

Waveney Community Infrastructure Levy Review

Raising funds for infrastructure delivery: Consultation on Preliminary Draft Charging Schedule, March 2018

Consultation period Friday 29th March to 24th May 2018

Purpose of this document

This document sets out the Council's proposals on revised levy rates to charge on most types of new development in the area following the preparation of the new Waveney Local Plan. The money raised from the charge will be used to pay for infrastructure to support development proposed in the new Waveney Local Plan.

Give your views on this document by email to waveneylocalplan@eastsoffolk.gov.uk

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1 Introduction

- 1.1 This document is a consultation paper on a Preliminary Draft Charging Schedule for the Waveney Community Infrastructure Levy. The Preliminary Draft Charging Schedule is a first draft and represents the Council's proposals on appropriate revised rates of levy to charge. The rates proposed may change as a result of this consultation. We therefore welcome your views on the proposed rates and the evidence that supports them.
- 1.2 As well as the proposed Charging Schedule itself, this document provides the background to the Charging Schedule, explaining general principles of the levy as well as the methodology, the assumptions made, and the evidence base used in producing the proposed draft charges. The Community Infrastructure Levy will be a key tool in helping deliver the Council's plans and proposals as set out in its emerging Local Plan.
- 1.3 The preparation of a new Local Plan which has now been published necessitates a review of the Community Infrastructure Levy rates in Waveney. This is mainly because the New Local Plan identifies an additional three large scale, mixed-use sites for development. It is considered that for these sites, bespoke Section 106 agreements to secure on-site infrastructure will be necessary. This inevitably reduces the level of Community Infrastructure Levy which can be viably secured from these sites. For most developments and sites, the levels of levy are proposed to remain similar to existing rates.

What is CIL?

- 1.4 The Community Infrastructure Levy is a standard charge which local authorities in England and Wales can charge on most types of new development in their area. Charges are based on the size, type and location of the development proposed. The money raised is used to pay for infrastructure required to support development in a District.
- 1.5 The levy is a fair and transparent way in which new development can contribute to infrastructure provision. Most development has some impact on the need for infrastructure and services, or benefits from them. Therefore it is appropriate that such development pays a share of the cost. The Government considers that those who benefit financially when planning permission is given should share some of that gain with the local community. By paying a contribution, developers will help fund the infrastructure that is needed to make their development acceptable and sustainable.
- 1.6 Waveney District Council introduced the Community Infrastructure Levy on the 1st August 2013. This followed the adoption of the Council's CIL Charging Schedule by Full Council on the 22nd May 2013. The levy is the main way in which the Council now collects contributions from developers for infrastructure provision to support development.

What is a Charging Schedule?

- 1.7 A Charging Schedule sets out the rates of the levy a Local Authority (known as a Charging Authority for the purposes of the levy) will charge on development in its area. It sets out a rate per square metre for all qualifying development. A Charging Schedule can set different rates for different types of development and different rates for different areas of a district. The existing Charging Schedule for Waveney can be read at:
<http://www.eastsuffolk.gov.uk/planning/community-infrastructure-levy/waveneycil/>.
- 1.8 Before a revised Schedule can be adopted, a Charging Schedule must be subject to two rounds of public consultation and an examination conducted by an independent person. This consultation is the first of the two consultations required on a Charging Schedule.

Benefits of the Community Infrastructure Levy

- 1.9 New development needs to be supported by new infrastructure. The Community Infrastructure Levy provides a funding stream for this infrastructure, and a mechanism for ensuring that new development bears a proportion of the cost of new infrastructure that will serve the District.
- 1.10 The levy is a simple, highly transparent charge that provides certainty to communities and developers as to how much development will contribute to infrastructure. As the levy is mandatory, it can avoid the sometimes long negotiations that are associated with Section 106 planning obligations. It will also avoid some developments having to pay a disproportionate contribution to infrastructure because other developments in close proximity have already used up available capacity without contributing. Additionally, regulations require Waveney District Council to hand a proportion of CIL funds to Parish and Town Councils for development which has occurred in their areas. This will enable Parish and Town Councils to have greater control on how to mitigate the impacts of development in their areas.

New Waveney Local Plan

- 1.11 The Council has now published its final draft of the new Waveney Local Plan. This can be read at www.eastsuffolk.gov.uk/newwaveneylocalplan. The new Local Plan will wholly supersede the existing Local Plan (formerly known as the Local Development Framework). The new Local Plan sets out a positive vision and strategy for the delivery of a minimum of 8,223 new homes and 5000 new jobs. The plan includes an infrastructure delivery framework which identifies infrastructure required to support growth. The plan envisages that a large proportion of this infrastructure will be funded by the Community Infrastructure Levy.

Relationship to Planning Obligations

- 1.12 Where a Community Infrastructure Levy is in place, a planning obligation cannot be used to require funding for a piece of infrastructure that is listed as being funded by CIL. Regulation 123 states that the Council must publish a list of infrastructure it wishes to fund by Community Infrastructure Levy and therefore not secure through section 106 planning obligations.

2 Evidence

- 2.1 The regulations governing the introduction and review of the levy require Local Authorities to have evidence to support a Charging Schedule and ensure that the rates of levy set in a Charging Schedule strike an appropriate balance between the desirability of funding infrastructure through the levy and the potential effects (taken as a whole) of the imposition of the levy on the economic viability of development across its area.
- 2.2 Government guidance requires Charging Schedules to demonstrate this by being supported by evidence of infrastructure need and evidence of the financial viability of development with respect to proposed rates.

Infrastructure Need

- 2.3 An Infrastructure Study¹ has been prepared to support the Local Plan which identifies all of the infrastructure, with costs, needed to support development proposed in the plan. The study also examines whether there are any existing or future funding streams for infrastructure and calculates an aggregate funding gap which the levy will need to help address. The study distinguishes between the infrastructure which may be funded by section 106 planning obligations and the levy.
- 2.4 The study identifies a funding gap of c£30 million which the levy will need to help address. This funding gap helps demonstrate why the levy is still needed in Waveney.

Viability

- 2.5 The rate of levy for an area cannot just be set at a rate which closes the funding gap. It needs to set at a level which strikes an appropriate balance between the desirability of funding infrastructure through the levy and the potential effects (taken as a whole) of the imposition of the levy on the economic viability of development across its area. In striking this balance there is a need to weigh up competing requirements such as the provision of affordable housing and other planning policy requirements with the need to provide funding for infrastructure which makes development acceptable and sustainable. Therefore, Waveney has commissioned Aspinall Verdi to prepare a Whole Plan Viability Assessment² which examines the maximum viable rates of levy that different types of development in different areas of the District can afford to viably pay in light of other proposed policies in the Final Draft Waveney Local Plan. For residential development the study compares the maximum amount of levy viable compared to differing levels of affordable housing.

¹ Infrastructure Study (March 2018)

² Whole Plan Viability Assessment (March 2018)

3 Proposed Charging Schedule

- 3.1 This section sets out the Community Infrastructure Levy rates that Waveney proposes to charge. The Council proposes that given the different viability between types of development and differences in viability for residential development in different areas of the District that a single rate of levy would not be desirable. Therefore the Council proposes to charge differential rates. The rates set out below are in pounds per square metre for net additional increase in internal floorspace.

Residential Rates

- 3.2 The rates proposed for residential (C3 and C4 Use Class) are set out in Table 3.1 below³. The zones are defined in Appendix A. Appendix B shows an inset map of Lowestoft to show the boundaries between Zone 1, 2 and 3 at a better scale.

Table 3.1 - Residential Rates

Residential Charging Zone	Rate of Community Infrastructure Levy per sqm
Zone 1 – Lake Lothing Sites	£0
Zone 2 - Inner Lowestoft and Land South of the Street Carlton Colville (land proposed to be allocated by Policy WLP2.16 of the Final Draft Waveney Local Plan)	£10
Zone 3 – North of Lowestoft Garden Village and Beccles and Worlingham Garden Neighbourhood (land proposed to be allocated by Policies WLP2.13 and WLP3.1 of the Final Draft Waveney Local Plan)	£15
Zone 4 - Outer Lowestoft, Beccles, Bungay, Halesworth and Rural Areas.	£80
Zone 5 – Southwold and Reydon	£160

Rationale for Preferred Residential Rates

- 3.3 Residential zones have been set with reference to market value areas set out in the Whole Plan Viability Assessment, together with the viability findings for the strategic sites. The rates have been set with reference and appropriate balance given to the policy and affordable housing

³ For the purposes of the CIL Charging Schedule, the Council will consider developments which fall under the C3 (Dwelling houses) and C4 (Houses in multiple occupation) use class as defined in the Use Classes Order as being subject to the relevant residential rates as detailed. This excludes sheltered / retirement accommodation schemes which are defined as grouped units, usually flats, specially designed for older people encompassing communal non-saleable facilities.

options considered in the preparation of the emerging Local Plan. Essentially, the higher rates of Community Infrastructure Levy the Council seeks to apply, the lower levels of affordable housing can be achieved or other policy requirements. Affordable housing is by far the greatest policy cost to developments so the balance is mainly between affordable housing provision and Community Infrastructure Levy receipts.

- 3.4 The Strategic Housing Market Assessment, which supports the Local Plan, identified a need for 208 new affordable homes per year. This represents approximately 55% of the total number of new homes needed each year. Therefore, in setting an appropriate balance, regard needs to be had to maximising the provision of affordable housing. The Local Plan and supporting evidence identifies at least £30 Million may be needed from the levy (subject to other funding) to support new development planned in the District.
- 3.5 For most of the District, the Whole Plan Viability Assessment indicates that the rates can remain largely the same as they are in the current Charging Schedule (with index adjustments). The main changes relate to strategic sites, where the new Local Plan identifies an additional 3 large scale, mixed-use sites compared to the existing Local Plan.
- 3.6 The assessment identifies that within the Inner Lowestoft area 20% affordable housing could be achieved on most sites with a £10 per sqm levy. In the Lowestoft Fringe at 35% affordable housing the maximum levy would be £20 per sqm. The existing £80 per sqm levy could be secured, but with an affordable housing level of 20%. The existing £80 per sqm at 20% affordable housing would not be pushing the margins of viability. Elsewhere in the District a maximum of £110 per sqm levy could be achieved with 30% affordable housing on site. This would be at the margins of viability, therefore indicating a rate of £80 per sqm, similar to the existing rate would be preferable. In Southwold and Reydon, up to £190 per sqm can be achieved with 40% affordable housing. Again, in some scenarios this would be closer to the margins of viability and therefore £160 per sqm which is similar to the existing rate would be more appropriate.
- 3.7 For large strategic sites, viability is more challenging in charging the Community Infrastructure Levy. This is partly due to the net to gross development ratio (large sites have a greater proportion of on-site infrastructure which takes up land which could otherwise be used for development). It is also down to the desire to secure infrastructure through Section 106. Bespoke section 106 planning obligation agreements would be preferable to securing on-site infrastructure on these sites. These will provide more confidence on when and how on-site infrastructure is secured and delivered. They also enable bespoke approaches to the phasing of payments and delivery of land. However, where possible it is considered desirable to have at least a low level of Community Infrastructure Levy to effectively fund off-site infrastructure. This also benefits Parish and Town Councils who will therefore still get a share of the levy.
- 3.8 Sites within the Lake Lothing area of Central Lowestoft are currently subject to a zero levy rate. This is because of the excessive costs and risks associated with the abnormal costs of flood mitigation, site remediation, and demolition. The Whole Plan Viability Assessment shows some

viability in this area, but does not take into account the excessive abnormal costs and risks associated with development in this area. Therefore, this area is proposed to continue to be zero rated.

- 3.9 The Final Draft Local Plan proposes to allocate Land South of the Street, Carlton Colville (Policy WLP2.16) for a development of 900 homes, together with a primary school, flood mitigation and a country park. The site falls within the lower mid value zone as modelled in the Whole Plan Viability Assessment. At a density of 35 dwellings per hectare it is considered the site could viably accommodate a de-minimus levy rate of £10 per sqm and provide affordable housing at 20%, with a section 106 to cover on-site infrastructure and contributions to improvements at Bloodmoor Roundabout.
- 3.10 The Final Draft Local Plan also proposes to allocate a large site to the North of Lowestoft as a garden village (Policy WLP2.13) and a garden neighbourhood allocation in Beccles and Worlingham (Policy WLP3.1). These sites will accommodate 1,300 and 1,250 homes respectively and will include new primary schools, open space and community facilities. These sites both fall within the higher mid value zone in the Whole Plan Viability Study. It is considered these sites could viably accommodate a de-minimus levy rate of £15 per sqm and provide affordable housing at 30%, with a section 106 agreement to cover on-site infrastructure.
- 3.11 All of the rates above have not been set at the absolute margins of viability. There is still scope for further contributions to be viably made towards other site-specific matters such as Habitat Regulations Assessment Mitigation, travel planning, site specific highway works and other unforeseen costs. Furthermore, all viability appraisals include a contingency.
- 3.12 It is estimated that the rates referred to in Table 3.1 will generate nearly £18 million from allocated residential sites in the Final Draft Local Plan. Additional sums will likely be raised from windfall sites. This will make a significant contribution to filling funding gaps for infrastructure. This gives confidence that there is a reasonable prospect all essential infrastructure required to support the delivery of the Waveney Local Plan will be delivered. The rates proposed also allow for 1,600 affordable homes to be viably delivered on allocated sites (this is in addition to those coming through from existing planning permissions).
- 3.13 The rates above exclude retirement and sheltered housing defined as “grouped units, usually flats, specially designed for older people encompassing communal non-saleable facilities”. The Whole Plan Viability Assessment indicates these developments are of marginal viability with the levels of affordable housing required in the Final Draft Local Plan.

Alternative Approaches to Residential Rates

- 3.14 An alternative approach could involve setting the levy rates at a lower amount to achieve the existing affordable homes target of 35% affordable housing across the majority of sites in the

District. This would allow for the levy to be viably charged at the following rates allowing for a viability cushion:

- Inner Lowestoft - £0 per sqm – development would be unviable at 35% affordable housing
- Lowestoft Fringe - £10 per sqm
- Beccles, Bungay, Halesworth and Rural Areas - £50 per sqm
- Southwold and Reydon - £180 per sqm
- Strategic sites - £0 per sqm - assuming section 106 to cover essential on-site infrastructure.
- Land South of the Street, Carlton Colville (Policy WLP2.16) would be unviable at 35% affordable housing.

3.15 This alternative option would yield approximately £8.4 million from allocated sites and deliver approximately 1,800 affordable homes on allocated sites. It is considered that this approach would create significant risks to the delivery of essential infrastructure and therefore sustainable development of the District.

3.16 A further alternative approach would be to set the levy at a rate to provide 100% of the funding gap for essential infrastructure. This would require the levy to raise c£27 million.

3.17 To achieve this, the following rates could be applied together with the implications for affordable housing.

- Inner Lowestoft - £50 per sqm and 5% affordable housing
- Lowestoft Fringe - £100 per sqm and 15% affordable housing
- Beccles, Bungay, Halesworth and Rural Areas - £100 per sqm and 25% affordable housing
- Southwold and Reydon - £200 per sqm and 30% affordable housing
- Land South of the Street, Carlton Colville (Policy WLP2.16) £20 per sqm and 15% affordable housing
- North of Lowestoft Garden Village and Beccles and Worlingham Garden Neighbourhood - £25 per sqm and 25% affordable housing.
- Lake Lothing sites - £0 per sqm.

3.18 This would deliver in total approximately 1200 affordable homes on allocated sites. This option is considered to be unacceptable due to the more severe shortfall in affordable housing delivery and it would further undermine the ability to meet local housing needs. The preferred approach, which would deliver an additional 400 affordable homes to this, would still give a reasonable prospect of all essential infrastructure being delivered. Therefore, this alternative option could not be considered an appropriate balance.

Other Rates

3.19 The rates proposed for other types of development are set out in Table 3.2 below.

Table 3.2 - Other Rates

Type of Development	Rate of Community Infrastructure Levy per sqm
Holiday Lets ⁴	£40
Wholly or mainly convenience retail and Retail Warehouses ⁵	£150
All other development	£0

Rationale for Other Rates

3.20 Holiday lets, for the purposes of the Charging Schedule, are permanent buildings for the purposes of tourist accommodation, restricted from permanent residential use by planning condition or legal agreement. They normally fall under use-class C3, which means that without a specific levy rate they would be charged at the same rate as residential. However, as shown in the Whole Plan Viability Assessment, they have different viability characteristics. As tourist accommodation is important to the local economy and the objectives of the emerging Local Plan it is important that the levy does not undermine viability. The viability assessment suggested that similar rates could be applied to holiday lets as the current Charging Schedule in higher value zones where this type of development is likely to occur. In order to keep a simple Charging Schedule and reflect the high degree of variability in types of holiday lets, it is proposed to have a blanket rate of £40 per sqm consistent with the existing Charging Schedule.

3.21 The existing Charging Schedule has a rate of £130 per sqm for supermarkets and retail warehouses. This has risen to £160 per sqm due to index increases. The Whole Plan Viability Assessment identifies the following maximum rates which could be applied to different types of convenience stores and retail warehouses:

- Superstore - £220 per sqm
- Budget Supermarket - >£300 per sqm
- Express Supermarket - £220 per sqm
- Retail Warehouse - £220 per sqm

3.22 The existing Charging Schedule discounts the maximum commercial levy rates that could be viably charged by approximately 35% in order to ensure a viability cushion to take into account the variability of sites that are likely to come forward. It is considered that a similar approach should be continued. There is scope to vary the rates of convenience stores given the stronger viability of budget superstores, however, this would add significant complexity into the charging schedule, particularly in terms of the ability to adequately differentiate between the different types of convenience store format in the schedule.

⁴ Permanent buildings for the purposes of tourist accommodation, restricted from permanent residential use by planning condition or legal agreement.

⁵ Large stores specialising in the sale of household goods (such as carpets, furniture and electrical goods), DIY items and other ranges of goods, catering mainly for car-borne customers.

Exemptions and Relief

- 3.23 There are a number of exemptions from CIL provided by the regulations for some types of development. Firstly, development up to 100sqm will be exempt. For example, an extension to a residential property will not pay a CIL charge if it is less than 100sqm. This exemption does not apply if a new dwelling is being created by the development.
- 3.24 Development by charities for charitable purposes is also exempt from paying CIL.
- 3.25 Affordable housing and self build housing development is currently eligible for relief from the levy.

4 What Infrastructure will be funded by the Community Infrastructure Levy

3.26 In line with the Infrastructure Delivery Framework in the Final Draft Local Plan, the following types of infrastructure will be funded by the Community Infrastructure Levy.

- Off-site pedestrian and cycle infrastructure.
- Strategic highway improvements
- Provision of off-site open space (including improvements to existing open spaces)
- Maintenance of off-site open space
- Provision of additional pre-school places at existing establishments
- Provision of new pre-school settings on unallocated sites
- Provision of primary school places at existing Primary Schools
- Provision of secondary, sixth-form and further education places
- Provision of leisure and community facilities on unallocated sites
- Provision of new libraries and improvements to existing libraries
- Provision of health facilities
- Provision of police infrastructure
- Provision of cultural infrastructure (including museums, archives and heritage)
- Provision of waste infrastructure
- Coastal defence works

3.27 The following infrastructure projects will not be funded by Community Infrastructure Levy and instead will be secured through Section 106 planning obligations and/or planning conditions.

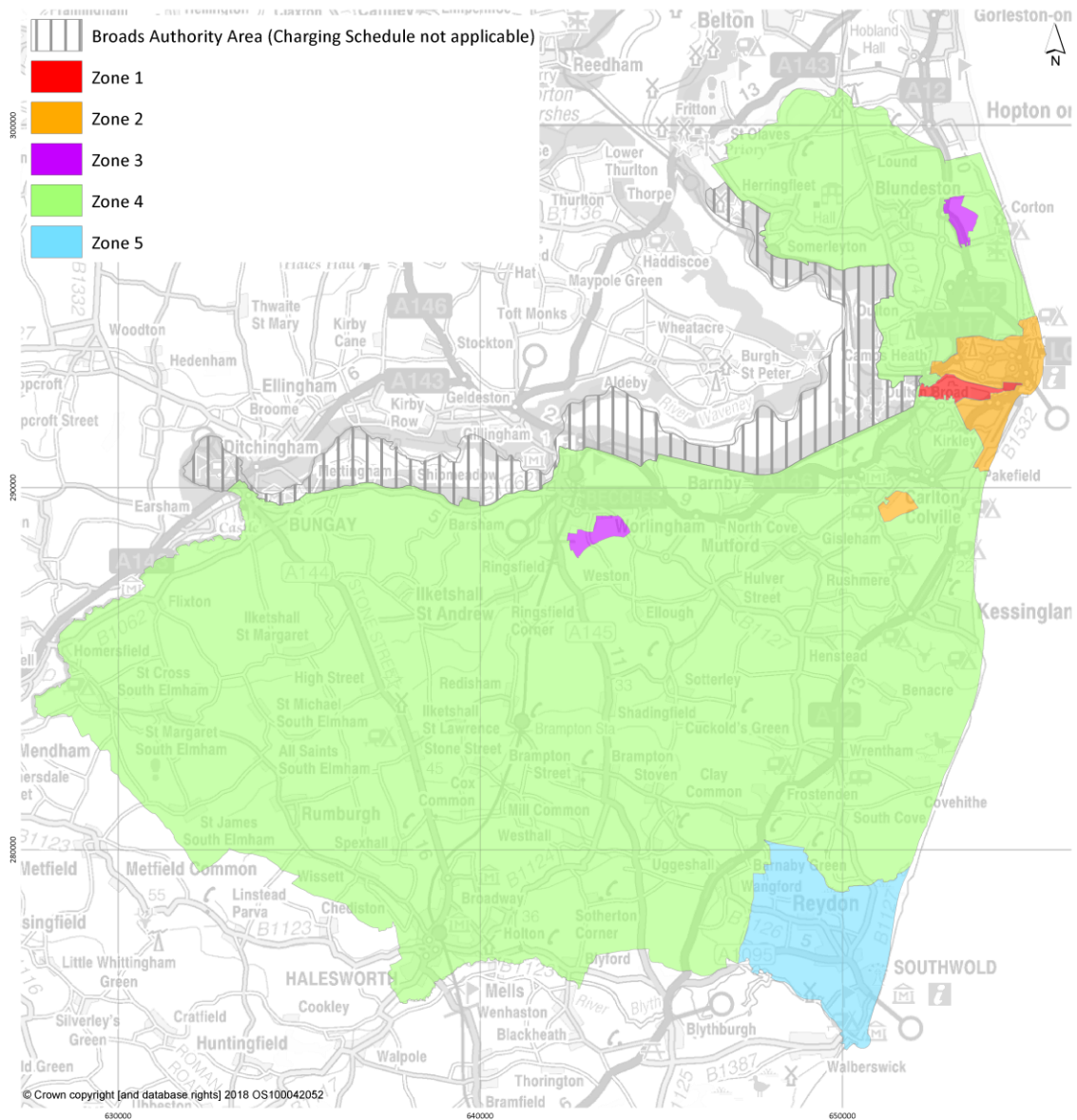
- Pedestrian and cycle bridge over Lake Lothing at the Brooke Peninsula.
- On-site open space
- On-site pedestrian and cycle infrastructure
- Site specific highway works
- Provision of new pre-school settings on allocated sites in the Final Draft Local Plan
- Provision of new primary schools
- Provision of leisure and community facilities on allocated sites in the Final Draft Local Plan
- Provision of flood mitigation

- 3.28 A draft Regulation 123 list is included in Appendix B. This will come into operation following the adoption of the revised Charging Schedule. It should be noted that the Government's [‘Supporting housing delivery through developer contributions’](#) (March 2018) indicates removing the requirement for regulation 123 lists and replacing them with Infrastructure Funding Statements.

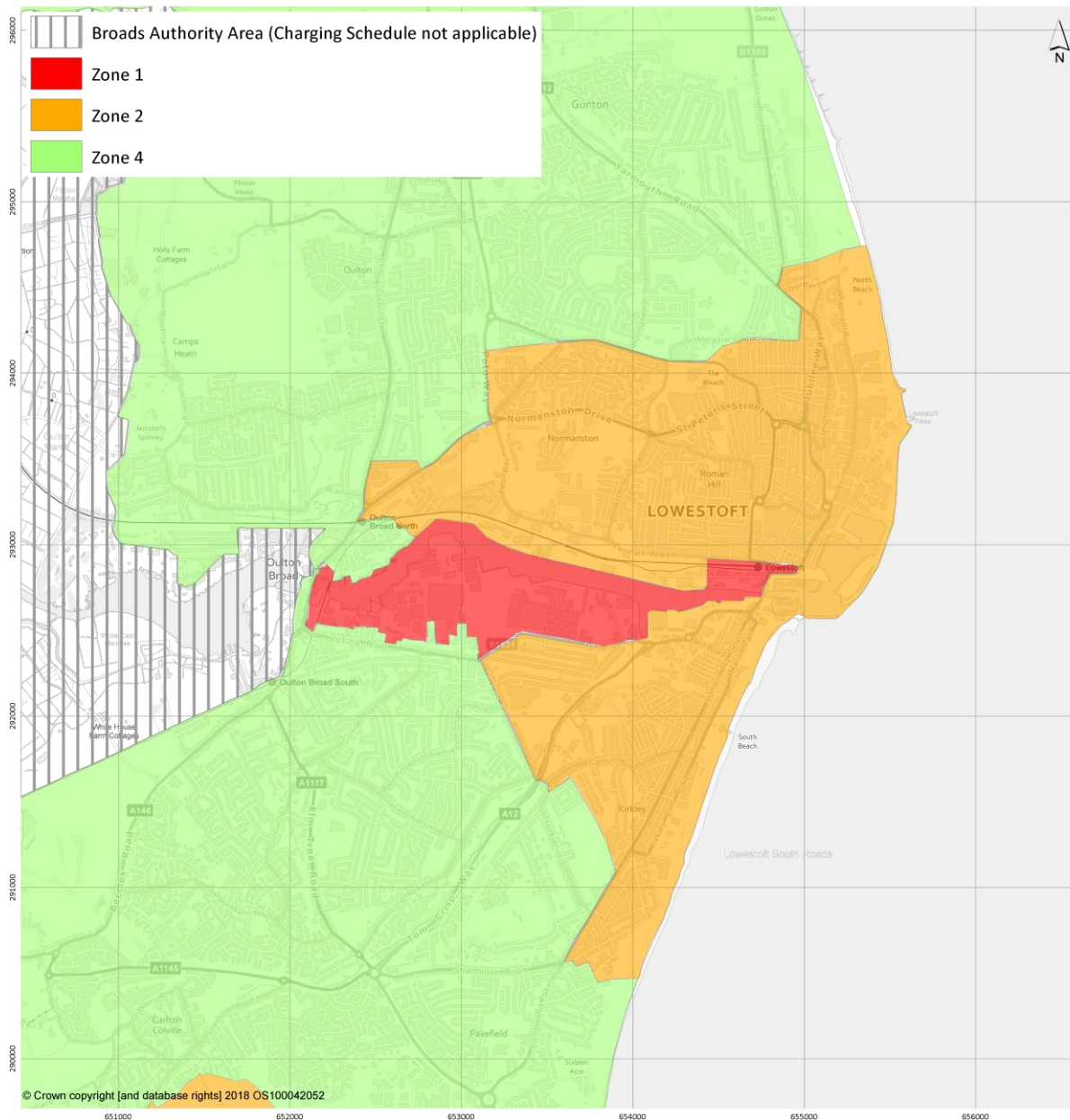
5 Next Steps

- 5.1 Following the consultation on this Preliminary Draft Charging Schedule, all comments received will be reviewed and analysed. The Charging Schedule will then be revised if necessary. A further period of consultation will then take place on a final draft known as the 'Draft Charging Schedule'. The Draft Charging Schedule consultation is forecasted to take place over Summer 2018.
- 5.2 Comments received during the consultation on the Draft Charging Schedule will be submitted alongside the Draft Charging Schedule to an independent examiner for examination in public following the consultation. Anyone who makes comments during the Draft Charging Schedule consultation will have a right to be heard at the examination.
- 5.2 Following the examination in public, the examiner will publish a report which will set out whether they approve the Charging Schedule. If the examiner approves the Charging Schedule, the Council will be able to bring the Charging Schedule into effect. The Council currently anticipates that the Charging Schedule will be brought into effect in early 2019 following the adoption of the Waveney Local Plan.

Appendix A – Residential Charging Zones



Central Lowestoft Inset



Appendix B – Proposed

Regulation 123 List

Infrastructure that may be funded by CIL and will not be sought through planning obligations	Exceptions (i.e. will be funded by planning obligations)
Pedestrian and cycle infrastructure .	Pedestrian and Cycle Bridge over Lake Lothing on the WLP2.4 site and other on-site infrastructure
Strategic highway improvements	
Provision of off-site open space (including improvements to existing open spaces)	Open space proposed on the WLP2.4, WLP2.13, WLP2.16 and WLP3.1 sites
Maintenance of off-site open space	
Provision of additional pre-school places at existing establishments	
Provision of new pre-school settings	Settings on sites WLP2.4, WLP2.13, WLP2.16, WLP3.1
Provision of primary school places at existing Primary Schools	
Provision of secondary, sixth-form and further education places.	
Provision of leisure and community facilities	Facilities provided on sites WLP2.4, WLP2.13, WLP3.1
Provision of new libraries and improvements to existing libraries	Library proposed on the Oswald's Boatyard site
Provision of health facilities	
Provision of police infrastructure	
Provision of cultural infrastructure (including museums, archives and heritage)	
Provision of waste infrastructure	
Coastal defence works	

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