

# **West Lancashire Borough Council**

## **Community Infrastructure Levy Draft Charging Schedule**

### **Statement of Modifications**

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**WEST LANCASHIRE**



**LOCAL PLAN**

## Statement of Modifications

1. This statement is a requirement of the Community Infrastructure Levy (CIL) Regulations, 2010 (as amended), Part 3, 19 (1)(d) and (e). It sets out the modifications to the Draft Charging Schedule (DCS) that have been made since it was published for consultation between the 26 September and 8 November 2013.
2. As a result of a submission from Country Land and Business Association (representation reference number DCS10), the Council has given further consideration to the treatment of agricultural workers dwellings.
3. Within DCS, which was subject to consultation, proposals for agricultural workers dwellings in Zone A (outside of Skelmersdale and Up Holland) would be subject to the CIL charge of £85 per square meter.
4. CLBA expressed concerns regarding this, particularly as West Lancashire is largely rural. In addition, the Council has a policy within the adopted local plan which seeks to support agricultural workers dwellings where there is a genuine case to demonstrate the need.
5. Historically these needs have been met through the siting of temporary mobile homes and changes of use to existing buildings, both of which would be unlikely to attract a CIL charge, subject to the lawful use of any existing buildings. However, there have been a limited number of circumstances where the Council has granted planning consent for the erection of a dwelling house to be conditioned for use as an agricultural workers dwelling.
6. The Council and the Council's viability consultants have given this issue further consideration and evidence of this is set out in Appendix A to this report. The Council has modified the DCS to include an additional category to exempt agricultural workers dwellings, in line with the evidence at appendix a. The DCS will now read as follows:

Development Type	Proposed CIL Rate (£ per square metre)	
	Zone A	Zone B
Residential dwelling house	£85	Nil
Apartments (including Retirement Apartments)	Nil	Nil
<b>Agricultural Workers dwellings</b>	<b>Nil</b>	<b>Nil</b>
Retail – Comparison	Nil	Nil
Retail – Convenience	£160	Nil
Food and Drink (A3/A4)	£90	Nil
All other uses	Nil	Nil

7. In addition to the above, a minor amendment has been made to paragraph 4 of the charging schedule to reflect the Governments recent

proposed changes to the CIL regulations in relation to the requirements of a building to be in lawful use as follows:

- 4 The **CIL rate (£ per m<sup>2</sup>)** is the applicable rate from the above schedule.

The **net chargeable floor area (m<sup>2</sup>)** is the gross internal floorspace of the development minus the gross internal floorspace of any existing buildings that are to be retained or demolished, providing that they have been in continuous lawful use ~~for at least six months in accordance with the past 12 months (Regulation 64)~~ the CIL regulations (as amended). Where there is more than one use class on a development, the chargeable amount in each use class is calculated separately and then added together to provide the total chargeable amount. However, where the amount is less than £50 the chargeable amount is zero.

8. For clarity, the Council has also included a section which refers to use definitions as follows:

#### **Use Definitions**

**Dwelling house** - is a house used for a dwelling place. The CIL charge will apply to the same definition as the Town and Country Planning (Use Classes Order) 1987 C3 a, b and c

**Apartments** - due to a difference in viability, apartments are excluded from the dwellinghouse category and are described as dwellings with shared access, and communal areas, on more than one floor, and are excluded from the dwelling house use charge.

**Agricultural workers dwelling** - dwelling in which the occupation of the property is limited (usually by condition) to those employed in agriculture.

**Retail Convenience** - is described as any building selling mainly everyday essential items, including food, drinks, newspapers/magazines and confectionery. Some buildings will sell a mixture of convenience and comparison goods. In these instances, the CIL charge will be based on the main use of the building.

**Retail Comparison** - is described as any building selling mainly comparison goods, such as clothing, footwear, household and recreational goods.

9. The above modifications are the only modifications that relate to the charging schedule itself i.e. 4.1 to 4.4 of the Draft Charging Schedule Consultation Document. However, given this was a consultation document, the Draft Charging Schedule has now been separated from the background material (sections 1, 2, 3 and 5). The remaining background material has been updated, in light of the Governments recent consultation response, and used to form a separate "CIL Background Document" to ensure this can be easily updated without having any impact on the charging scheduled itself.

## **Appendix A: Statement of Modification Evidence**

### **DWELLINGS WITH AN AGRICULTURAL CONDITION – VIABILITY AND CIL**

#### **Introduction**

Following recent consultation in relation to the Draft Charging Schedule (DCS) for CIL in West Lancashire, a response has been received from Jane Harrison from the Country Land and Business Association (CLA). The response highlights concern from the CLA that the proposed DCS covers all residential development in Zone A, including dwellings intended to accommodate those employed in rural businesses and conditioned accordingly. Mrs Harrison argues that dwellings for agricultural employees are constructed out of necessity rather than for development gain and that their use is restricted by an occupancy condition, and so they cannot be considered as market dwellings. It is suggested that the imposition of CIL on dwellings with an agricultural condition would render such properties unviable, thereby threatening the operation of rural businesses. CLA therefore request that dwellings with an agricultural condition should be exempt from a CIL charge in West Lancashire.

In view of the above, we have undertaken further viability testing specifically in relation to such dwellings with an agricultural occupancy condition attached. The results will inform a decision as to whether CIL can reasonably be imposed on these properties without undermining viability.

#### **Methodology and Assumptions**

In undertaking viability testing on dwellings with an agricultural condition; we have firstly determined the impact on value of the occupancy condition. We understand that, historically, the Council when considering the removal of such conditions from Agricultural use dwellings require that the property must first be marketed for one year at a price equivalent to a 30% discount from Market Value to reflect the presence of the condition. We have undertaken an analysis of property in West Lancashire with known agricultural restrictions, however we have not been able to identify any that have recently been sold subject to the condition.

Market research generally suggests a discount to market value in the order of 30%; albeit this may vary either way depending on the specific circumstances of the property and whether there is a compliant purchaser or a forced sale. In the absence of recent available evidence of sales of dwellings with such conditions attached; we have arrived at the reasonable assumption that sales values would typically be at a discount of around 30% below Market Value in any given area.

Based on this we have prepared additional appraisals on a residual land value basis, assuming a typical 3 bed detached dwelling (90 sq.m) with an agricultural condition. We have considered the impact on viability in the differing value areas of Upholland, Burscough, Ormskirk and also the Remainder of the Borough. We have not included any sales, legal or marketing fees. A profit return is assumed based on a contractors profit at 6% of cost.

We have obtained a typical construction cost for such a dwellings from Tweeds and they have assessed construction cost at £1,606 per sq.m

inclusive of contingency, fees, external works and preliminaries. Our appraisals do not include a CIL payment.

### **Viability Testing Results**

The results of our testing are contained in the table below:

<b>Location</b>	<b>Market Value (per sq.ft)</b>	<b>Value with Occupancy Condition (per sq.ft)</b>	<b>Residual Land Value</b>
Upholland	£180	£126	-£29,389
Burscough	£190	£133	-£22,989
Ormskirk	£200	£140	-£16,591
Remainder	£220	£154	-£3,797

### **Conclusions**

The results show that in each area tested the appraisal calculates a negative residual land value; this indicates that new dwellings with an Agricultural Condition are not currently viable in the Borough. Subsequently, such dwellings would not be able to support a CIL charge. As a result, the Charging Authority may wish to consider implementing a nil charge for such categories of use.

**KEPPIE MASSIE**  
**28 November 2013**