessment should use a higher benchmark land value to test whether the CIL charging schedule will put housing delivery at serious risk and our evidence points to benchmark land values which represent the net average value per net developable acre (including the affordable housing land) for the site as a whole of:

Eastern, Central and Southern Areas - £200,000 - £250,000 per net acre

Northern Areas - £100,000 to £150,000 per net acre

Western Areas - £150,000 - £200,000 per net acre

Representor Change:

The viability report should use the following higher benchmark land values:

Eastern, Central and Southern Areas - £200,000 - £250,000 per net acre

Northern Areas - £100,000 to £150,000 per net acre

Western Areas - £150,000 - £200,000 per net acre

Officer Analysis:

The value of development land is very specific to both location (value can change significantly over a few hundred metres, or less) and scheme (scheme values can vary significantly with just minor amendments to layout of unit types). The real site approach to the assessment has been most useful in respect of this issue as it has allowed consideration of a site's actual use and credible alternative uses (and the corresponding values). Additionally, the hypothetical landowner will have many other factors informing

their sale decision (such as quantum of sale value, site specific development factors like ease of access, prevailing local market conditions etc.) which can also be taken into account in the assessments.

The benchmark land values set out in the Viability Report recognise that some landowners might anticipate higher receipts. However it is imperative to note that where CIL is charged it will place downward pressure upon land values, so some variance between landowner price aspirations and market experience is to be expected and is reflected in the Representor's comments. However, it should also be noted that developers could only consistently pay higher land prices if their business is either assuming more optimistic value creation or achieving lower development costs.

The benchmark land values used in the Viability Report reflect the strategic nature of the assessment, as detailed development information can only be known when developments are prepared at detailed application stages. The benchmark land values are, therefore, in line with what we would expect of strategic land assemblies or land purchase option agreements.

Given this the benchmark land values to be appropriate for the purposes of preparing the CIL Charging Schedule.

Council Recommendation:

No amendment is made to the Viability Report in respect of this representation.

Document: CIL Viability Report
Issue Viability Evidence - Sales Rates

Representor: Landowner and Developer Consortium

Representation Number: 4555.P22 **Representation Type:** Objection

Summary of Comment:

It is unclear what sales rate assumptions have been used in the DVS assessment. Sales rates affect residual value so need to be identified.

Representation:

It is not clear what sales rates assumptions DVS has included in its viability assessment, and whilst sales rates will depend on a number of influencing factors, based on evidence available from the consortium members it is concluded that a reasonable estimate of sales rates is between 25 and 35 dwellings per annum, but with the likelihood that this could decrease to 20 dwellings per annum in the northern part of the Borough.

The sales rate assumptions will affect the cash flow of a development and therefore the residual land value and the viability of the proposed CIL rates, particularly for larger schemes.

Representor Change:

The Viability Report be amended by introducing clarification on what sales rates are used in the assessments

Officer Analysis:

The representor contends that the Viability Report does not contain any information on the assumptions used in development timescales. However, Paragraph 5.45 of the Viability Report states:

"The development periods adopted within the cash flows were based on a combination of market intelligence and the BCIS construction duration calculator."

The development timescales vary from site to site, dependent upon their respective landuses. On the residential side timescales relate to site-specific sales rates of between 1 to 4 dwellings per month. On the commercial sites development timescales have been based on the construction duration calculator (*paragraph 5.45*).

Council Recommendation:

No amendment is made to the Viability Report in respect of this representation.

Document: CIL Viability Report
Issue Viability Evidence - Marketing Costs

Representor: Landowner and Developer Consortium

Representation Number: 4555.P27 **Representation Type:** Objection

Summary of Comment:

No allowance has been made for marketing costs or planning promotion

Representation:

No allowance has been made in the DVS appraisal for marketing costs. It is normal practice for housebuilders to provide showhomes, sales staff and marketing material to aid disposal and the Consortium consider that an allowance of at least 4% of GDV is allowed for within the appraisal to reflect sales and marketing costs.

No allowance for planning promotion costs has been made within the DVS viability assessment, and whilst the extent of this will vary depending on the nature of the site, cost allowances should be reflected within the appraisal.

Representor Change:

The viability report be amended by the inclusion of allowances for costs relating to marketing and planning promotion in the assessments.

Officer Analysis:

The Representor contends that no allowances have been made for marketing and planning promotion costs. However, it should be noted that marketing costs are included within the allowance for sales fees, whilst planning promotion costs are included in the allowance for professional fees. Consequently both issues have been addressed in the Viability Report.

Council Recommendation:

No amendment is made to the Viability Report in respect of this representation.

Document: CIL Viability Report
Issue Viability Evidence - Debit Finance rate

Representor: Landowner and Developer Consortium

Representation Number: 4555.P29 **Representation Type:** Objection

Summary of Comment:

DVS assume Debit finance at 6% that, when taking account of entry, exit and monitoring fees, is lower than market so 7% should be adopted.

Representation:

The DVS adopt a debit finance rate of 6%, which when taking account of entry, exit and monitoring fees we consider to be slightly lower than the current market dictates and we consider a rate of 7% to be more appropriate.

Representor Change:

The Viability Report should be amended by changing the 6% debt finance allowance in the calculations to 7%.

Officer Analysis:

Financing arrangements are specific to each individual developer, and some developers may well have overall debit rates of 7% (or possibly even higher in some cases). However, interest rates are at a historic low (at 0.5%) and with the 3 monthly UK LIBOR now only marginally above this, even a 4% lending margin is still only a lending rate of circa 4.5%. DVS experience and market intelligence identifies that developers are working to these rates, with some RSLs having access to borrowing at sub 4% rates. Consequently it is the council's opinion that 6% allowance in the methodology is appropriate.

Council Recommendation:

No amendment is made to the Viability Report in respect of this representation

Document: CIL Viability Report
Issue Viability Evidence - Credit Finance rate

Representor: Landowner and Developer Consortium

Representation Number: 4555.P30 **Representation Type:** Objection

Summary of Comment:

The DVS assumption of 5.2% credit rate is wholly unacceptable when considering the balance between reserves to pay down debt and that reinvested.

Representation:

The DVS adopts a credit rate of 5.2% based on the “opportunity cost” of scheme revenue and we consider this level of credit rate to be wholly unacceptable in the current lending markets where there has to be a reasoned balance between the amount of reserves used to pay down debt and that reinvested into the housebuilding business.

Representor Change:

The Viability Report is changed by amending the credit rate to reflect a more realistic level

Officer Analysis:

The User Guide to the Homes & Communities Agency DAT sets out the following guidance:-

“There is also a credit interest rate, which is applied should the cumulative month end balance be positive. If the developer has other variable borrowings (such as an overdraft), or other investment opportunities, then the value of credit balances in reducing overall finance charges is potentially the same as the debit interest charge. If not, and the developer would simply put the funds into the bank, then a lower rate is appropriate.”

Since (even with closely matched credit and debit rates) most development cash flows will not show any positive net borrowing balance until the latter stages of a development the opportunity cost of development income is equal to the offset borrowing requirement.

If at the final stages of the development a positive cash flow balance is achieved then receipts could be used for offset borrowing on other concurrent (though less advanced) developments. It is acknowledged that this may not be possible for every developer and therefore a slightly reduced credit rate of 5.2% is used to reflect this and other costs of finance.

It should be noted that developers might chose not to offset borrowing within the subject development. Where this occurs it will be because the debt is being paid down elsewhere in the business (logically at a higher rate of interest) or reinvested elsewhere in the business (Either a strategic business decision (e.g. expansionist policy) or at a correspondingly higher rate of return than the development specific borrowing cost).

It should be noted that the viability testing in the Viability Report assumes a 100% borrowing requirement will fund developments. However this will not always be the case as, for example equity / shareholder funding will be invested by developers in some cases.

The allowance made for credit rate is appropriate

Council Recommendation:

No amendment is made to the Viability Report in respect of this representation

Document: CIL Viability Report
Issue Housing - Affordable Housing

Representor: Landowner and Developer Consortium

Representation Number: 4555.P13 **Representation Type:** Objection

Summary of Comment:

Affordable Housing should remain outside CIL and should be sought through S106.

Representation:

For the avoidance of doubt, affordable housing provision is incapable under the current CIL regulations of being provided through CIL. However, this may alter through future regulation and because of this, DVS were commissioned to address the impact of this and make recommendations as to a proposed charging schedule to include affordable housing.

Policies on affordable housing are always adopted with ‘aspiration’ in mind and the Welsh Government believes that affordable housing policies should be ‘challenging’ in order to ensure that margins of viability are squeezed to enable the maximum amount of affordable housing to be delivered. For this reason, and to ensure that development can be delivered throughout the Borough, the Consortium consider it essential that flexibility remains on the ability to negotiate the level of affordable provision based on the viability of individual development schemes. A fixed levy which is imposed on the basis of the current policy requirements for affordable housing can only lead to stymied development and an inevitable failure to meet the housing needs of the Borough. For this reason the Consortium strongly recommend that the Council continue to seek affordable housing commitments through S106 negotiations as opposed to CIL if and when the ability for them to do so arises.

Representor Change:

Affordable Housing should be sought through S106 agreements and, when confirmed, the Viability Report should be amended to confirm this.

Officer Analysis:

The Preliminary Draft Charging Schedule includes two sets of CIL rates for residential developments, one relating to rates where affordable housing is provided through S106 agreements and one relating to where affordable housing is provide by CIL itself. The reason two sets of rates are included is that, at the time of preparation the position in respect of the mechanism by which affordable housing was to be provided was unclear. The amended CIL Regulations are to be published in the very near future and these regulations will clarify the affordable housing position. In the absence of these Regulations the council has decided to include rates for both scenarios, to engender discussion of this topic.

The representor seeks to ensure that affordable housing is provided through S106 agreement, rather than through CIL itself, as the flexibility provided by the ability to negotiate S106 agreements provides a cushion for the viability of development sites.

It should be noted that the council's stance is also that affordable housing should continue to be provided through S106 agreement to ensure sufficient flexibility and recognise that, pound for pound, more affordable housing will be delivered by S106 than by CIL.

In any event the position will only be clarified when the new Regulations are published and, until such time as they are, the council will include both sets of rates in the Charging Schedule.

Council Recommendation:

The Charging Schedule remains unchanged in respect of this representation. However if necessary the Charging Schedule will be changed to reflect the guidance contained in the amended CIL Regulations, when they are published.

Document: CIL Viability Report
Issue: Housing - Affordable Housing

Representor: Landowner and Developer Consortium

Representation Number: 4555.P28 **Representation Type:** Objection

Summary of Comment:

The profit level assumed for affordable housing (4.76%) is totally unacceptable and untenable and the general developer profit allowance is set too low at 17.5%

Representation:

Developer profit in the DVS study has been assumed at 17.5% on GDV for the private housing and 4.76% on GDV on the affordable housing for all site typologies. The LHDG guidance states (on page 36) that:

“As with other elements of the assessment, the figures used for developer return should also be considered in light of the type of sites likely to come forward within the plan period. This is because the required developer return varies with the risk associated with a given development and the level of capital employed. Smaller scale, urban infill sites will generally be regarded as lower risk investments when compared with complex urban regeneration schemes or large scale urban extensions.”

The levels reflected in the DVS study are lower than the returns required by the vast majority of developers and, as importantly, their funding partners are able to accept, because of the scarcity and cost of development finance. A more realistic developer profit on market sales, based upon the current risks in house building is a minimum of 20% of GDV, with higher figures more appropriate for riskier sites.

The profit level suggested by DVS for the affordable housing element of 4.76% is set at a totally unacceptable level. Given that grant is no longer available in the majority of cases, the private housing element of any development is subsidising the provision of affordable housing with the affordable land element having a negative land value. Based on the fixed transfer values set at appendix 3 of Caerphilly’s SPG on affordable housing, the transfer value of a 4P3B dwelling is £56,185, which based on the DVS assumption would yield a profit to the developer of £2,674. This is an untenable position. The profit level of the affordable element should be the same as that for the private element of the scheme.

Representor Change:

The Viability Report should be amended to include a profit level of 17.5% for affordable housing in the assessments and an increased general developer profit allowance of 20%, with higher levels for riskier sites.

Officer Analysis:

Affordable housing is a planning obligation. As such it would be inappropriate to provide the obligation at a profit. The profit allowance for affordable housing at 4.76%, is equivalent to 5% on costs, which is a contractor return seen by some RSLs in the construction market and also recommended within the 3 Dragons South Wales Toolkit.

The allowance for developer profit of 17.5% has been identified from DVS experience and market intelligence, which indicates an easing of developer profit levels has taken place in recent times, from 20% which developers sought immediately following the market crash (2007). The developer profit allowance of 17.5% is appropriate.

Council Recommendation:

No amendment is made to the Viability Report in respect of this representation.

Document: CIL Viability Report
Issue Housing - Affordable Housing

Representor: Landowner and Developer Consortium

Representation Number: 4555.P31 **Representation Type:** Objection

Summary of Comment:

The Viability Report is inconsistent with its assumption of policy compliant affordable housing provision.

Representation:

Whilst the DVS viability assessment has assumed policy compliant affordable housing provision in some instances, this is not consistent throughout the study

Representor Change:

The Viability Report should be amended to include policy compliant affordable housing in the assessments.

Officer Analysis:

The representor contends that the Viability Report is inconsistent with its assumption of policy compliant affordable housing provision. However, the site viability appraisals have used affordable housing levels set out in the respective authority's Adopted LDP. As such the Viability Report is entirely consistent with policy compliant affordable housing levels.

The Representor's misunderstanding may have arisen from the fact that the Caerphilly CBC affordable housing target areas differ slightly from the CIL Viability areas, particularly in respect of Risca, which lies within the the Higher Viability Area, but lies in the 10% affordable housing target area. On first inspection such cases may seem to be non-policy compliant, but are in fact compliant.

Council Recommendation:

No amendment is made to the Viability Report in respect of this representation

Document: CIL Viability Report
Issue Housing - Affordable Housing

Representor: Country Land and Business Association

Representation Number: 4559.P2 **Representation Type:** Objection

Summary of Comment: Rural housing tied to an occupancy condition should be exempt from the CIL Charge

Representation:

Residential property subjected to an Occupancy Condition:

With the recent revision of TAN 6, where an affordable housing element has now been incorporated into the policy guidance, I note you stated the current draft policy does not recognise this and that CBC intends to charge CIL on property of this nature. Again by charging CIL the possibility of this type of property being constructed is going to be almost nil as the aim of the TAN 6 guidance is to house much needed rural enterprise workers with a view to an affordable element, this type of property must not be regarded as commercial residential property.

Representor Change:

The Charging Schedule should be amended to omit rural residential development that is subject to an occupancy condition.

Officer Analysis:

The CIL Regulations require that decisions in respect of the landuses that should be subject to CIL and the level of the CIL charge be based solely on the viability evidence. This means that where the viability evidence identifies a use as being generally viable, a charge must be levied. The evidence base clearly demonstrates that residential development is viable in the Higher and Mid-Range Viability Areas and as such a charge must be levied against residential use in these areas.

The Representor contends that residential developments in the countryside, which have restricted use due to occupancy conditions, are a form of affordable housing for rural workers. The CIL Regulations make provision to exempt affordable housing from being CIL chargeable, subject to specific criteria. Restricted occupancy rural housing does not meet the requirements of the Regulations, unless the housing is offered either by registered social housing provider or a local housing authority. Therefore such housing is not exempt from the CIL charge.

The CIL Regulations, however, make provision for the council to establish an exceptions policy, which would provide development with relief from the CIL charge where exceptional circumstances exist. The issue with such a policy is to identify and specifically define what exceptional circumstances are, when it has to be accepted that some developments may not be viable under CIL. The council will continue to consider the issue of an exceptions policy and will utilise the monitoring procedures to monitor this issue once the CIL Charging Schedule has been adopted.

Council Recommendation:

No amendment is made to the Charging Schedule in respect of this representation

Document: CIL Preliminary Draft Charging Schedule
Issue Housing - Charge

Representor: Mr Laurence Brickell

Representation Number: 4558.P2 **Representation Type:** Objection

Summary of Comment:

The Mid range residential charge should be merged with the higher range charge

Representation:

The Mid-range viability area should be merged into the higher viability area and be charged at the higher rate. This would help avoid economic and environmental distortions.

Representor Change:

The mid-range viability area be merged with the higher-viability area

Officer Analysis:

The identification of the residential charging zones is based on the viability evidence identified in the Viability Report. The viability evidence clearly points to three distinct viability areas in the county borough (although the evidence and zones are taken across the study area as a whole). Each zone exhibits markedly differing levels of viability and, as such, it would be inappropriate to join any two of them together.

Council Recommendation:

No amendment is made to the Charging Schedule in respect of this representation

Document: CIL Preliminary Draft Charging Schedule
Issue Housing - Charge

Representor: Mr Laurence Brickell

Representation Number: 4558.P3

Representation Type: Objection

Summary of Comment:

An allowance should be made for brownfield development and an extra charge for greenfield development

Representation:

To provide an incentive for environmental improvement there should be an extra charge for greenfield development and an allowance for brownfield development.

Representor Change:

The CIL charges should include an additional charge for greenfield development and an allowance for brownfield development.

Officer Analysis:

The viability evidence, upon which the CIL charging levels are based, takes account of brownfield land in a number of ways. The sites selected for assessment include both greenfield and brownfield sites and the benchmark land values used in the assessment take account of the difference. In addition to this the assessment methodology has included an allowance of 17.5% over and above the build cost for development as set out in the BCIS cost guide. This allowance includes elements for S106 agreements, additional costs to development, including brownfield costs and building to sustainable Homes Code 3, and any other additional costs to the development.

These allowances take account of general additional costs that relate to brownfield sites and no further allowance is required.

Council Recommendation:

No amendment is made to the Charging Schedule in respect of this representation.

Document: CIL Preliminary Draft Charging Schedule
Issue: Retail & Employment - Charge

Representor: Sainsbury's Supermarkets Ltd

Representation Number: 258.P2

Representation Type: Objection

Summary of Comment:

The proposed charge of £100 psm has not been supported by sufficiently robust analysis of economic viability and should be set at a lower level

Representation:

First, it is our view the rate for retail development should be set at a lower rate than the proposed £100 per sqm. We do not consider that sufficiently robust work has been undertaken to assess the economic viability of charging CIL to justify the draft charging schedule. In particular, we do not consider that the £100 per sqm of retail A1 floorspace has been supported by a sufficiently robust analysis of its impact upon economic viability.

Regulation 14 of the Community Infrastructure Levy Regulations states that: In setting rates in a charging schedule, a charging authority must aim to strike what appears to the charging authority to be an appropriate balance between —

- (a) the desirability of funding from CIL; and
 - (b) the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.
-

Representor Change:

The rate for A1 retail floorspace should be set at a lower rate than the proposed £100 per sq.m.

Officer Analysis:

In undertaking viability work to inform the preparation of their CIL Charging Schedules Caerphilly, Rhondda Cynon Taf and Merthyr Tydfil County Borough Councils decided to work together to realise benefits of a study undertaken across an area greater than their individual administrative boundaries. This decision was taken for a number of reasons, namely:

- 1 All three authorities had used Local Housing Market Areas (LHMAs) in considering housing viability and setting affordable housing targets for their LDPs. LHMAs extend beyond administrative boundaries and areas from adjoining authorities can exhibit markedly similar characteristics.
- 2 Land uses, other than housing, can have greatly differing market areas dependent upon their location and particular landuse.
- 3 The viability work for CIL needs to complement the viability works undertaken by the authorities on their affordable housing targets. In particular the CIL viability work was to be used as benchmark to establish whether the LDP affordable target areas were appropriate.

DVS was appointed to undertake the viability assessments for CIL and the authorities provided DVS with a selection of sites across their areas for various landuses. These sites are representative of the sites that are likely to come forward during the plan period and these were assessed by DVS to establish the viability evidence.

In identifying sites for this assessment process the experience and knowledge of DVS was used to identify uses that would have smaller market areas and would need more intensive site coverage and uses that would be more likely to have large market areas and would require less intensive site coverage. Given the stage of the economic cycle it has been determined that new commercial development will only realistically be delivered by specific business models and these have been focused upon within the viability testing. A1 retailing was considered to have a larger market area. As a result, a total of 10 sites were tested across the study area, 4 of which were located in Caerphilly CCBC. Given the assessment is strategic in nature, sufficient sites have been assessed to ensure the evidence is robust.

The CIL Regulations and CIL Guidance require that, in setting the CIL Rates, a charging authority must strike “an appropriate balance” between the desirability of generating funding through CIL and the potential effects on economic viability of development in implementing CIL. In simple terms the charging authority needs to strike what appears to it to be an appropriate balance between raising CIL funding and impacting upon site viability (meaning some sites will no longer be viable). It must be noted that neither the CIL Regulations nor any CIL Guidance seeks to maintain the viability of all sites. Consequently there must be an acceptance that a certain amount of development may be made unviable, and it is the level of this effect, considered against the need to raise funding to provide infrastructure to support development, that is the basis of the “appropriate balance”. The proposed CIL Rates for A1 development is appropriate and is supported by robust viability evidence.

Council Recommendation:

No amendment is made to the Charging Schedule in respect of this representation.

Document: CIL Preliminary Draft Charging Schedule
Issue: Retail & Employment - Charge

Representor: Mr Glyn Davies, Farmers Union Of Wales

Representation Number: 4549.P2 **Representation Type:** Objection

Summary of Comment:

Industrial uses should not be excluded from the CIL charge.

Representation:

It seems strange that industrial development is excluded from the proposed charging rates bearing in mind the large number of industrial units which are empty within the county borough. It would seem appropriate that more efforts are gained to have these units rented out rather than exclude any future development from Community Infrastructure levy.

Representor Change:

Employment uses should be subject to the CIL charge.

Officer Analysis:

The CIL Regulations require that the CIL rates be based on robust viability evidence and a charge should only be levied where the viability evidence shows that the charge would not have a detrimental effect on the general viability of the landuse.

The Viability Report, prepared by District Valuer Services, assessed all business uses (B1, B2 and B8 landuses) and found them unable to withstand a CIL charge, without significantly adversely affecting the viability of the landuse. Consequently B1, B2 and B8 business cannot be subject of a CIL charge, as the viability evidence does not support it.

Council Recommendation:

No amendment is made to the Charging Schedule in respect of this representation

Document: CIL Preliminary Draft Charging Schedule
Issue: Retail & Employment - Charge

Representor: Country Land and Business Association

Representation Number: 4559.P1

Representation Type: Objection

Summary of Comment:

The proposed schedule will charge a rural/farm shop the same amount as a Tesco store, making rural developments unviable.

Representation:

You confirmed that CBC's current proposal will not seek to charge CIL for change of use for conversion of a building from an Agricultural Use to a Business Use, however you would charge in respect of new build floor area. It would thus appear if a member of ours wanted to build a new farm shop he would have to pay the same rate as Tesco in a purpose built retail park! This would make a relatively modest farm shop proposal totally unviable from the outset. This would further prejudice rural farming enterprises from diversifying their business and also prevent the possibility of rural employment opportunities.

Representor Change:

The Cli Charging Schedule be amended to take account of the differing viability of rural retailing.

Officer Analysis:

The CIL Regulations require that decisions in respect of the landuses that should be subject to CIL and the level of the CIL charge be based solely on the viability evidence. This means that where the viability evidence identifies a use as being generally viable, a charge must be levied. The evidence base clearly demonstrates that A1 retail development is viable across the study area and, as such, a charge must be levied against A1 retail developments.

The Representor contends that A1 retail developments in the countryside could be jeopardised by the implementation of CIL in rural areas. The Viability Report assessed 10 sites for A1 related uses across the study area and across a range of unit sizes. The Assessments indicate that retail development is sufficiently viable to withstand the CIL charge and, as such, rural retail development will be subject to the CIL Charge.

The council will be required to monitor CIL on an annual basis. The council will use this process to consider whether the level and nature of the CIL charge is having a detrimental impact upon specific uses. The CIL Regulations make provision for the council to establish an exceptions policy, which would provide development with relief from the CIL charge where exceptional circumstances exist. The issue with such a policy is to identify and specifically define what exceptional circumstances are, when it has to be accepted that some developments may not be viable under CIL. The council will continue to consider the issue of an exceptions policy and will utilise the monitoring procedures to monitor this issue once the CIL Charging Schedule has been adopted.

Council Recommendation:

No amendment is made to the Charging Schedule in respect of this representation.

Document: CIL Viability Report
Issue: Retail & Employment - Viability Evidence

Representor: Sainsbury's Supermarkets Ltd

Representation Number: 258.P3 **Representation Type:** Objection

Summary of Comment:

Only 4 retail sites have been considered with no “average” sized sites being considered. This is a significant shortcoming in the assessment.

Representation:

The DVS report only considers 26 sites in the CCBC area as a whole across all relevant land uses. Table 3 of the resultant DVS report makes clear that only four retail developments in the Caerphilly County Borough area were considered. Sites 1 and 2 related to comparison retail developments; site 1 being a 6000sqm GIA development in a greenfield location in south CCBC and site 2 being a 1400sqm GIA development in a brownfield location, also in south CCBC. Sites 3 and 4 relate to what is referred to as “large food stores”; site 3 being a 2000sqm GIA food store on a brownfield site in northern CCBC and site 4 being a 900sqm GIA also on a brownfield site in central CCBC.

Furthermore, while the food stores are described as “large”, the largest is, in fact, just 2000sqm GIA. Such a development would result in a net sales area of between 1400 and 1600sqm – at the very bottom end of what SSL would class as a “supermarket”. The failure to consider any average sized supermarkets whatsoever in the CCBC area is a significant shortcoming, particularly given the buoyancy of supermarket led regeneration schemes in recent years, including within the CCBC area, and the significant job creation which follows. CCBC appear to be unable to demonstrate the implications of the proposed £100/sqm rate on the economic viability of such development.

Representor Change:

The assessment consider the impact of CIL on the viability of medium sized sites.

Officer Analysis:

In undertaking viability work to inform the preparation of the CIL Charging Schedules Caerphilly, Rhondda Cynon Taf and Merthyr Tydfil County Borough Councils decided to work together to realise benefits of a study undertaken across an area greater than their individual administrative boundaries. This decision was taken for a number of reasons, namely:

- 1 All three authorities had used Local Housing Market Areas (LHMAs) in considering housing viability and setting affordable housing targets for their LDPs. LHMAs extend beyond administrative boundaries and areas from adjoining authorities can exhibit markedly similar characteristics.
- 2 Land uses, other than housing, can have greatly differing market areas dependent upon their location and particular landuse.
- 3 The viability work for CIL needs to complement the viability work undertaken by the authorities on their affordable housing targets. In particular the CIL viability work

was to be used as benchmark to establish whether the LDP affordable target areas were appropriate.

DVS was appointed to undertake the viability assessments for CIL and the authorities provided DVS with a selection of sites across their areas for various landuses. These sites are representative of the sites likely to come forward during the plan period and these were assessed by DVS to establish the viability evidence.

In identifying sites for this assessment process the experience and knowledge of DVS was used to identify uses that would have smaller market areas and would need more intensive site coverage and uses that would be more likely to have large market areas and would require less intensive site coverage. Given the stage of the economic cycle it has been determined that new commercial development will only realistically be delivered by specific business models and these have been focused upon within the viability testing. A1 retailing was considered to have a larger market area and, as a result, a total of 10 sites across the study area were tested, 4 of which were identified in Caerphilly CCBC.

The representor contends that, as only 4 sites were assessed in the county borough, the evidence does not support the A1 charge rate and that the lack of the assessment of an “average” size food store is a serious shortcoming.

As outlined above, the viability assessment work was undertaken on a study area basis and not on an authority areas basis, and the representors comment in respect of the sites on Caerphilly are misplaced. Across the study area a total of 10 retail sites have been assessed and these range from 900sq.m to 8500sq.m, which represents a significant body of assessment and a wide range of size of retail development. The proposed CIL rate for A1 retailing is at the lower end of the viability range recommended by DVS, meaning that the rate is conservative when considered against the viability evidence, which has identified some sites with very high levels of viability.

It should be noted that CIL is required to provide infrastructure to support development in the area and, as such, it is in the council’s interest to set CIL charges at levels that will realise funding for such development, without compromising the ability to deliver development in accordance with the adopted LDP. The A1 retail charge set out in the Preliminary Draft Charging Schedule represents an appropriate balance between realising funding for necessary infrastructure and maintaining the general viability of A1 landuses.

Council Recommendation:

No amendment is made to the Viability Report in respect of this Representation.

Document: CIL Viability Report
Issue: Retail & Employment - Viability Evidence

Representor: Sainsbury's Supermarkets Ltd

Representation Number: 258.P4 **Representation Type:** Objection

Summary of Comment:

No comparison retail developments have been assessed.

Representation:

As can be seen, no comparison retail developments were considered in central or north CCBC and no food stores were considered in southern CCBC, which is a significant shortcoming in determining the viability of sites.

Representor Change:

The assessment include assessment of comparison retail developments to inform the consideration of the impact of CIL on site viability.

Officer Analysis:

In undertaking viability work to inform the preparation of the CIL Charging Schedules Caerphilly, Rhondda Cynon Taf and Merthyr Tydfil County Borough Councils decided to work together to realise benefits of a study undertaken across an area greater than their individual administrative boundaries. This decision was taken for a number of reasons, namely:

- 1 All three authorities had used Local Housing Market Areas (LHMAs) in considering housing viability and setting affordable housing targets for their LDPs. LHMAs extend beyond administrative boundaries and areas from adjoining authorities can exhibit markedly similar characteristics.
- 2 Land uses, other than housing, can have greatly differing market areas dependent upon their location and particular landuse.
- 3 The viability work for CIL needs to complement the viability work undertaken by the authorities on their affordable housing targets. In particular the CIL viability work was to be used as benchmark to establish whether the LDP affordable target areas were appropriate.

DVS was appointed to undertake the viability assessments for CIL and the authorities provided DVS with a selection of sites across their areas for various landuses. These sites are representative of the sites likely to come forward during the plan period and these were assessed by DVS to establish the viability evidence.

In identifying sites for this assessment process the experience and knowledge of DVS was used to identify uses that would have smaller market areas and would need more intensive site coverage and uses that would be more likely to have large market areas and would require less intensive site coverage. Given the stage of the economic cycle it has been determined that new commercial development will only realistically be delivered by specific business models and these have been focused upon within the viability testing. A1

retailing was considered to have a larger market area and, as a result, a total of 10 sites across the study area were tested, 4 of which were identified in Caerphilly CCBC.

The representor contends that no assessment of comparison retail has been undertaken. However, of the 10 sites submitted to DVS for assessment, five sites were assessed for food retail and 5 for general A1 comparison retailing.

The assessments undertaken by DVS, which are included in the Viability Report, more than adequately address the issue of comparison retailing within the study area and the A1 retail range has taken account of these assessments.

Council Recommendation:

No amendment is made to the Viability Report in respect of this representation.

Document: CIL Viability Report
Issue: Retail & Employment - Viability Evidence

Representor: Sainsbury's Supermarkets Ltd

Representation Number: 258.P5 **Representation Type:** Objection

Summary of Comment:

The assessments for the 2 food stores in CCBC realise -£76 and +£40 which does not indicate an appropriate balance has been struck.

Representation:

The DVS viability report urges, at paragraph 7.16, that the baseline rate of CIL be given the highest regard as CIL must not be charged up to the margins of viability to avoid the impairment of new development. The baseline results for the only two CCBC based food stores are +£40 and -£76. It is not clear how a draft rate of +£100/sqm can be held not to “impair” such development when it is more than twice the rate that could be afforded and it is not clear how such a rate would “strike an appropriate balance”, as required by Regulation 14. Indeed, the DVS report urges further caution as land costs taken into account in the report are difficult to allow for in a flat rate charge (paragraph 1.12). Furthermore, specific caution is urged for supermarkets as the benchmark land costs taken into consideration into the report have typically been exceeded in the open market (paragraph 7.7). DVS expect such land prices to hold up and note that the strongest land values have been achieved on “exceptionally large stores”. This being the case, it is unjustifiable that the largest such store considered in the report in the CCBC area is just 2000sqm GIA. Again, it is not clear how CCBC have demonstrated they have fully considered the implications of the proposed £100/sqm rate on the economic viability of such development. Having failed to do so, it is not clear that they have struck an appropriate balance.

Representor Change:

The CIL rate for A1 retail be revised to take account of the values realised in the assessment report.

Officer Analysis:

In undertaking viability work to inform the preparation of the CIL Charging Schedules Caerphilly, Rhondda Cynon Taf and Merthyr Tydfil County Borough Councils decided to work together to realise benefits of a study undertaken across an area greater than their individual administrative boundaries. This decision was taken for a number of reasons, namely:

- 1 All three authorities had used Local Housing Market Areas (LHMAs) in considering housing viability and setting affordable housing targets for their LDPs. LHMAs extend beyond administrative boundaries and areas from adjoining authorities can exhibit markedly similar characteristics.
- 2 Land uses, other than housing, can have greatly differing market areas dependent upon their location and particular landuse.

- 3 The viability work for CIL needs to complement the viability work undertaken by the authorities on their affordable housing targets. In particular the CIL viability work was to be used as benchmark to establish whether the LDP affordable target areas were appropriate.

DVS was appointed to undertake the viability assessments for CIL and the authorities provided DVS with a selection of sites across their areas for various landuses. These sites are representative of the sites likely to come forward during the plan period and these were assessed by DVS to establish the viability evidence.

In identifying sites for this assessment process the experience and knowledge of DVS was used to identify uses that would have smaller market areas and would need more intensive site coverage and uses that would be more likely to have large market areas and would require less intensive site coverage. Given the stage of the economic cycle it has been determined that new commercial development will only realistically be delivered by specific business models and these have been focused upon within the viability testing. A1 retailing was considered to have a larger market area and, as a result, 10 sites were tested across the study area, 4 of which were in Caerphilly CB.

The representor contends that the Charging Schedule does not reflect the evidence base in that the Caerphilly food retail sites realise very low values (+£40 and -£76). The representor has misquoted the values for the Caerphilly sites as they realise values of +£40 and -£293. However, as outlined above, the viability assessments are taken across the study area, and the study-area wide approach has realised some very strong positive viabilities, which are listed within the Study report. Overall the developments tested are indicative of future development within the Study area, supplemental testing of different locations is not required, and the DVS recommended range for A1 retail appropriately reflects the viability evidence.

Council Recommendation:

No amendment is made to the Viability Report in respect of this representation.

Document: CIL Viability Report
Issue: Retail & Employment - Viability Evidence

Representor: Mr Simon Lees

Representation Number: 4557.P1 **Representation Type:** Objection

Summary of Comment:

The tax will force business out of the Caerphilly area.

Representation:

Lets not call it a levy, its another tax.

Caerphilly Council should be trying to encourage business into the area not force it out. There are too many empty business units, shops etc already, you guys forcing another tax on building, moving etc will only have any business that is already squeezed to nearly breaking point to move out of the caerphilly area to newport or cardiff leaving caerphilly borough a wasteland. And don't think that not having the taxes in the north of the borough will help either, there are social and other reason why these areas are poorer than the south, the same reasons housing is cheaper, the same reasons there is more unemployment, the same reasons I won't invest in those areas. 90% of any money collected will disappear in administration costs and the other 10% collected from the south will be spent on the north of the county.

Offer any new business into the area free business taxes for the first 2/3 years, that makes jobs, costs us the tax payer nothing, but improves the whole borough. Use the high unemployment rates in the north with free taxes to create jobs. Every body will benefit in the long run, it only takes 1 decent employer in an area to improve it beyond recognition.

Representor Change:

The tax not be implemented

Officer Analysis:

CIL is a levy against development to fund infrastructure that is needed to facilitate that development in the county borough. As such the CIL seeks contributions from developments to cover the implications for the development. CIL is designed to replace the element of current S106 contributions that go toward funding strategic infrastructure and as such is not a new and additional tax on development.

It should be noted that the charging schedule does not apply a levy to industrial/business uses within classes B1, B2 and B8. In addition to this the charges included in the Charging Schedule are based upon a viability assessment that considers the ability of landuses to meet such a charge. Where it is found that insufficient viability exists to sustain a CIL charge, no charge has been identified. Consequently the CIL Charge is only levied against landuses that have been shown to have sufficient viability to sustain the charge and as such will not have the effect of deterring development, as suggested by the representor.

Council Recommendation:

No amendment is made to the Charging Schedule in respect of this representation.

Document: CIL Preliminary Draft Charging Schedule
Issue D1 Primary Health Care - Charge

Representor: Mr Bobby Bolt, Aneurin Bevan Health Board

Representation Number: 4553.P1 **Representation Type:** Objection

Summary of Comment:

The proposed levy against primary health care development would make such developments unviable.

Representation:

It is understood that the proposal for the level of CIL for primary healthcare developments results from recommendations from the District Valuer. This recommendation follows an evaluation of new public-private healthcare developments defined as private investors constructing new primary care centres for the NHS (3PD) and concluded that the market has remained resilient in the current economic downturn.

We would comment that there has been a marked slowdown in the number of such schemes being progressed. Recent schemes approved by Welsh Government have undergone a robust and vigorous financial appraisal process undertaken by the DV, which has focussed on paring back yield/profit margins to the minimum level/viability whilst allowing the schemes to proceed.

The latest scheme approved for ABHB is at £149.50 per m² compared to 4 - 5 years ago when schemes were being agreed at £180 per m². Therefore any proposal to apply CIL will potentially render schemes economically unviable and consequently reduce investment in health premises developments.

This levy will mitigate against health investment in areas of high deprivation and low economic status if the overall rental values are not supported by the District Valuer or Welsh Government.

For the Rhymney Integrated Health and Social care Centre with a GIA of some 4200m² this would add an additional cost of £252,000 to the build cost of the scheme.

Representor Change:

The CIL Charge for primary healthcare development should be removed.

Officer Analysis:

As part of the viability evidence 2 sites were assessed for D1 Primary healthcare use. Both sites realised viable results and, in conjunction with the market knowledge held by DVS, it has been concluded that such developments are generally viable across the study area.

The CIL Regulations require that decisions in respect of the landuses that should be subject to CIL and the level of the CIL charge be based solely on the viability evidence. This means that where the viability evidence identifies a use as being generally viable, a charge must be levied. There are no provisions for the council to arbitrarily choose which uses should be subject to the CIL charge, or to make decisions on whether to levy CIL to

realise policy objectives. Consequently, as the evidence base identifies D1 Primary Health Care as a viable use, it must be subject to a reasonable CIL charge.

The representor makes reference to the downturn in the market as the reason why fewer schemes are coming forward, and in the current economic climate such developments cannot withstand the CIL charge. It should be noted, however, that the assessments undertaken as part of the viability evidence have taken the downturn and the current economic climate into account and the viability levels identified are reflective of this.

The representor also suggests that the CIL charge will have a detrimental impact upon bringing forward such developments, particularly in areas of high deprivation and low economic levels. The DVS advise that private sector lead health developments have the capacity to support the payment of CIL, through looking to deliver further development cost efficiencies, hardening yields and utilising the downward pressure on land costs. D1 Primary Health Care development has been resilient to construction cost pressures (BREEAM etc.) and site-specific requirements (planning obligations etc.) and the proposed rates are viable.

Council Recommendation:

No amendment is made to the Viability Report in respect of this representation.

Document: CIL Preliminary Draft Charging Schedule
Issue D1 Primary Health Care - Charge

Representor: Mr Bobby Bolt, Aneurin Bevan Health Board

Representation Number: 4553.P2 **Representation Type:** Objection

Summary of Comment:

Clarification is required on how the charge applies to NHS and GP funded projects that do not attract external funding.

Representation:

The proposal is predicated on new public-private healthcare developments defined as private investors constructing new primary care centres for the NHS (3PD) schemes. I would be grateful for clarification on how this levy will be evaluated against formal NHS capital funded projects and GP self funded schemes which do not attract such profit benefits and external investment.

Representor Change:

Clarification be included in the Charging schedule regarding how NHS capital projects and GP self funded developments are considered under the CIL.

Officer Analysis:

As part of the viability evidence 2 sites were assessed for D1 Primary healthcare use. Both sites realised viable results and, in conjunction with the market knowledge held by DVS, it has been concluded that such developments are generally viable across the study area.

The CIL Regulations require that decisions in respect of the landuses that should be subject to CIL and the level of the CIL charge be based solely on the viability evidence. This means that where the viability evidence identifies a use as being generally viable, a charge must be levied. There are no provisions for the council to arbitrarily choose which uses should be subject to the CIL charge, or to make decisions on whether to levy CIL to realise policy objectives. Consequently, as the evidence base identifies D1 Primary Health Care as a viable use, it must be subject to a reasonable CIL charge.

Representors have also contended that the D1 primary healthcare charge should not be levied against NHS capital funded projects and GP self funded schemes. As outlined above the CIL Regulations make no provision for the council to arbitrarily choose not to charge a development based upon their source of funding. It must be noted that D1 primary healthcare development, irrespective of its funding, will have the same impacts and just because a development is publicly funded it does not mean it should be exempt from paying for the mitigation of its development. The recent development of the hospital in Ystrad Mynach proves the case as it contributed £8 million toward strategic highway improvements in the area as a result of the development.

However it is accepted that different financial models may be used to provide D1 developments and, depending upon how a development is being financed, some developments may become unviable through implementation of CIL. The CIL Regulations makes provision for the council to establish an exceptions policy, which would render

certain developments exempt from the CIL Charge, where exceptional circumstances exist. The issue with such a policy is to identify and specifically define what exceptional circumstances are, when it has to be accepted that some developments may not be viable under CIL. The council will continue to consider the issue of an exceptions policy in respect of this issue and the CIL monitoring procedures will monitor the issue once the CIL Charging Schedule has been adopted.

Council Recommendation:

No amendment is made to the Charging Schedule in respect of this representation.

Document: CIL Preliminary Draft Charging Schedule
Issue Infrastructure List - Infrastructure Inclusion

Representor: Mr Rhidian Clement, Dwr Cymru/Welsh Water

Representation Number: 3962.P1 **Representation Type:** Objection

Summary of Comment:

The Charging Schedule be amended to include Strategic Water and Drainage network

Representation:

At this stage we would suggest an amendment to the Physical Infrastructure section of the 'Draft Infrastructure List' to read:

Strategic Water and Drainage Network

The reason for this amendment is as follows:

Our Water Resources Plan outlines our 25 year strategy for maintaining the balance between supply and demand for water to the period 2034-35. Our Plan utilises Welsh Assembly Government population forecasts and whilst the Environment Agency Wales have indicated major reductions to our abstraction licences, we have identified options to ensure that the security of water supplies across Wales is maintained.

The Review of Consents (RoC), under the Habitats Directive affects our abstractions, in particular for South East Wales, from the rivers Wye and Usk. These rivers form a fundamental part of our South East Conjunctive use System that supplies Cardiff and your Authority area. The predictions are that this water resource zone will be in deficit in year 2028/29. However, we have already identified solutions which will protect water supply and the environment through changes in our operations. We do not believe therefore, that these licence reductions should impact in any way the proposals for additional growth identified within your Local Development Plan.

Therefore, whilst the management of water resources is considered adequate for the foreseeable future, the situation could change in the longer term and this issue may need to be addressed in the subsequent Local Development Plan or its predecessor(s).

Representor Change:

At this stage we would suggest an amendment to the Physical Infrastructure section of the 'Draft Infrastructure List' to read:

Strategic Water and Drainage Network

Officer Analysis:

The representor seeks the inclusion of strategic water and drainage infrastructure on the CIL Infrastructure List to ensure that, should circumstances change in the future, appropriate infrastructure can be provided to maintain water and drainage provision to new developments.

It should be noted that the Infrastructure List is separate from the CIL Charging Schedule and has only been included in the Preliminary Draft Charging Schedule for purposes of

seeking comment. The Infrastructure List can be amended by the council at any time, although the council will need to ensure that certain procedural requirements are met to do so.

Given that the representor seeks the inclusion of this infrastructure to address potential issues in the future, and that the council can amend the Infrastructure List at any time, it is considered inappropriate to include this infrastructure at the present time as the infrastructure list can be amended in the future should this issue become pertinent.

Council Recommendation:

No amendment is made to the Charging Schedule in respect of this representation.

Document: CIL Preliminary Draft Charging Schedule
Issue Infrastructure List - Infrastructure Inclusion

Representor: Ms Barbara Morgan, Network Rail

Representation Number: 4413.P1 **Representation Type:** Objection

Summary of Comment:

The Infrastructure List should include rail improvements necessitated through development.

Representation:

The Caerphilly Community Infrastructure Levy draft charging schedule should set a strategic context requiring developer contributions towards rail infrastructure where growth areas or significant housing allocations are identified close to existing rail infrastructure.

Many stations and routes are already operating close to capacity and a significant increase in patronage may create the need for upgrades to the existing infrastructure including improved signalling, passing loops, car parking, improved access arrangements or platform extensions.

As Network Rail is a publicly funded organisation with a regulated remit it would not be reasonable to require Network Rail to fund rail improvements necessitated by commercial development. It is therefore appropriate to require developer contributions to fund such improvements.

Specifically, we request that a Policy is included within the document which requires developers to fund any qualitative improvements required in relation to existing facilities and infrastructure as a direct result of increased patronage resulting from new development.

The likely impact and level of improvements required will be specific to each station and each development meaning standard charges and formulae may not be appropriate. Therefore in order to fully assess the potential impacts, and the level of developer contribution required, it is essential that where a Transport Assessment is submitted in support of a planning application that this quantifies in detail the likely impact on the rail network.

To ensure that developer contributions can deliver appropriate improvements to the rail network we would recommend that Developer Contributions should include provisions for rail and should include the following:

- A requirement for development contributions to deliver improvements to the rail network where appropriate.
- A requirement for Transport Assessments to take cognisance of impacts to existing rail infrastructure to allow any necessary developer contributions towards rail to be calculated.

- A commitment to consult Network Rail where development may impact on the rail network and may require rail infrastructure improvements. In order to be reasonable these improvements would be restricted to a local level and would be necessary to make the development acceptable. We would not seek contributions towards major enhancement projects which are already programmed as part of Network Rail's remit.
-

Representor Change:

The Draft Infrastructure List be amended by the inclusion of rail improvements.

Officer Analysis:

The Draft Infrastructure List includes "Strategic public transport infrastructure". This includes strategic rail provision, which covers the issue of cumulative impacts of development on rail provision. It is considered that this issue is already included in the Infrastructure list and further amendment is not required.

Council Recommendation:

No amendment is made to the Charging Schedule in respect of this representation.

Document: CIL Preliminary Draft Charging Schedule
Issue Infrastructure List - Infrastructure Inclusion

Representor: Landowner and Developer Consortium

Representation Number: 4555.P4 **Representation Type:** Objection

Summary of Comment:

English and Welsh medium education should be included in the funded list

Representation:

The objectives of CIL are fundamentally to assist with the delivery of development by providing receipts to fund new major infrastructure and to improve the predictability and certainty for developers as to what they will be asked to contribute in terms of planning obligations which will increase fairness by broadening the range of developments asked to contribute, allowing the cumulative impact of small developments to be accounted for. Our clients are supportive of the necessary investment to ‘unlock’ and assist with the development delivery. However, they are concerned that the proposed CIL levy will not go toward the funding of English Medium Education (both secondary and primary) or Welsh Primary Education in the Borough which is able to be planned on a strategic basis. The exclusion of these Education contributions from CIL increases the uncertainty of development as this will still need to form part of a S106 negotiation, whereas its inclusion would create greater fairness, enabling all developments to contribute on an equitable basis to the provision of education provision across the Borough.

At Section 5.34 of the Economic Viability Study, DVS acknowledge that the public sector need to deliver strategic objectives and provide the wider infrastructure that new development will necessitate which include inter alia increasing demand for school places. The reasons for including education requirements within CIL appears entirely appropriate, allowing the Council to strategically plan education provision in the Borough.

Representor Change:

The funded list be amended by the inclusion of English and Welsh medium education.

Officer Analysis:

Regulation 123 of the CIL Regulations sets out that the council can only spend CIL revenue on infrastructure set out in a list that it has published for that purpose (the Reg. 123 List). Infrastructure not on the list could only then be funded through S106 agreements, subject to the statutory tests.

It should be noted that the Reg. 123 List is separate from, and not subject to the procedural requirements of, the CIL preparation procedure. However, whilst not a statutory part of the CIL preparation procedure, a draft version of a Reg. 123 List was set out in the Preliminary Draft Charging Schedule for comment. The Reg. 123 List only proposed the inclusion of Welsh medium secondary education. It was therefore intended that English medium and Welsh primary education infrastructure would continue to be funded through S106 obligations.

The representor objects to the omission of English medium and Welsh medium primary education from CIL as it leads to uncertainty over what developments will be expected to

contribute towards education provision. In addition, the representor considers that the proposed arrangement raises the very real potential for double counting in terms of education provision.

In considering the appropriate response the advantages and disadvantages of the alternative mechanisms for funding education provision as a consequence of new development are outlined below.

Welsh Medium Secondary Education Provision

- Welsh Medium Secondary Provision will, most likely, be in the form of new schools rather than incremental growth at existing schools. As a result CIL provides a better mechanism for providing the significant capital required to provide new schools. The development industry agrees with this view so no change is proposed.

Maintaining All English Medium and Welsh Medium Primary Education in S106 - Advantages

- S106 contributions are ring fenced for the reason they are sought, i.e. the S106 revenue will be dedicated to providing the education infrastructure.
- English Medium and Welsh Medium Primary education infrastructure is likely to be in the form of incremental extensions to existing schools (due to development increasing school place requirements over existing school capacities) rather than new school provision. As such S106 agreements lend themselves toward addressing smaller scale development specific infrastructure such as this.

Maintaining All English Medium and Welsh Medium Primary Education in S106 - Disadvantages

- Current education obligation contributions sought through S106 make no allowances for the generation of places for Welsh Medium Secondary Education. The imposition of CIL would make Welsh Medium Secondary Education a CIL funded infrastructure and, without due allowance for Welsh Secondary places in the S106 calculations, there will be double counting of places in S106 agreements.
- Currently S106 contributions for education are collected directly related to need, i.e. contributions are based upon the additional number of places required over and above the schools capacity. For example, a residential development generates a requirement for 12 new primary school places. This takes the local school 9 places over its capacity. A new classroom (accommodating 30 places) will be required. The development contributes an amount related to its impact, i.e. the development contributes 9/30ths of the cost of providing the classroom. As a result the S106 contributions from one development are unlikely to realise the total cost of funding the new classroom. Consequently such provision is either provided through grouped contributions or the council provides match funding. When CIL is introduced no more than 5 pooled contributions can be made to any specific piece of infrastructure.
- S106 contributions are generally time restricted with clawback clauses seeking return of contributions where they are not used. Given this, and the current economic climate, it is highly likely that there would be insufficient S106 contributions to provide the necessary infrastructure without the need for match funding.

- S106 contributions are based upon the level of development and the existing school capacities, both of which are unknown at the start of the development process. This introduces uncertainty for the developer in terms of the level of contributions that would be sought from development and could, potentially, make some sites unviable.
- Education contributions can only be sought from new residential development as this form of development will increase household numbers, and thereby population, which would generate the requirement for new school places.

Including All English Medium and Welsh Medium Primary Education in CIL - Advantages

- Provides certainty for the development industry, as the CIL is a set rate per square metre of new floorspace.
- The inclusion of all education within CIL avoids the issue of double counting and removes the need for timely and costly S106 negotiations in respect of every new residential development.
- Infrastructure on the Reg. 123 List can use CIL funding irrespective of what type of development made the contributions, e.g. education provision can be made through CIL contributions from retail development.
- Due to its scale the CIL pot can be used to provide the complete infrastructure requirement without requiring top-up or match funding.
- Given the pooled nature of the CIL contributions it is a better mechanism to realise sufficient funds to provide the necessary infrastructure as it is required.
- Inclusion in CIL will increase fairness by broadening the range of developments asked to contribute, allowing the cumulative impact of small developments, which can be significant in terms of local school provision, to be accounted for.

Including All English Medium and Welsh Medium Primary Education in CIL - Disadvantages

- Education infrastructure requirements will have to vie for funding against other infrastructure in the Reg. 123 List, i.e. the finance is not ring fenced for specific uses. It is entirely possible therefore, due to the level of CIL likely to be generated, that some infrastructure will not be funded at all. The Council will need to prioritise CIL funding in order to ensure that education infrastructure is provided when it is required.
- Assuming that the CIL rates remain the same as currently proposed, Including education infrastructure on the Reg 123 List will increase the value of infrastructure to be funded through CIL without increasing the CIL revenue.

On balance it is considered that, in maintaining all English Medium and Welsh Medium Primary Education infrastructure provision outside CIL, the Council could be in a position whereby it would be required to contribute significantly to realise the provision of additional classrooms, as the statutory tests governing S106 agreements will mean that only 5 contributions can be pooled. Whilst retaining such provision under S106 agreements ring fences the contributions to the provision of education infrastructure, regard should be had to the fact that such contributions are time limited. If provision is not made within the specified timescale the contributions are required to be returned to the developer. With all

education infrastructure provision within CIL such issues would not arise as CIL contributions are not subject to clawback.

There is also merit in including education provision within CIL as its inclusion would indeed improve the predictability and certainty for developers as to what they will be asked to contribute in terms of planning obligations. It is also accepted that its inclusion in CIL will increase fairness by broadening the range of developments asked to contribute, allowing the cumulative impact of small developments, which can be significant in terms of local school provision, to be accounted for.

It is however important to note, that including education provision within CIL means that new provision will need to be prioritised by the Council in order to ensure that the demands placed on schools by new development schemes can be met in a timely manner. It is anticipated that a formal process for prioritising spend from CIL on an annual basis will need to be introduced to enable this to happen in an efficient way through a transparent process.

Overall it is considered that the best option is to include all education provision on the CIL eligible Infrastructure List.

Council Recommendation:

The Draft Infrastructure List is amended by the inclusion of all education infrastructure provision.

Document: CIL Preliminary Draft Charging Schedule
Issue Infrastructure List - Infrastructure Inclusion

Representor: Landowner and Developer Consortium

Representation Number: 4555.P7

Representation Type: Objection

Summary of Comment:

The funded infrastructure list should include the elements that will be funded by the neighbourhood element of CIL

Representation:

It is noted from the Preliminary Draft Charging Schedule that a proportion of CIL will be allocated back to neighbourhoods to spend in accordance with their priorities so that communities can benefit from development in their area. Consideration will therefore need to be provided in formulating the CIL Regulation 123 list to ensure the local infrastructure requirements are aligned with the wider strategic requirements. In formulating the Regulation 123 List the focussed set of infrastructure priorities will likely have to fund strategic improvements owing to the importance in delivering the wider Borough Plan objectives. The objective will therefore need to be balanced against the 'meaningful proportion' required back to the local community.

Representor Change:

The Funded Infrastructure List be amended by the inclusion of those elements that will be funded through the local neighbourhood element of CIL.

Officer Analysis:

Currently the Draft CIL Amendment Regulations 2012 require the council to pay an unspecified percentage of CIL receipts in their area to the community councils. The percentage of CIL receipts paid should relate to the amount of chargeable development in the community council area.

The CIL revenue paid to community councils is subject to the same restrictions on use as the revenue held by the council, i.e. a list of CIL eligible projects and infrastructure will need to be published (under CIL Regulation 123). Whilst the Regulations have not set out restrictions or requirements on how community councils should use their revenue, the position in respect of the Regulation 123 list is the same, i.e. it does not form part of the Charging Schedule and can be prepared and amended at any time. Without any requirement set out in the new CIL Regulations, the council has no control over what the community councils can spend their CIL revenue on and, whilst CIL should be used to deliver infrastructure to support development in the area, as it currently stands this cannot be controlled.

Council Recommendation:

No amendment is made to the Charging Schedule in respect of this representation.

Document: CIL Preliminary Draft Charging Schedule
Issue Infrastructure List - Infrastructure Deletion

Representor: Landowner and Developer Consortium

Representation Number: 4555.P3 **Representation Type:** Objection

Summary of Comment:

Question the inclusion of four of the named infrastructure elements in the funded list

Representation:

However, we question the need for the inclusion of the following infrastructure to be provided through CIL:-

Waste transfer/recycling bulking infrastructure

Upgrade of existing Civic Amenity Sites

Strategic Drainage Network

Network Connections – Superfast Broadband

The supporting evidence should clearly justify the need for the stated infrastructure and identify and set out an appropriate balance for infrastructure priorities.

Representor Change:

The funded list be amended by the deletion of the following infrastructure items:

Waste transfer/recycling bulking infrastructure

Upgrade of existing Civic Amenity Sites

Strategic Drainage Network

Network Connections – Superfast Broadband

Or their retention be fully justified.

Officer Analysis:

The CIL Regulations requires that a clear distinction be made between infrastructure that is eligible for CIL funding and infrastructure that is eligible to be provided through S106 agreements. To establish this distinction the council is required to publish, on its web site, an Infrastructure List that will be eligible for CIL funding. It is important to note that infrastructure included on the Infrastructure List is ineligible for inclusion in S106 provisions. Therefore it is important that the council identify all appropriate infrastructure for inclusion on the Infrastructure List.

It should be noted that the Infrastructure List is not a requirement of the preparation of CIL and can be amended by the council at any time. A Draft Infrastructure List has been included in the Pre-Draft Charging Schedule to provide a basis for comment, and includes a list of infrastructure that had been approved for consultation by the Council.

The representation raises concerns in respect of the four infrastructure elements from the Draft Infrastructure List and seeks their removal from the list. The infrastructure elements are:

Waste transfer/recycling bulking infrastructure

Upgrade of existing Civic Amenity Sites

Strategic Drainage Network

Network Connections – Superfast Broadband

No reason, however, has been put forward in support of the suggested removal of this infrastructure. The representation does request justification for the inclusion of the infrastructure in the list, although there is no requirement in the CIL Regulations for the council to provide this.

In the absence of any supporting reason for the removal of this infrastructure, there is no substantive reason to remove this infrastructure from the Draft Infrastructure List.

Council Recommendation:

No amendment is made to the CIL Charging Schedule in respect of this issue.

Document: CIL Preliminary Draft Charging Schedule
Issue Infrastructure List - Clarification

Representor: Landowner and Developer Consortium

Representation Number: 4555.P11 **Representation Type:** Objection

Summary of Comment:

Clarification is required on what is CIL fundable and what is S106 fundable

Representation:

With regard to the relationship with Section 106 the CIL Charging Schedule should be clear that 'double counting' of Section 106 contributions and CIL is not permitted by law. The Consortium are therefore concerned that the S123 List is clear as to what is subject to CIL levy and that which continues to be the subject of S106 and that the opportunity for confusion and interpretation is removed as much as possible.

Representor Change:

The Funded Infrastructure List should be amended to clearly identify what infrastructure is CIL funded and what is S106 funded.

Officer Analysis:

The Draft Infrastructure List was included within the Preliminary Draft Charging Schedule to seek comments and views on what Infrastructure should be eligible for CIL funding and what should be delivered through inclusion in S106 agreements. It was always the intention of the council to review the Infrastructure List to specifically identify what infrastructure will be eligible for CIL and what will not. Part of this process will be to specifically define what infrastructure is included with areas such as "off site leisure facilities".

Council Recommendation:

The Draft Infrastructure List be reviewed to provide more clarity in terms of what infrastructure will be eligible for CIL funding and what infrastructure will be subject of S106 agreements.

Document: CIL Preliminary Draft Charging Schedule
Issue Infrastructure List - Clarification

Representor: Landowner and Developer Consortium

Representation Number: 4555.P5

Representation Type: Objection

Summary of Comment:

Clarification is required in respect of what comprises "off-site" leisure facilities

Representation:

The Consortium also seek clarification on the definition of Off Site Leisure Facilities contained in the Draft Infrastructure List and confirmation that it includes sports fields, pitches and formal recreation provided in association with new school provision, so that land acquisition and provision is funded through CIL.

Representor Change:

Clarification of what is included in "off-site" leisure provision be set out in either the Infrastructure Plan or Charging Schedule.

Officer Analysis:

The Draft Infrastructure List was included within the Preliminary Draft Charging Schedule to seek comments and views on what Infrastructure should be eligible for CIL funding and what should be delivered through inclusion in S106 agreements. It was always the intention of the council to review the Infrastructure List to specifically identify what infrastructure will be eligible for CIL and what will not. Part of this process will be to specifically define what infrastructure is included with areas such as "off site leisure facilities".

Council Recommendation:

The Draft Infrastructure List be reviewed to provide more clarity in terms of what infrastructure will be eligible for CIL funding and what infrastructure will be subject of S106 agreements.

Document: CIL Preliminary Draft Charging Schedule
Issue: Other Issues - Instalment Policy

Representor: Landowner and Developer Consortium

Representation Number: 4555.P9

Representation Type: Objection

Summary of Comment:

The Instalment phases should be defined by dwelling units delivered rather than fixed timescales

Representation:

With regard to the payment of CIL, the Regulations (69B(1)) and CIL – An Overview (paragraphs 45 - 48) are clear that the charging authority has the flexibility to request the timing of the charge and hence to outline the payment procedure. This flexibility extends to:

Levy payment deadlines

Instalments policy

With regard to the phasing of CIL payments, the Preliminary Draft Charging Schedule states that the Council propose that the levy will become payable from the date that development is commenced but that they propose introducing an Instalment Policy which depends on the total amount of liability and sets out the time periods over which payments will be required.

The Consortium supports the implementation of an instalments policy, but consider that in order not to negatively impact on cash flow viability, particularly where there are delays in delivery, larger sites developed over phases and in periods of market instability, that the instalments should be linked to the delivery of a certain percentage of housing units as opposed to fixed timescales. This is particularly important in secondary markets/regeneration areas where fixed instalment methods will prove detrimental to the delivery of these sites.

Representor Change:

The Instalment Policy sets out instalments phased by delivery of units, rather than by fixed timescales.

Officer Analysis:

The consultation documentation does not include an instalment policy, although the council are currently considering one, which will be publicised in conjunction with the next consultation on the Charging Schedule (Draft Charging Schedule).

The comments in respect of how instalments should be demarked are welcomed and will be taken into account when preparing the instalment policy for public consultation.

Council Recommendation:

No amendment is made to the Charging Schedule in respect of this representation and the Representor's comments be taken into account in the consideration of an instalments policy.

Document: CIL Preliminary Draft Charging Schedule
Issue: Other Issues – Exceptional Circumstances Policy

Representor: Landowner and Developer Consortium

Representation Number: 4555.P10 **Representation Type:** Objection

Summary of Comment:

The council should implement a policy of CIL relief in exceptional circumstances.

Representation:

The Community Infrastructure Levy Relief – Information Document (CLG, May 2011) outlines the Government’s position on “exceptional circumstances” which could warrant exception from CIL (paragraph 66 onward). The first matter to note from the Regulations is that the offer of relief is discretionary on the charging authority (Regulation 55(3) (a)). As outlined, the Consortium considers it important that the Borough Council makes available relief from the date of the adoption of CIL, and that it clearly outlines its approach to doing so (in conformity with the Regulations).

The Preliminary Draft Charging Schedule documentation is unclear as to whether the Council intend introducing discretionary exceptions/ CIL relief. It is however considered that ability to offer this could be critical to the viability of schemes.

Guidance on the level of detail required for the viability assessment to qualify for relief should also be provided.

Representor Change:

The Council should implement a policy of relief in exceptional circumstances.

Officer Analysis:

The consultation documentation does not include an exceptions policy, although the council are currently considering one, which will be publicised in conjunction with the next consultation on the Charging Schedule (Draft Charging Schedule).

The comments in respect of an exceptions policy are welcomed and will be taken into account in the consideration of whether an exceptions policy should be prepared.

Council Recommendation:

No amendment is made to the Charging Schedule in respect of this representation and the Representor’s comments be taken into account in the consideration of an exceptions policy.

Document: CIL Preliminary Draft Charging Schedule
Issue Other Issues – Exceptional Circumstances Policy

Representor: Country Land and Business Association

Representation Number: 4559.P3 **Representation Type:** Objection

Summary of Comment: Rural business should be exempt fro the CIL charge

Representation:

There may be an option to have an exception policy so where there are issues such as rural businesses (e.g. farm shops) which do not fit into a one size fits all type arrangement, the Authority has the option to be able to vary or access applications on their individual merits, so the CIL policy does not end up as a blunt instrument which will actively act against rural businesses.

Representor Change:

The Council should establish an exceptions policy to ensure that CIL does not act against rural business.

Officer Analysis:

The CIL Regulations require that decisions in respect of the landuses that should be subject to CIL and the level of the CIL charge be based solely on the viability evidence. This means that where the viability evidence identifies a use as being generally viable, a charge must be levied. The evidence base clearly demonstrates that A1 retail development is viable across the study area and, as such, a charge must be levied against A1 retail developments. The evidence base also identified that business use development, with use classes B1, B2 and B8, was not sufficiently viable to withstand the CIL charge and, therefore, a CIL rate of £0 is being levied against business us development.

The Representor contends that A1 retail developments in the countryside could be jeopardised by the implementation of CIL in rural areas. The Viability Report assessed 10 sites for A1 related uses across the study area and across a range unit sizes. The Assessments indicate that retail development is sufficiently viable to withstand the CIL charge and, as such, rural retail development will be subject to the CIL Charge.

The council will be required to monitor CIL on an annual basis. The council will use this process to consider whether the level and nature of the CIL charge is having a detrimental impact upon specific uses. The CIL Regulations make provision for the council to establish an exceptions policy, which would provide development with relief from the CIL charge where exceptional circumstances exist. The issue with such a policy is to identify and specifically define what exceptional circumstances are, when it has to be accepted that some developments may not be viable under CIL. The council will continue to consider the issue of an exceptions policy and will utilise the monitoring procedures to monitor this issue once the CIL Charging Schedule has been adopted.

Council Recommendation:

No amendment is made to the Charging Schedule in respect of this representation.

Document: CIL Preliminary Draft Charging Schedule
Issue Other Issues - General

Representor: Mr Brynmor Hollywell

Representation Number: 3409.P2

Representation Type: Objection

Summary of Comment:

The Schedule does not set out the likely income from CIL, which makes it difficult to comment on.

Representation:

The lack of any information on the likely income to be raised through CIL is a serious flaw and makes it very difficult to make any assessment or comments on the CIL.

Representor Change:

The Charging Schedule should be amended to set out the anticipated income from the CIL charge.

Officer Analysis:

Predicting the likely revenue generated from CIL is a difficult task. Whilst it is likely that CIL revenue will be generated predominantly from developments that are allocated in the Adopted LDP, there is no way to predict when the sites will come forward and hence when their respective contributions can be made. Further to this, CIL charges apply to all developments of a chargeable type and there is no robust way to predict how much and when non-allocated development will come forward.

In terms of housing it is difficult to predict the number of units, or the amount of development floorspace that will be provided on sites, as this differs between developers.

Given the uncertainty of predicting what development will actually occur and when it occurs, it is not possible to predict the revenue that CIL will generate with any certainty.

It should also be noted that the level of CIL charge should be informed by viability evidence and not by the amount of revenue needed to deliver identified infrastructure.

Overall it is neither necessary nor appropriate to set out an estimate of likely CIL revenue generation.

Council Recommendation:

No amendment is made to the Charging Schedule in respect of this representation.

Document: CIL Preliminary Draft Charging Schedule
Issue Other Issues - General

Representor: Landowner and Developer Consortium

Representation Number: 4555.P14 **Representation Type:** Objection

Summary of Comment:

The Council should only reclaim 1% or £5000 to cover CIL administration costs

Representation:

With regard to administration costs, the CIL Regulations and CIL – An Overview (paragraph 11) outlines that “up to 5%” of CIL receipts can be used to administer the process. This is potentially a considerable element of funding and likely to be in excess of what is required. The Preliminary Charging Schedule is silent on whether the proposed CIL rates are inclusive of administration costs. The consortium seek clarity on the level of fees that will be sought and strongly suggest that double fees should be avoided in the event that both CIL and S106 obligations are levied in respect of any particular scheme. Our suggestion would be to limit fees to 1% of the total CIL and S106 contribution or a maximum of £5,000 whichever is the higher.

The Borough Council will also be in receipt of pre-application fees and planning application fees which need to be factored with resourcing of planning administration. The Council should be efficient in the collection of CIL in order that the majority of funding be spent on Infrastructure.

Representor Change:

The Charging shedule should set out that the council will seek to use a maximum of 1% or £5000 to cover administration costs for implementing CIL.

Officer Analysis:

The CIL Regulations set out the principle that the council (as a charging and collecting authority) can use an element of CIL revenue to cover expenses incurred by the council in administering the CIL. There are two elements to this provision:

- 1 Over the first 3-year period the council can use up to 5% of the total yearly CIL revenue to cover administration costs of preparing and implementing CIL
- 2 From the 4th year, and any subsequent year, the council can use up to 5% of the total yearly CIL revenue to cover expenses incurred by the council in administering the implementation of CIL only.

The Regulations are clear that the council can only use a level of CIL revenue that equates to the actual costs incurred and cannot just claim the maximum of 5%. Given this the council will use these provisions to recover the appropriate costs of preparing and implementing CIL over the first 3 years and then the appropriate implementation costs in years following that. There is no evidence to support the Representor’s contention that 1% of the total revenue would be appropriate for this purpose.

The council does not currently charge a fee for pre-application discussions/meetings, although this issue is being considered in light of budget cuts. Fees for pre-application discussions/meetings would cover part of the costs of this service, which is currently provided at a cost to the council. Planning application fees contribute directly to the administration of the development management process, which CIL is not part of. CIL will be an additional requirement, over and above the current process, and would require additional funding to implement. The representor is incorrect in their assumption that CIL could be covered by the existing fees charged for the planning application process, as the fees do not currently cover the cost of this process.

In response to the Representor's final point it can only be confirmed that the council is not in the habit of adopting inefficient procedures to administer their statutory functions, particularly in respect of seeking to draw finance from development contributions to cover costs.

Council Recommendation:

No amendment is made to the Charging Schedule in respect of this representation.

Document: CIL Preliminary Draft Charging Schedule
Issue: Other Issues - General

Representor: Landowner and Developer Consortium

Representation Number: 4555.P15 **Representation Type:** Objection

Summary of Comment:

The Charging Schedule should set out a review mechanism for CIL.

Representation:

With regard to reviewing CIL, the Consortium strongly encourage the Council to proactively outline a review mechanism for CIL as part of annual monitoring (required by both the CIL and Local Development Regulations). The CLG CIL Charge Setting and Charging Schedule Guidance outlines that the Government ‘strongly encourages’ reviews to ensure that CIL is fulfilling its aim and responds to market conditions. It may therefore be prudent to outline on adoption of CIL, a suitable review period, but our clients suggest that this first review should not take place until at least 36 months following adoption in order to allow sufficient time to monitor performance of CIL and to ensure enough clarity and consistency to developers in the short term. An earlier review period should only be considered appropriate in exceptional circumstances where either market or new regulatory changes create significant implications to the delivery of viable development in the Borough.

Given the delicate market conditions that currently prevail, we consider it wholly inappropriate to base the CIL rate on any predicted uplift in the market and would prefer to see any market improvement adjustment in CIL rates dealt with as part of the review mechanism when other viability factors can also be fully considered.

Representor Change:

The Charging Schedule should set out details of how the CIL will be monitored and reviewed.

Officer Analysis:

Whilst the Regulations do not require the Charging Schedule to contain a procedure for the monitoring and review of the CIL, the council are aware that the CIL will need to be monitored actively and a procedure to guide the timing of a review needs to be established. The council are currently considering this issue and the comments provided by the representor are welcomed and will be taken into account in preparing a monitoring and review procedure.

Council Recommendation:

No amendment is made to the Charging Schedule in respect of this representation and the Representor’s comments be taken into account in establishing an appropriate monitoring and review process.

Document: CIL Preliminary Draft Charging Schedule
Issue Other Issues - General

Representor: Mr Laurence Brickell

Representation Number: 4558.P4

Representation Type: Objection

Summary of Comment:

The first priority is to spend the CIL revenue in the local area.

Representation:

The first priority for use of the funds should be the environs of the development, to the extent that any local amenities will be damaged or require upgrading, and the work would not otherwise be done.

Representor Change:

The Infrastructure List should set out that the CIL revenue should be spent locally to the development.

Officer Analysis:

Currently the Draft CIL Amendment Regulations 2012 require the council to pay an unspecified percentage of CIL receipts in their area to the community councils. The percentage of CIL receipts paid should relate to the amount of chargeable development in the community council area. As such the provision already exists for some of the CIL revenue to be used in the locality from which it was collected.

It should also be noted that S106 agreements will still be used to mitigate for the direct impacts that the development will have on the local area

However, the desire to see CIL used locally needs to be balanced with the need to provide strategic infrastructure that supports the development of the county borough. The existing provisions to provide an element of CIL revenue for local use are therefore considered to be appropriate.

Council Recommendation:

No amendment is made to the Charging Schedule in respect of this representation.

Document: CIL Preliminary Draft Charging Schedule
Issue Support

Representor: Mr Robert Thomas, Vale of Glamorgan Council

Representation Number: 1821.P2 **Representation Type:** Support

Summary of Comment:
Support the charges set out in the Pre-Draft Charging Schedule

Representation:
Support the charges set out in the Pre-Draft Charging Schedule.

Representor Change:
No change required

Officer Analysis:
The support is noted and welcomed

Council Recommendation:
The support is noted.

Document: CIL Preliminary Draft Charging Schedule
Issue Support

Representor: W M Morrison Supermarkets PLC

Representation Number: 4014.P1 **Representation Type:** Support

Summary of Comment:

Support the proposed CIL rate of £100/sq.m. for A1 retailing.

Representation:

On behalf of our clients, Wm Morrison Supermarkets plc, we write to support the proposed CIL rate of £100/sq.m. for A1 retail development, as set out in the Community Infrastructure Levy (CIL) Draft Charging Schedule on page 2 of the document.

We consider that this level of contribution will not harm the viability of proposed retail developments of any scale.

We would be grateful if you could take into account the above comments in progressing the CIL Charging Schedule to the next stage.

Please keep us informed of progress of this document towards adoption.

Representor Change:

No change required

Officer Analysis:

The support is noted and welcomed

Council Recommendation:

The support is noted.

Document: CIL Viability Report
Issue Support

Representor: Landowner and Developer Consortium

Representation Number: 4555.P19 **Representation Type:** Support

Summary of Comment:

The principle of determining viability on a residual valuation exercise is appropriate.

Representation:

In principle, our clients consider the overall methodology of seeking to determine viability on a residual valuation exercise as being appropriate and our specific comments relate to the inputs and assumptions made

Representor Change:

No change required

Officer Analysis:

The support is noted and welcomed

Council Recommendation:

The support is noted.

Document: CIL Preliminary Draft Charging Schedule
Issue Support

Representor: Landowner and Developer Consortium

Representation Number: 4555.P6 **Representation Type:** Support

Summary of Comment:

The Consortium agree that the boundaries identified for the three charging zones are appropriate

Representation:

The geography of the planned development is an important consideration, notably as differential rates are proposed. As outlined, the present proposed CIL Levy would result in the highest rates of residential CIL being levied to the south of the Borough in the area defined as “Caerphilly Basin”.

The consortium agree that due to the economic differences across the Borough, it is appropriate to levy a range of charges and we are broadly in agreement, notwithstanding the level of CIL levy, that the three zones proposed reflect appropriate boundaries having taken account of the differing viability challenges of each sub-region.

Representor Change:

No change required

Officer Analysis:

The support is noted and welcomed

Council Recommendation:

The support is noted.

Document: CIL Preliminary Draft Charging Schedule
Issue Support

Representor: Landowner and Developer Consortium

Representation Number: 4555.P8 **Representation Type:** Support

Summary of Comment:
Support the implementation of an Installment Policy

Representation:
The Consortium supports the implementation of an instalments policy

Representor Change:
No change required

Officer Analysis:
The support is noted and welcomed

Council Recommendation:
The support is noted.

Document: CIL Preliminary Draft Charging Schedule
Issue Support

Representor: Mr Neil Barber, Seren Group

Representation Number: 4556.P2 **Representation Type:** Support

Summary of Comment:

Support the charges set out in the Pre-Draft Charging Schedule.

Representation:

Support the charges set out in the Pre-Draft Charging Schedule.

Representor Change:

No change required

Officer Analysis:

The support is noted and welcomed

Council Recommendation:

The support is noted.

Document: CIL Infrastructure Assessment
Issue Support

Representor: Landowner and Developer Consortium

Representation Number: 4555.P2 **Representation Type:** Support

Summary of Comment:

The Consortium does not dispute the fact that an infrastructure funding gap exists, and hence that in principle CIL is justified in the Borough.

Representation:

The Consortium does not dispute the fact that an infrastructure funding gap exists, and hence that in principle CIL is justified in the Borough.

Representor Change:

No change required

Officer Analysis:

The support is noted and welcomed

Council Recommendation:

The support is noted.

Document: CIL Viability Report
Issue Support

Representor: Landowner and Developer Consortium

Representation Number: 4555.P21 **Representation Type:** Support

Summary of Comment:

The Sales Values adopted by DVS are reasonable and appropriate.

Representation:

We understand that DVS have based their average sale prices on extensive comparable evidence which is available to them via Stamp Duty Land Tax Returns. Based on the sample sites within the Councils geographical area the range of sales rates adopted is as follows:-

Eastern, Central and Southern Areas: £1,505 - £1,777 psm (£140 - £165 psf)

Northern Areas - £1,253 - £1,260 psm (£116 - £117 psf)

Western Areas - £1,302 psm (£121 psf)

We concur that the sales rates adopted are reasonable and appropriate as average sales values in each geographical area.

Representor Change:

No change required

Officer Analysis:

The support is noted and welcomed

Council Recommendation:

The support is noted.

Document: CIL Viability Report
Issue Support

Representor: Landowner and Developer Consortium

Representation Number: 4555.P23 **Representation Type:** Support

Summary of Comment:

The principle of estimating build costs from RICS and adjusting for location and making contingency allowance is accepted.

Representation:

The principle of estimating the build costs from the RICS Build Cost Information Service after adjusting for location and allowing a contingency is accepted.

Representor Change:

No change required

Officer Analysis:

The support is noted and welcomed

Council Recommendation:

The support is noted.