



Suffolk Coastal...
...where quality of life counts

Community Infrastructure Levy

Response to Examiners Main
Issues and Questions

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March 2015



SUFFOLK COASTAL DISTRICT COUNCIL

COMMUNITY INFRASTRUCTURE LEVY

RESPONSE TO EXAMINERS MAIN ISSUES AND QUESTIONS

Submitted to the Programme Officer – 6 March 2015

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Author	SCDC
Issue	1 – Legal and Preliminary matters
Hearing session	Thursday 19 March 2015

Response to Examiners Main Issues and Questions

Issue 1 – Legal and preliminary matters

a) Does the Charging Schedule comply with the procedural requirements of the 2008 Planning Act and the 2010 Regulations as amended?

- 1.1 Yes. The Council has complied with the procedural requirements of the 2008 Planning Act and the 2010 Regulations as amended. Suffolk Coastal District Council has based the Draft Charging Schedule on a robust and credible evidence base which has been prepared in accordance with government guidance contained within the Planning Practice Guidance and examples of best practice.
- 1.2 Legislation relating to the introduction of CIL is set out in Part 11 of the Planning Act 2008 as amended by the Localism Act 2011. Part 11 of the Act requires Suffolk Coastal District Council to have regard to the actual and expected costs of infrastructure; the economic viability of development as well as the other actual or expected sources of funding for infrastructure. In accordance with Section 211 (Amount) of the Planning Act 2008, the Council has prepared a Preliminary Draft Charging Schedule and a Draft Charging Schedule in which the amount of CIL chargeable in respect of development across the district is considered.
- 1.3 The Preliminary Draft Charging Schedule was published for consultation for a period of 6 weeks between May and July 2014 in accordance with Regulation 15 of the CIL Regulations 2010 (as amended). A second round of public consultation on the Draft Charging Schedule was published for a further 6 weeks between October and November 2014 in accordance with Regulation 16 of the CIL Regulations 2010 (as amended).
- 1.4 At each stage of consultation, the relevant documents and evidence have been published on the Council's website, Council offices and public libraries across the district. Written notifications (email and letter) have also been sent to everybody on the Council's contact database which contains details of interested parties, landowners, developers, town and parish councils as well as the Specific Consultation Bodies as outlined by national regulations and the Council's Statement of Community Involvement (adopted September 2014).
- 1.5 In response to the Preliminary Draft Charging Schedule (Regulation 15) the Council received 37 representations. These have been collated and provided in summary, along with an initial response from the Council. The summary of representations into the Preliminary Draft Charging Schedule can be found in document CIL/EB/G which forms part of the CIL evidence base. Each of these representations is available to view on the Preliminary Draft Charging Schedule page of the Council's website.

- 1.6 The Council received a total of 31 representations into the Draft Charging Schedule (Regulation 16) which have been collated and provided in summary, along with an initial response from the Council in document CIL/EB/E which is part of the documentation submitted to the Planning Inspectorate under Regulation 19 of the CIL Regulations 2010 (as amended). The Planning Inspectorate was also provided with a hard copy of each representation at the time of submission. A copy of each representation is also available to view on the Draft Charging Schedule page of the Council's website.
- 1.7 The Council submitted documents and information to the Planning Inspectorate (Regulation 19) in electronic format on Friday 5 December 2014, with the paper copies being received on Monday 8 December 2014. The Planning Inspectorate confirmed that all the required documents and information had been submitted to their satisfaction on Monday 8 December and an independent examiner was then appointed to undertake the examination.
- 1.8 At the time of submission the Council appointed Annette Feeney to act as Programme Officer to support the examination. Contact details for the Programme Officer were sent to the Planning Inspectorate and published on the Council's website. All respondents to the Draft Charging Schedule (Regulation 16) were notified of the Programme Officer's appointment and contact details at the same time as notification with regards to the submission to the Planning Inspectorate.
- 1.9 In accordance with Regulation 21 of the CIL Regulations 2010 (as amended), the Council provided the opportunity for respondents to be heard at the examination. A total of 9 respondents have indicated that they wish to be heard by the examiner at the hearing session. Details of these respondents can be found in document CIL/EB/L which forms part of the Council's evidence base and information submitted to the Planning Inspectorate.
- 1.10 Throughout the CIL project, no objections have been raised in respect of the legal and procedural matters. The Council firmly believes that the legal requirements regarding the procedure for the production of a CIL Charging Schedule has been followed correctly and those measures undertaken at each stage clearly provide the evidence to support this position.

b) Should the introduction of the Charging Schedule be delayed until the production of Suffolk Coastal District Council's Site Allocations Development Plan Document and/or further review of the Council's Core Strategy?

- 1.11 The Council adopted the Suffolk Coastal Core Strategy and Development Management Policies Development Plan Document in July 2013 (known as the Core Strategy, CIL/EB/K) which provides the strategic overview and vision that guides growth across the district up to 2027. Table 6.1 of the Core Strategy outlines the infrastructure identified as necessary for the delivery of the Core Strategy which has been used as the basis for the Infrastructure Delivery Plan (CIL/EB/H) that supports the Draft Charging Schedule.

- 1.12 The National Planning Policy Framework (NPPF) and the Planning Practice Guidance (PPG) both outline that “where practical, Community Infrastructure Levy charges should be worked up and tested alongside the Local Plan.” The opportunity to introduce CIL alongside the Core Strategy was not taken by the Council but due to pooling restrictions of planning obligations, post April 2015 as detailed under Regulation 123 of the CIL Regulations 2010 (as amended) the Council will be severely limited with respect to funding or provision of infrastructure without the introduction of CIL across Suffolk Coastal. In order to ensure that the services and facilities required to support the level of growth outlined in the Core Strategy are provided, it is essential that the Council introduces CIL without any further delay.
- 1.13 The Core Strategy provides the overarching framework for growth across the district and is clear as to the level of infrastructure required to support this expected growth. The Viability Study (CIL/EB/I) has used the Core Strategy and tested a range of sites and scenarios which are considered to be in accordance with the Core Strategy in regards to location, scale and size of developments across the district. Within the last 12 months, some of the sites tested within the Viability Study (Chapter 12) have been included within the Council’s Strategic Housing Land Availability Assessment (SHLAA) published in November 2014, or before the Council as planning applications or been subject to preliminary enquiries which demonstrates that the Draft Charging Schedule is based on sound and robust evidence in accordance with the regulations.
- 1.14 The Council has recently finished (Friday 27 February 2015) an Issues and Options consultation stage on the Site Allocations and Area Specific Policies Development Plan Document and the Felixstowe Peninsula Area Action Plan. Both of these documents were subject to public consultation for a period of 11 weeks from 15 December 2014 until 27 February 2015 and seek to provide the site specific allocations to deliver the targets in the Core Strategy. It is anticipated that these documents will be subject to Preferred Options consultation in summer 2015, with a pre submission consultation into soundness towards the end of 2015 and examination mid 2016 which will provide certainty to developers, local communities and other stakeholders as to the location of growth and future development across the district.
- 1.15 The Core Strategy includes a commitment to an early review starting in 2015; early evidence base work has begun on this review in partnership with neighbouring authorities within the Ipswich Policy Area. The partnership working enables the authorities to align evidence base documents and consider any cross boundary strategic issues collectively. As part of a future Core Strategy review the Council would look to review the CIL Charging Schedule accordingly to ensure the proposed charges strike the appropriate balance between the desirability of funding from CIL (in whole or in part) the cost of infrastructure required to support the development across the district, and the potential effects (taken as a whole) of the imposition of CIL on economic viability of development across the district in accordance with Regulation 14 of the CIL Regulations 2010 (as amended).
- 1.16 Although work on the Site Allocations and Area Specific Policies DPD and the Felixstowe Peninsula AAP is ongoing and the Core Strategy includes a commitment

to an early review (which could take upwards of 18 months to undertake), the Council consider it inappropriate to delay the introduction of CIL until these documents are formally adopted. Should CIL be delayed until such a time that it is brought into effect alongside a Local Plan document, the Council and other service providers will be unable to help fund the infrastructure required across the district in light of pooling restrictions.

- 1.17 National policy and best practice is clear that CIL charges should be prepared alongside Local Plan documents where practical, however there is nothing within the regulations which prohibits CIL coming forward as a stand alone project as long as it is based on a robust evidence base. The Council is confident that the Core Strategy provides a solid foundation on which to base CIL charges and sees no reason why the introduction of CIL should be delayed further.

c) The Charging Schedule was published prior to publication of the Ministerial Written Statement on 28 November 2014 which states that affordable housing should not be sought on sites of 10 or less units. What are the implications of the Ministerial Statement for the Charging Schedule and the accompanying evidence base, including the Viability Assessment.

- 1.18 The consultation period into the Draft Charging Schedule ended on 17 November 2014 and therefore all representations were received prior to the Ministerial Written Statement released on 28 November 2014. As a result, all representations consider the Draft Charging Schedule Consultation Document (CIL/EB/A), the Infrastructure Delivery Plan (CIL/EB/H) and the Viability Study (CIL/EB/I and CIL/EB/J) in their entirety.
- 1.19 Each of these evidence base documents were prepared in advance of the Ministerial Statement and fully take into account policy requirements with regards to affordable housing across Suffolk Coastal.
- 1.20 The Core Strategy Policy DM2 details the local affordable housing thresholds which are 1 unit in 3 on sites of 6 or more units in Major Centres and Towns, or 3 or more units within the Key and Local Service Centres. Core Strategy Policy DM2 is based on a comprehensive and robust evidence base which considers housing need across the district and was found “sound” by the Planning Inspector who undertook the Core Strategy Examination in 2012/13 which broadly follows the policy in the old Local Plan (reference AP38A, Suffolk Coastal Local Plan 2nd Alteration 2006).
- 1.21 It is clear that the Council’s affordable housing policy thresholds are below that now introduced by the Ministerial Statement but the viability evidence (CIL/EB/I) was prepared in accordance with policy and the best available evidence at the time of testing and formulation of the charges.
- 1.22 The question here was also posed by the Examiner as part of the Initial Questions to the Council (CIL/ExamDoc/1) on 18 December 2014. The Council considered these questions and provided a response (CIL/ExamDoc/2) on 12 January 2015 which justifies the Council’s position following the Ministerial Statement. Further viability

testing (of a 10 unit scheme without any affordable housing requirement and an 11 unit scheme with affordable housing requirement) was undertaken and this shows that following the change to the thresholds as part of the Ministerial Statement, there is a significant increase in the ability of a 10 unit scheme to contribute to CIL.

- 1.23 However as detailed in para 5.1.6 of the Council Response to the Examiner's initial questions (CIL/ExamDoc/2), the Council and Peter Brett Associates caution any revision to the proposed charges as this would directly contravene the intended purpose of the Ministerial Statement, which is to provide a more forgiving financial environment for small schemes. The additional testing (CIL/ExamDoc/2) also shows that smaller developments which are no longer required to provide affordable housing provision are shown to have an increased viability buffer which clearly shows that CIL is viable across the District.
- 1.24 The viability testing undertaken in response to the Examiner's initial questions (CIL/ExamDoc/2) highlights that for developments which do not require affordable housing provision (schemes fewer than 11 units), there is potential for a larger CIL charge to be introduced. However in light of the Draft Charging Schedule consultation responses (CIL/EB/E) which generally call for lower CIL charges, it is considered appropriate to continue with the charges proposed within the Draft Charging Schedule (CIL/EB/A).
- 1.25 It is also noted that local authorities in Surrey and Berkshire have outlined proposals to challenge the Ministerial Statement at the High Court which may have implications in the future.
- 1.26 Across Suffolk Coastal, the majority of developments tend to be small scale and based on a comprehensive and sound evidence base relating to housing need across the district is why the affordable housing thresholds in Core Strategy Policy DM2 (CIL/EB/K) were set at 6 or more units in the urban areas (towns and major centres) and 3 or more units in the rural areas (key and local service centres). The Ministerial Statement has now set the threshold at 11 or more units across the country which as shown through the further viability testing undertaken (CIL/ExamDoc/2) will not have a detrimental impact on the overall delivery of development across the district. Housing delivery will continue to come forward as outlined within the Core Strategy but without any affordable housing provision on sites of 10 or less units. On sites of over 10 units, the Council will seek to ensure that affordable housing is provided in line with Core Strategy Policy DM2.
- 1.27 The proposed CIL charges (CIL/EB/A) are based on a sound, robust and credible evidence base using the best available information at the time of testing as required by the CIL Regulations 2010 (as amended). It is accepted that the Ministerial Statement has an impact on viability but the Council is confident that the proposed CIL charges will not have a detrimental impact on the overall delivery of development across the plan area and therefore the proposed charges strike the appropriate balance as required by Regulation 14 of the CIL Regulations 2010 (as amended) and should be introduced across the district.



Author	SCDC
Issue	2 – Is the Charging Schedule supported by appropriate available evidence?
Hearing session	Thursday 19 March 2015

Issue 2 – Is the Charging Schedule supported by appropriate available evidence?

a) Is the Charging Schedule supported by appropriate available evidence on infrastructure requirements?

- 2.1 The Draft Charging Schedule (CIL/EB/A) is supported by a comprehensive and robust evidence base which takes into account the best available evidence at the time of testing and information gathering. Included within the Suffolk Coastal CIL Evidence Base submitted to the Examiner on Friday 5 December 2014, is the Infrastructure Delivery Plan (CIL/EB/H), prepared on behalf of the Council by Navigus Planning.
- 2.2 The Infrastructure Delivery Plan was prepared in conjunction with a wide range of stakeholders and service providers across the district and based upon the level of growth outlined in the Core Strategy (CIL/EB/K). Service providers and infrastructure delivery partners such as Suffolk County Council, Anglian Water, Suffolk Constabulary and NHS England were all involved with the preparation of the Infrastructure Delivery Plan which provides a comprehensive view across the district. The Infrastructure Delivery Plan shows the following:
- What infrastructure is required and how it will be provided (e.g co-location),
 - Who is to provide the infrastructure,
 - How will the infrastructure be funded,
 - When the infrastructure is required.
- 2.3 As detailed in chapter 2 of the Infrastructure Delivery Plan (CIL/EB/H), the context for the evidence base document is the National Planning Policy Framework. Paragraphs 156 and 162 of the National Planning Policy Framework are clear that local authorities need to set out the level of infrastructure required to support the growth in their Local Plan (Core Strategy) and that partnership working with other authorities and service providers to assess quality, capacity and any future demands.
- 2.4 Using the Infrastructure requirements seen in Table 6.1 of the Core Strategy (CIL/EB/K), the Infrastructure Delivery Plan (CIL/EB/H) outlines the range and scope of infrastructure required across the district as well as any cross boundary issues such as highway improvements and flooding issues. A detailed list of requirements alongside funding opportunities has been identified which shows that the total cost of infrastructure required across the district is in excess of £105m over the plan period. At the time of publication, the amount of funding available from known sources was £21.85m which results in a funding gap of £83.34m as seen in para 12.8 of the Infrastructure Delivery Plan (CIL/EB/H).
- 2.5 The Infrastructure Delivery Plan (CIL/EB/H) clearly outlines the funding gap that exists across the district as required by the National Planning Practice Guidance

(Paragraph 016 – Reference ID: 25-016-20140612) and the charges outlined within the Draft Charging Schedule (CIL/EB/A) have been set at a rate which strikes the appropriate balance between the desirability of introducing CIL charges and not having a detrimental impact on the overall delivery of development across the district as outlined in the Core Strategy (CIL/EB/K) as required by Regulation 14 of the CIL Regulations 2010 (as amended).

- 2.6 To provide greater clarity and assurances for landowners, developers and service providers the Council published the Draft Regulation 123 List (CIL/EB/C) in October 2014, as part of the documents relating to the Draft Charging Schedule consultation period. The Draft Regulation 123 List (CIL/EB/C) provides information on the infrastructure which the Council expects to be delivered through CIL payments, as well as those site specific requirements which will relate specifically to the Adastral Park development.
- 2.7 The Adastral Park development is proposed for a zero CIL charge and will be subject to a comprehensive section 106 agreement to ensure that the necessary infrastructure is delivered on and around that site in a timely and well managed manner as the development takes place. Delivering the site specific infrastructure through a section 106 agreement is considered to be the most appropriate way and therefore it is necessary to exclude these requirements from the Draft Regulation 123 List (CIL/EB/C) to avoid any concerns about double counting and infrastructure being paid for through CIL as well as section 106 agreements.

b) Have the residential viability assumptions relating to the Code for Sustainable Homes (as set out in Table 5.1 of the Viability Study May 2014) been incorporated into the development appraisals in Appendix A of the Study? If not, what implications does this have for the evidence base and the Charging Schedule?

- 2.8 The viability testing undertaken to produce the Viability Study mistakenly omitted the additional build cost over BCIS build costs to allow for the achievement of Code Level 4. In order to rectify this issue and provide confidence that the viability testing is comprehensive and robust, further testing was undertaken and published in the Council's response to the Examiner's Initial Questions (CIL/ExamDoc/2) in January 2015.
- 2.9 The further testing undertaken in response to the Examiner's Initial Questions takes into account an allowance for Code Level 4 costs in order to present a theoretical "worst case scenario" for viability. The additional costs for Code Level 4 does have an impact on the overage figures which are shown for each type of development in each area (high, mid, low value area) but these clearly show that the proposed CIL charges as outlined within the Draft Charging Schedule (CIL/EB/A) are still appropriate. Even with the allowance for costs associated with the construction of a dwelling to Code Level 4, there is still sufficient overage and viability buffer to introduce CIL at the rates proposed.

- 2.10 The Core Strategy (CIL/EB/K) provides the policy framework for Sustainable Construction across the district. At the time of adoption, it was anticipated that construction techniques which satisfy Code Level 4 would keep pace with the Building Regulations. However in recent times, the Building Regulations have fallen out of line with the Code for Sustainable Homes and therefore at the moment, the Council has no policy grounds on which to demand construction to Code Level 4 standards. As a result, the minimum requirement is for all development to accord with the Building Regulations at the time of development.
- 2.11 The change to the Building Regulations and the Code for Sustainable Homes as well as the viability testing evidence produced in the Council's Response to the Examiner's Initial Questions shows that building to Code Level 4 will not have a detrimental impact on the CIL charges proposed across the district. As a result, the Council is confident that no changes are required to the Draft Charging Schedule (CIL/EB/A) at this time.

c) Overall, have reasonable assumptions been made in relation to factors affecting viability of development and up to date evidence used? Including:

- **Sale prices/rental yield**
- **Building costs**
- **S.106 / s.278 costs**
- **Contingencies**
- **Fees**
- **Profit levels**
- **Benchmark land values**

2.12 Sale Prices / Rental Yield

For housing, Land Registry data forms a basis for analysis. This provides a full record of all individual transactions. The Land Registry data has then been supplemented by conversations with agents and house builders' sales representatives which has allowed a comprehensive view on new build sales values to be formed.

2.13 Build Costs

Build costs have been sourced from BCIS, which is published by RICS on a quarterly basis and offers a range of prices dependent on location and development specification. The build costs assumed in the study are therefore derived from recent data of actual prices in the marketplace, rebased for Suffolk Coastal.

2.14 S.106/S.278 costs

It is clear that the government now expects S.106 to solely target mitigating site specific impacts for individual developments, and it is with this in mind that the CIL Viability Study (CIL/EB/I) has assumed that moving forward S.106/S.278 Agreements will be used to secure the following elements:

- Site specific mitigation
- Development of site specific infrastructure on large-scale major development sites
- Affordable Housing

- 2.15 Taking the above into account PBA and the Council allowed for a S.106/278 contribution of £1,000 per dwelling in the viability appraisals. This is based on the Council's working knowledge of a large number of S.106 Agreements, the assumption that the vast majority of contributions will now be sought through CIL and a wish to reflect other CIL studies (a large number of which have also assumed a S.106/278 cost of £1,000 per unit).
- 2.16 **Contingencies & Fees**
As set out in the Viability Report (CIL/EB/I) contingency is an expression of the risk relating to a specific scheme and will vary from site to site. Professional fees may also vary from site to site depending on the complexity of the scheme in question. 5% contingency and 10% professional fees have therefore been adopted as generic averages based on PBA's experience of undertaking site specific development appraisals and advice set out in the 2012 Local Housing Delivery Group's 'Viability Testing Local Plans' Report (the 'Harman Report').
- 2.17 **Profit Levels**
Developer's profit levels of 20% of Gross Development Value (GDV) for the private sales and 6% of GDV for the affordable housing element. This is in line with industry standard practice, informed by PBAs working knowledge of running development appraisals for S.106 Agreement negotiations on behalf of both Local Authorities and private developers.
- 2.18 **Benchmark Land Values**
The estimates of benchmark land values assumed in the Viability Study (CIL/EB/I) are based on comparable evidence for both serviced land sales with planning consent and disposals of land at existing use value without the benefit of a planning permission. PBA has therefore examined a large variety of land transactions in coming to its view on benchmark land values, including transactions sourced from the UK Land Directory website and EG Property Link, values reported in viability studies submitted to the Council as part of recent S.106 negotiations and consultation with local property agents and developers.
- 2.19 **Summary**
Inevitably the assumptions made in the study are broad estimates. PBA has aimed to model typical new build schemes – as opposed to high-specification or particularly complex schemes that require particular construction techniques or materials. PBA believes that, although the assumptions used are by definition estimates, they fall in line with general development assumptions as seen currently across Suffolk Coastal, as well as set out in Development Viability Guidance (such as the Harman Report).

d) *Should abnormal costs be included in the viability assessment?*

- 2.20 CIL guidance links to the NPPF and requires the focus of viability testing to be on development identified in the plan. As such the scenarios have been undertaken on this basis. With regard to abnormal costs such as excessive contamination, a requirement for demolition etc., the benchmark land value in the Viability Study (CIL/EB/I) assumes a cleared site – therefore such abnormal costs should be

reflected in a reduced land value through market mechanisms (also taking into account the 5% contingency allowance).



Author	SCDC
Issue	3 – Are the proposed charging rates informed by and consistent with the evidence?
Hearing session	Thursday 19 March 2015

Issue 3 – Are the proposed charging rates informed by and consistent with the evidence?

a) Are the proposed rates for residential development justified by the evidence and reasonable?

3.1 PBA believes that the proposed rates for residential development are reasonable and justified by the evidence available. The development appraisals undertaken have drawn from the following sources:

- BCIS
- Land Registry
- UK Land Directory
- EG Property Link
- Local property agents
- comparable evidence of local new build developments
- recent Suffolk Coastal S.106 viability submissions.

Taking these data sources together forms a comprehensive view of development parameters across Suffolk Coastal, and this view has supported the Viability Study work.

3.2 Further PBA has also reviewed the rates as a percentage of private sales value in order to ensure that, in percentage terms, the rates proposed are comparable to other CIL charges. The percentages of private value of the proposed CIL charges are as follows:

High Value	£150	£2,600	5.8%
Mid Value CIL			
1-5 dwellings	£115	£2,350	4.9%
6+ dwellings	£90	£2,350	3.8%
Low Value CIL			
1-5 dwellings	£70	£2,050	3.4%
6+ dwellings	£50	£2,050	2.4%
Average:			4.1%

3.3 The proposed charges are in line with CIL charges adopted by other Authorities in East Anglia, for example the Greater Norwich Development Partnership adopted CIL charges are reflective of between 4.4% and 4.9% of assumed private values.

b) Are the boundaries of the geographical areas (low, medium and high) and site size thresholds for proposed differential residential charging rates, soundly based on development viability and evidence?

- 3.4 Geographical areas - The Draft Charging Schedule (CIL/EB/A) is based on viability evidence and the boundaries of the charging zones take a high level approach to geographical areas. The CIL Regulations 2010 (as amended) make it clear that CIL charging zones must be high level so as to avoid complicated Charging Schedules. The CIL Regulations 2010 (as amended) set out that an overcomplicated CIL charge is to be avoided unless a) development is otherwise deemed unviable or b) adding additional complexity generates significant additional revenue.
- 3.5 The viability testing undertaken suggests that three charging zones across the district are appropriate and that the majority of development will not be negatively affected by the proposed CIL charges.
- 3.6 In general terms, the boundaries of the charging zones follow clear and definable boundaries when plotted on an Ordnance Survey Map as seen in the Draft Charging Schedule (CIL/EB/A). The boundaries have been drawn against statistical wards which are not subject to the degree of change that electoral wards or postcode boundaries are subject to. It is acknowledged that within some boundaries there is potential for variation in specific locations but overall the boundaries ensure that the Council has been able to strike the appropriate balance as required by Regulation 14 of the CIL Regulations 2010 (as amended).
- 3.7 Thresholds for proposed differential residential charging rates – The rates proposed within the Draft Charging Schedule (CIL/EB/A) have been set in response to the comprehensive viability testing that has been undertaken. Rates have been set in accordance with best practice and taking into account full policy requirements such as affordable housing and education provision that is required alongside development. The site size threshold have been consulted on and proposed in direct response to the affordable housing requirements found within Core Strategy Policy DM2 (CIL/EB/K). Viability testing (CIL/EB/I) clearly shows that there is a greater theoretical overage on those developments which do not contribute towards the provision of affordable housing, therefore the charges for developments below this trigger point have a larger CIL charge. Although the CIL charges may be higher, they are still within a reasonable viability buffer which takes into account aspects such as market variations, site specific constraints and abnormal costs which may come forward during the lifespan of a development.
- 3.8 The Council is confident that the rates proposed, are appropriate and strike the right balance as required by the CIL Regulations 2010 (as amended). The rates will not have a negative affect on the majority of residential development across the district, therefore enabling the Council to continue the delivery of the Core Strategy (CIL/EB/K).

c) Is the CIL charge for convenience retail development justified by the evidence and reasonable?

- 3.9 PBA believes that it has undertaken a comprehensive review of the convenience retail development sector in support of its viability testing.
- 3.10 Although comparable evidence is scarce PBA has collated evidence from local agents, including information on local rent and yields, benchmark land value, rental values and yields, together with evidence from outside the District in arriving at its market view. PBA's market view is also informed by market analysis from other consultancies such as CBRE and Briant Champion Long.
- 3.11 Further, PBA has tested three different scenarios of convenience retail development - a grocery store of 465 sq m scheme gross, a grocery store of 2,000 sq m gross and a grocery store of 4,000 sq m gross – in order to ensure, whilst also having regard to the CIL Regulations that the CIL study is a 'high level' study, that as many potential convenience retail development scenarios were tested as possible.
- 3.12 As can be seen from the comparables at Appendix C of the Viability Study and the retail appraisal assumptions table (Table 9.1 of the Viability Study CIL/EB/I) PBA has been cautious in its value assumptions, both in terms of rents and yields.
- 3.13 In addition to the above and as set out in the Viability Report (CIL/EB/I) the recommended CIL charge for convenience retail is significantly below the overages produced by the development appraisals, allowing for a significant viability buffer.
- 3.14 The results of the viability testing show that there are some differences in viability of development for different sized units, however only limited levels of convenience retail are expected in Suffolk Coastal. PBA and the Council wished to avoid undue complexity and have therefore recommended a single rate charge.

d) Are the nil CIL charges for comparison retail and "all other uses" justified by the evidence?

- 3.15 The assumptions set out in the PBA CIL Viability work (CIL/EB/I), which have been used in the viability appraisals to support a nil CIL charge for comparison retail and "all other uses", have been informed by discussions with the Council and are based on the most comprehensive information available at the current time. This includes Land Registry data, property database data and discussions with local agents and developers. The viability testing undertaken indicates that it is not appropriate for the Council to propose a CIL charge for these uses (including an allowance for a viability buffer) at the current time. We would note that the Council has committed to a review of the CIL charges periodically.



Author	SCDC
Issue	4 – Does the evidence demonstrate that the proposed charging rates would not put the overall development of the area at serious risk?
Hearing session	Thursday 19 March 2015

Issue 4 – Does the evidence demonstrate that the proposed charging rates would not put the overall development of the area at serious risk?

a) What effect will the residential charging rates have on the delivery of planned housing provision in the district?

- 4.1 The proposed rates for residential development across the district have been set at a level which the Council believes to set an appropriate balance between the need to fund essential infrastructure and the potential implications for the economic viability of development across the district. The CIL charges have been set well below the theoretical maximum as outlined within the Viability Study (CIL/EB/I) and provide a large enough buffer to take into account any abnormal or exceptional costs that may come along.
- 4.2 Setting the rates at a level below the theoretical maximum is at the discretion of the Charging Authority (Suffolk Coastal District Council), taking into account attitudes to risk and the scale of the infrastructure required across the district. In many locations across the district there is the need for additional infrastructure to support the level of growth expected within the Core Strategy (CIL/EB/K) and therefore it is appropriate for the Council to take a conservative approach to setting rates to ensure that CIL funds are collected whilst also providing a significant viability cushion for the developers bringing forward sites.
- 4.3 Overall the CIL rates proposed within the Draft Charging Schedule (CIL/EB/A) will account for a relatively small percentage of overall development costs (average of 4.1% as seen in the Council's response to Issue 3(a)), but these costs are similar to the costs associated with s.106 agreements that the Council enters into with developers and landowners. CIL charges are non-negotiable and consistent, therefore providing developers and landowners with the certainty as to what costs are expected alongside other development costs which can be taken into account at the start of any site negotiations and considerations.
- 4.4 The proposed rates for residential development will not have a detrimental effect on the overall delivery of dwellings across the district, the Council is confident that the rates have been set at the appropriate level with a sufficient viability buffer in accordance with the CIL Regulations, Planning Practice Guidance and examples of best practice.

b) What effect will the convenience retail charge have on the delivery of convenience floor space provision in the district?

- 4.5 The proposed rates for convenience retail developments have been set in a similar way to those set for residential development. The charges for convenience retail development strike the appropriate balance between the need to fund infrastructure and the potential implications for the economic viability of development across the area.
- 4.6 The Core Strategy (CIL/EB/K) outlines that across the district; the overall projection for convenience retail development is expected to be approximately 4,400m² across Felixstowe and the Market Towns (Aldeburgh, Framlingham, Leiston, Saxmundham and Woodbridge). When compared to the projection for comparison retail (approximately 25,800m²) the overall amount of convenience retail development is small. These types of developments however result in a demand on infrastructure and therefore it is appropriate to charge CIL against them.
- 4.7 The proposed rates within the Draft Charging Schedule (CIL/EB/A) are not considered to have a detrimental impact on the overall delivery of convenience retail developments across the district. Convenience retail scenarios have been tested by Peter Brett Associates and the results clearly show that the charges are appropriate and therefore should be introduced.

ENDS