



Suffolk Coastal...  
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# Community Infrastructure Levy

Summary of Draft Charging Schedule  
Representations

December 2014



## **Suffolk Coastal District Council**

### **Community Infrastructure Levy**

#### **Summary of Representations received in response to Draft Charging Schedule**

Suffolk Coastal District Council published the Community Infrastructure Levy Draft Charging Schedule for public consultation for a period of six weeks from 6 October until 17 November 2014. In total, the Council received 31 representations to this consultation.

The representations in the table below outline a summary of all the comments received by the Council in response to the Draft Charging Schedule consultation period. The table identifies the representation number, the name of the individual/organisation submitting the response and a summary of the comments they have raised. The Council has provided an initial response and where considered necessary, Peter Brett Associates have also provided input into these responses. The comments in the Council's Response column will form the basis of the Council's position as the Draft Charging Schedule is examined.

Each of the representations can be seen in full on the Council's website and have been provided to the examiner in full as required by the CIL Regulations.

At the stage of submission of documents and information to the examiner as detailed under Regulation 19 of the CIL Regulations 2010 (as amended), the Council is not proposing any modification to the Draft Charging Schedule

Rep No	Name of individual/or organisation	Summary of Comments	Council's Response
1	Mr Harry Pynn	Repeat objection to zero rating at Adastral Park. Developers of Adastral Park will seek to negotiate a reduced s106 package on viability grounds where as CIL charges would be non-negotiable.	The viability evidence clearly demonstrates that once the site specific s106 costs have been taken into account there is no capacity to charge CIL as well. Delivering the infrastructure required to support the Adastral Park development through s106 is considered to be the most appropriate way and provides certainty for all parties. The approach being taken at Adastral Park is similar to that seen on many other strategic sites across the country.
2	Marine Management Organisation (MMO)	MMO thank the Council for the opportunity comment on the CIL Draft Charging Schedule but have no comments to make at this stage.	Noted – the MMO will be kept up to date with CIL progress.
3	Terry Lomax	A good idea which is long overdue provided it is limited to new builds and not used as a financial instrument against people enlarging existing homes, which clearly obviates the need for more housing in many cases.	CIL is to be charged on all new residential developments and on extensions of over 100sqm as prescribed by national regulations.
4	The Theatres Trust	Support a nil charge for D1, D2 and some sui generis uses (e.g Theatres) as often these do not generate sufficient income streams to cover costs, yet these are vital for the social and cultural well being of the community.	Noted – CIL charges will only apply to residential developments and convenience retail developments.
5	Natural England	Natural England views CIL as playing an important role in delivering strategic approach to green infrastructure. Welcomes the inclusion of off-site open space, maintenance of open space and strategic green infrastructure on the Draft Regulation 123 List. Also note that s106 will be used to deliver open space to mitigate impact of Adastral Park on designated European nature conservation sites.	Noted – Natural England will be engaged on aspects regarding the Council's approach to green infrastructure and the mitigation measures required in response to the Adastral Park development.
6	Carol Florey	Strongly object to Felixstowe being within the low zone. Current infrastructure fails to support the present population on issues such as sewerage, A14 and school capacity.	The facilities required to support the level of growth expected across the district is outlined in the Core Strategy and any capacity issues have already been identified. The Council will

		Disagree with the boundaries as the Local Plan clearly identifies a boundary between town and countryside and this should be maintained.	<p>look to continue partnership working with service providers to ensure that the appropriate facilities are delivered alongside future growth.</p> <p>CIL charges are based on a comprehensive and robust evidence base which in line with Regulation 14 of the CIL regulations strike the appropriate balance between the desirability of funding the cost of infrastructure required to support development from CIL and its potential effects on the economic vitality of development. The rates proposed and the boundaries suggested use this requirement to introduce CIL charges which will not have a detrimental impact on the overall deliverability of housing across the district.</p>
<b>7</b>	Andre Roden	Introduction of CIL is a new Building Tax which is going to push up the cost of housing. Introduction of CIL seems strange because once the houses are built the Council can collect Council Tax in perpetuity. Inherent unfairness in this levy, particularly with regards to more expensive properties. It is possible that residents of more expensive properties do not use many services, or send children to private schools which therefore saves the Government a great deal of money.	CIL will be collected as a result of every residential development across the district and these funds will be used to provide the infrastructure required to support the growth outlined in the Core Strategy. Cornerstone of the CIL regulations is that all developers pay towards the delivery of infrastructure in a fair and transparent way which is based on a comprehensive and robust evidence base.
<b>8</b>	Otley Parish Council	Otley Parish Council feel there should be lower levels of CIL for starter homes to encourage more of these within developments.	CIL regulations prohibit the Council for charging a different rate for different types of residential property. Introducing lower charges for smaller units is also considered to be contrary to State Aid Rules. CIL charges can only be differenced by use of the development. It should be noted that Affordable Housing units are exempt from CIL charges which will encourage the delivery of these units.
<b>9</b>	Peasenhall Parish Council	Economic viability in Peasenhall would be compromised by CIL charges and result in very expensive houses to cover the costs. CIL charges will act as a dis-incentive to developers and the CIL regulations are ill-conceived in respect of smaller villages.	CIL charges are based on a comprehensive and robust evidence base which concludes that the introduction of CIL charges will not have a detrimental impact on the delivery of housing across the district. CIL charges are set at a level which is well below the theoretical maximum calculated to ensure flexibility and to take

			account of site specific requirements. National evidence also shows that CIL charges are only a small percentage of the overall costs associated with residential developments and therefore are not considered to be a dis-incentive.
10	The Sutton Ward (Parishes of Bawdsey, Bromeswell, Alderton, Shottisham and Sutton)	<p>We have received your consultation response to our letter from the parishes of Bawdsey, Alderton, Shottisham, Sutton and Bromeswell (The Sutton Ward excluding Sutton Heath). Our letter stated that we did not agree that the house prices in these village and surrounding are should be anything less than the top level which is hatched pink on the CIL proposal. The reason that this change is appropriate is that we do not think that your consultants understood, or perhaps chose to ignore, the fact that Sutton Heath has a considerable effect on the average house value in the area.</p> <p>Sutton Heath is an ex USAF airbase with small married quarters housing which has outlived its design life by many years, hence the low value. It is in a confined, fenced area which is now occupied by a UK military barracks with the attendant disruption. Sutton heath is an urban environment within a large rural area but is of sufficient population to affect average house prices in the ward. It should therefore be excluded from any calculation concerning the wider area. Suffolk Coastal recognised Sutton Heath’s unusual status in April 2012 by allowing it to become a parish in its own right, separate from Sutton village which is 3 miles away by road.</p> <p>We are not seeking a revision of this decision for any reason other than a lower CIL charge will, we believe, encourage development pressure on this area which is probably the most sensitive part of the Suffolk Coast and Heaths Area of Outstanding Natural Beauty.</p> <p>You say in your response that you would ‘welcome the provision of additional comparables in order that we can ensure that our viability testing is as accurate as possible’. We have set out below the data that we have produced from publicly available sources.</p>	<p>PBA has undertaken the CIL viability testing based on the residential market information available in the public domain, analysed at a Ward level. As we have set out previously the CIL methodology used is based on the CIL Regulations - which make clear that CIL Charging zones must be high level so as to avoid complicated CIL Charging schedule structures. We do not consider that it is advisable, or that the CIL Regulations would encourage, a Viability Study or CIL Charging Schedule to look at a variation of house prices at a village level, such as the Respondent is suggesting. Although we acknowledge that the comparables shown suggest that the villages of the Sutton Ward excl. Sutton Heath have higher values than the ward incl. Sutton Heath, we would note that Alderton, with the most sales at 22, has average house values of more than £200,000 less than Bromeswell, with 9 sales. To start to analyse this data at this level (i.e. 9 house sales) would lead to a highly sensitive CIL Charge, and CIL boundaries effectively at village level. We do not believe this to be in line with the CIL Regulations or to fulfil the purpose for which we consider CIL has been brought forward – part of which is to simplify the planning system.</p> <p>Again we would emphasise that the CIL Charging Schedule is based on viability only at this Ward level, and that CIL should not be used as a tool with which to discourage development, which we would be concerned is what is being suggested by the Respondent’s third paragraph: ‘We are not seeking a revision of this decision for any reason other than a lower CIL charge will, we believe, encourage development pressure on this area which is</p>

		<p>House numbers sold and average values (£000) for the last 3 years</p> <table border="0"> <tr> <td>Bawdsey</td> <td>16</td> <td>£315</td> </tr> <tr> <td>Alderton</td> <td>22</td> <td>£267</td> </tr> <tr> <td>Shottisham</td> <td>8</td> <td>£318</td> </tr> <tr> <td>Sutton Village</td> <td>8</td> <td>£352</td> </tr> <tr> <td>Bromeswell</td> <td>9</td> <td>£478</td> </tr> </table> <p>Average house price sold in Ward (EXL Sutton Heath) £326</p> <p>Sutton Heath 36 £163</p> <p><b>Average house price sold in Ward (INCL Sutton Heath) £326 (source: Zoopla)</b></p> <p>This demonstrates that Sutton Heath most definitely affects average prices for the Ward. It also shows that the area commands some of the highest prices in Suffolk Coastal and should be hatched pink on your map.</p> <p>We would like your confirmation that this rebuttal of your response will be put in front of the Inspector together with our original response. We also wish to be heard at the public meeting before the Inspector.</p> <p>PS We are grateful to you for sending the data used by the Brett Associates. We have analysed this thoroughly and found that it also bears out our conclusions.</p>	Bawdsey	16	£315	Alderton	22	£267	Shottisham	8	£318	Sutton Village	8	£352	Bromeswell	9	£478	<p>probably the most sensitive part of the Suffolk Coast and Heaths Area of Outstanding Natural Beauty’.</p> <p>We would again stress that planning applications across the area will still be judged on merit and the designations of the Core Strategy and national planning guidance – including guidance on development in and around AONB.</p> <p>The CIL Regulations and accompanying advice set out that setting an overcomplicated CIL charge on the basis of a multi-banded structure is to be avoided unless: a) development is otherwise to be deemed unviable, or, b) adding additional complexity generates significant additional revenue. Our analysis (which includes analysis of all dwellings sold) indicates that it is appropriate for the area in question (i.e. ward level) to be covered by a single charge and that the majority of development will not be negatively affected by the proposed CIL charges.</p> <p>Further we would repeat our assertion in our original response that CIL Regulations state that CIL charging zones must be delineated with clear and definable boundaries which can be plotted precisely on an OS map base. ST wards are used (and have been used and adopted in another of other CIL charging schedules) because they enable very precise boundary mapping which is not subject to the degree of change that electoral wards or postcode boundaries are subject to. Furthermore ward boundaries generally follow settlement boundaries making them, we believe, the best way of approaching this issue. Whilst we acknowledge that there is potential for variations within each ward we believe that our analysis at ward level has ensured, in line with the CIL Regulations, that the bulk of development is not put at risk.</p>
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11	English Heritage	<p>Note that there is no reference to Heritage on the Draft Regulation 123 List. The Charging Schedule should include confirmation that heritage assets will continue to be eligible for s106 contributions.</p> <p>English Heritage urge the Council to reserve the right to offer CIL relief for particular cases which affect heritage assets in order to avoid unintended harm to the historic environment. Do not wish to object to the consultation but hope that there will be opportunities for discussion and flexibility in the future where significant heritage issues arise, to ensure heritage protection is sustained in accordance with the NPPF.</p>	<p>The spending of CIL receipts through the Regulation 123 List will be finalised following the implementation of the CIL Charging Schedule and currently heritage assets are not on this list. Any site specific heritage works that are required alongside any future developments are expected to be covered by s106 contributions.</p> <p>The CIL Regulations allow for certain development to be exempt from CIL charges or to receive relief but these do not stretch to cover heritage assets. Providing CIL relief for particular cases which affect heritage assets would contravene State Aid Rules as prescribed within the CIL Regulations.</p> <p>The Council will continue to engage with English Heritage on heritage issues across the district to ensure that heritage protection is sustained in accordance with the NPPF.</p>
12	Asda Stores Limited c/o Thomas Eggar LLP	<p>Under Regulation 14 of the Community Infrastructure Levy Regulations 2010 ("CIL Regulations") the Council's primary duty when setting the level of Community Infrastructure Levy ("CIL") charge is to strike an appropriate balance between the desirability of funding the cost of infrastructure required to support development from CIL and its potential effects on the economic viability of development.</p> <p>In our view, the approach taken to assessing the Draft Charging Schedule does not achieve an appropriate balance between these two objectives.</p> <p>We wish to object to the approach taken to assessing the Draft Charging Schedule on the following grounds:</p> <ol style="list-style-type: none"> <li>1. The fact that the consultation study fails to take adequately take account of changes introduced by the Community</li> </ol>	<p>We do not consider that the Study assumes low allowances for residual section 106/278 agreements. Asda's consultant sets out that as well as CIL developments could potentially pay for additional costs. The Council has now drawn up its Draft Regulation 123 List - and as set out in the list a significant majority of planning obligation requirements will become CIL-able, rather than remain as s.106 items.</p> <p>Q1: Do you consider that the Council has adequately identified a funding gap using appropriate infrastructure evidence?</p> <p>The Infrastructure Delivery Plan clearly identifies a funding gap across the District in accordance with the requirements in the CIL Regulations. The IDP has been prepared in accordance with the Core Strategy, adopted July 2013 which sets out the housing scale and distribution across the District and provides a robust</p>

	<p>Infrastructure Levy (Amendment) Regulations 2014/385;</p> <ol style="list-style-type: none"> <li>2. the impact on policies concerning enhanced economic performance;</li> <li>3. The financial assumptions and viability assessments contained in the Council's Viability Study;</li> <li>4. Issues relating to State Aid; and</li> <li>5. Concerns about the Council's approach to setting CIL charges generally.</li> </ol> <p>As the Council will be aware, the Community Infrastructure Levy (Amendment) Regulations 2014/385 came into effect in February.</p> <p>These regulations have made a number of wide-reaching changes to the CIL regime, the most important of which, for the purposes of this letter, are summarised below:</p> <ul style="list-style-type: none"> <li>• Regulation 14 has been amended so as to strengthen the obligations on the Council objectively to justify the adopted charging rates. Reg 14 now states that a Council "must strike an appropriate balance" as opposed to simply aiming to do so;</li> <li>• Examiners are now being asked to assess whether an appropriate balance has, in fact, been struck;</li> <li>• The Regulations governing payment in kind have been amended to allow local authorities to accept items of infrastructure as well as the transfer of land;</li> <li>• Draft Regulation 123 lists should now be made available much earlier in the rate-setting process and these will be capable of being examined at inquiry; and</li> <li>• There have been significant changes to the various CIL exemptions; which will significantly affect the Council's expected levels of receipts.</li> </ul> <p>Although the Draft Charging schedule, and the viability report on which it is based, considers the impact of these amendments it does not</p>	<p>and credible evidence base on which to introduce the CIL Charging Schedule. The Council is due to publish Issues and Options Reports on the Site Specific Allocations DPD and the Felixstowe Peninsula AAP which will provide a variety of deliverable and developable sites across the district to provide sufficient land to meet housing targets and give certainty to developers and service providers across the District. National regulations and examples of best practice are clear that CIL Charging Schedules can be implemented in accordance with Core Strategies and without the detail provided in documents such as the Site Specific Allocations DPD and the Felixstowe Peninsula AAP.</p> <p>Q2. In setting the CIL rates, do you consider that the Council's economic viability assessment has used appropriate evidence?</p> <p>We note that the response to Question 2 is essentially the same response submitted as part of the last round of consultation – our response to which is set out below:</p> <p>ASDA's consultant has raised concerns on the level of S106, S278 assumed in the appraisals.</p> <p>Examples given by Asda / Thomas Egger</p> <p>From the scenario set out in the Viability Report (a 4,000 sq m store) the proposed CIL would equate to a charge of £100 per sq m, with a further s106 allowance of £10,000 (so a total 'planning obligations' charge of £102.50 per sq m).</p> <p>The examples given by Asda's consultant show that much higher amounts have been deemed viable through the s106 process – for example the 3,000 sq m food store in Ware equates to £290</p>
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	<p>include any analysis of the cost or types of infrastructure that are likely to require funding through s.106 Agreements for non-residential development.</p> <p>As a result, the 'balancing exercise' carried out by the viability study is flawed, as it does not include all of the likely costs of bringing forward development. This in turn casts doubt on the level of 'headroom' available out of which CIL can be paid.</p> <p>Q1: Do you consider that the Council has adequately identified a funding gap using appropriate infrastructure evidence?</p> <p>We do not consider that the Council has adequately identified a funding gap using appropriate infrastructure evidence. Whilst the Local Plan was adopted in July 2013, in recognition of the lengthy time period involved in the development of the Plan, we suggest a review of the Plan with full up-to-date evidence in order to fully assess the funding gap.</p> <p>The Navigus Planning Report identifies that not all of the funding gap is expected to be borne by the developer. However the Council at present does not know how much will be invested by other providers, such as UK Power Networks, who are expected to invest as part of their investment programmes. This creates great uncertainty and potential fluctuations to the identified funding gap. Furthermore, there are some costs which are not known which could add to costs and therefore increase the funding gap.</p> <p>Q2: In setting the CIL rates, do you consider that the Council's economic viability assessment has used appropriate evidence?</p> <p>The Viability Study contains retail development assumptions that in our view may not make sufficient allowance for the costs involved in obtaining planning permission for a development scheme.</p>	<p>per sq m and the 6,700 sq m food store in Sussex equates to £200 per sq m. We consider that this supports our argument that the proposed CIL charge has been set at an appropriate discount to allow for a viability buffer and that it will not impact on development viability as - as set out in the Draft Regulation 123 List - a significant proportion of S.106 items will now be CIL-able.</p> <p>For ease of reference with have set out below the infrastructure that may be funded by CIL and will not be sought through planning obligations:</p> <ul style="list-style-type: none"> <li>• Strategic highway improvements including strategic cycling and pedestrian infrastructure</li> <li>• Provision of library facilities</li> <li>• Provision of additional pre-school places at existing establishments</li> <li>• Provision of primary school places at existing schools</li> <li>• Provision of secondary, sixth form and further education places</li> <li>• Provision of health facilities</li> <li>• Provision of police infrastructure</li> <li>• Provision of fire service infrastructure</li> <li>• Provision of ambulance service infrastructure</li> <li>• Provision of leisure and community facilities</li> <li>• Provision of off site open space</li> <li>• Maintenance of open space</li> <li>• Strategic green infrastructure</li> <li>• Strategic flooding and coastal defence works</li> <li>• Provision of waste infrastructure</li> </ul> <p>Changes in the legislation make clear that all future S106 costs are to be immediately related to development in question. As</p>
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	<p>By underestimating the true cost of residual planning obligations commercial developments, the Council is at risk of artificially inflated the residual land values used for the financial viability models. This will, in turn, have inflated the amount of CIL proposed for these uses.</p> <p>As stated above, the Viability Study does not provide analysis of the cost for non-residential residual s106/s278 agreements. It is our view that the retail development assumptions are inadequate as they do not make allowances for s.106 contributions which need to be paid by developers in addition to CIL payments. We urge you to look again at the allowances for such residual s.106/s.278 contributions for non-residential schemes.</p> <p>Although the Council will not be able to pool section 106 contributions once CIL is adopted, the types of commonly pooled contributions tend not to make up a large proportion of the contributions sought from commercial schemes - which are usually focussed on site specific highways and access works, employment and training contributions, environmental mitigation works and other, site specific, requirements.</p> <p>The draft Regulation 123 list produced makes it clear that any site specific matters such as green infrastructure, off site landscaping, improvements to the public transport network or highways improvements, that are needed to mitigate the impact of the development and to make it acceptable in planning terms, are likely to be funded through section 106 and section 278 agreements. The costs of these works are almost certain to exceed the £10,000 allowance included in the Viability Assessment.</p> <p>Taking the example of a 4,000 sqm convenience supermarket used in the Viability Report, this sized store, would be expected to bear a</p>	<p>such, strategic infrastructure costs will be dealt with through CIL in future. Relatively modest amounts can therefore be allocated to S106/S278 costs. It is conceivable that larger S106/278 costs will be charged (or, equally, lower costs will be charged) than those used in the appraisals. If higher S106 /278 costs are charged, then there is a considerable 'buffer' built into the CIL setting process that can support these higher than expected costs. Furthermore, there is a 5% contingency built into the appraisal.</p> <p>Q3. In setting the CIL rates, do you consider that the rates proposed represent the appropriate balance between the desirability of funding infrastructure and the need to maintain overall viability of growth across the District?</p> <p>The CIL Regulations require that the only criteria to be taken into account in setting CIL rates are the need to fund infrastructure to support the development of the area and the viability of development across the area.</p> <p>As a result, some development uses can be subject to a higher charge per square metre than others, irrespective of their individual infrastructure needs. It would not be lawful for Suffolk Coastal to take factors other than viability into account when setting rates for different uses of development.</p> <p>We disagree that the proposed CIL rate would discourage larger convenience retail development. Viability evidence has shown that development of both small and large convenience stores is viable with the proposed CIL charge.</p> <p>The regulations allow charge distinctions between the intended 'use' of buildings according to the broad meaning of that word</p>
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	<p>CIL payment of £400,000 and potentially fund all of the following costs:</p> <ul style="list-style-type: none"> <li>• demolition, remediation and on site highways works the cost of non-strategic any off-site highways works required to make the development acceptable in planning terms including junction improvements, road widening schemes, new access roads, diversion orders and other highways works;</li> <li>• the cost of extending the Council's CCTV or public transport network to include the scheme (including the costs of creating new bus stops, real time information and providing new bus services to serve the site);</li> <li>• monitoring costs of compliance with employment/apprenticeship schemes and travel plans;</li> <li>• environmental off-set contributions to mitigate the loss of habitat or greenery caused by the scheme;</li> <li>• The cost of any remediation and decontamination works to be carried out by the council on the developer's behalf;</li> <li>• payments for town centre improvements intended to mitigate the impact of the development on the town centre or neighbouring areas; and</li> <li>• the costs incurred by the Council of maintaining any site specific infrastructure required by the development.</li> </ul> <p>To put this in context:</p> <ul style="list-style-type: none"> <li>• The section 106 Contributions incurred in relation to a c.3,000 sqm food store in Ware, Hertfordshire amounted to £871,800. These sums related to bus service contributions; development of a community centre, nursery; education contributions; various highway safety improvements; youth service contribution; residents parking schemes and open space contribution. In addition to these Contributions, green travel plan contributions, monitoring fees and architectural lighting on pedestrian routes between the store and</li> </ul>	<p>(subject to there also being viability differences). 2013 CIL Guidance confirms this is not restricted to 'use classes'. The deliberately broad definition in the legislation is clearly intended to give authorities wide discretion to identify intended uses of buildings in a range of ways. This can clearly include whether the building is intended to be used primarily for the sale of "convenience" goods or "comparison" goods.</p> <p>As set out in the evidence in the viability report, "convenience" and "comparison" are not just descriptors of types of goods. They are widely recognised and understood as categories of retail store use, employed for planning purposes and within and outside the retail industry - for example, by industry analysts such as the Local Data Company and Colliers.</p> <p>Setting a charge according to the intended use of the building for "wholly or mainly" convenience or comparison retail use does not depend on the imposition of conditions. However, where conditions are used, they provide a clear way to do so.</p> <p>Q4. Do you consider the boundaries for the different charging zones to be appropriate</p> <p>The boundaries set out in the Draft Charging Schedule have been drawn taking into account Ward boundaries and, where Ward boundaries are not seen as appropriate along settlement lines and/or transport routes. The map at p.10 of the Draft Charging Schedule sets out the boundaries of the charge rate around Trimley St Mary.</p> <p>Q5. Do you have any other comments on the Draft Charging Schedule or any of the associated documents or evidence base documents?</p>
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	<p>City centre were also incurred.</p> <ul style="list-style-type: none"> <li>The section 106 Contributions incurred in relation to a c.6,700 sqm food store in Newhaven, East Sussex amounted to £1,345,544. These sums related to contributions for improvements to and an extension of the local bus network; economic initiatives; contributions for relocating local habitats; improvement of recreational space; recycling contributions; residential and retail travel plan auditing; transportation and town centre contributions.</li> </ul> <p>With this in mind, we again, suggest that the Council has significantly underestimated the impact of CIL on the viability of such developments. We request that the underlying viability evidence be revised accordingly.</p> <p>Q3. In setting the CIL rates, do you consider that the rates proposed represent the appropriate balance between the desirability of funding infrastructure and the need to maintain overall viability of growth across the District?</p> <p>We will not repeat the Council's strategic objectives in full here, but in order to achieve its overall objectives, it will be important for the Council to set an appropriate CIL charge to encourage new development to come forward.</p> <p>An appropriate CIL charge will encourage new development and promote redevelopment to create employment and ensure a range of shopping choices for consumers and enhance the vitality and viability in district and local centres.</p> <p>The proposed retail CIL rates would discourage larger retail developments and would not ensure that the relevant retail and employment aims of the local plan are met. This could have the effect of reducing the range, variety and choice of retail shopping and, if no redevelopment or regeneration schemes are put forward, then existing</p>	<p>1. State Aid</p> <p>We note that this is the same response as put forward in the Respondent's previous response, to which we responded as follows:</p> <p>We do not believe that there are state aid implications for charging different retail uses at different rates, or for charging different rates in different zones, as long as the differences are based on viability evidence in line with the requirements of the CIL regulations. The Government has issued advice via the Planning Advisory Service to the effect that it took appropriate advice and paid careful attention to design CIL so that following the statutory framework would result in a 'state aid compliant' charging schedule.</p> <p>Accordingly the Council as the Charging Authority has taken care to ensure that the draft charging schedule, including the differential rate distinctions, has been compiled in compliance with the requirements of the regulations and guidance.</p> <p>2. Concerns about the Council's approach to setting CIL charges generally</p> <p>We note that this is the same response as put forward in the Respondent's previous response, to which we responded as follows:</p> <p>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 demolition, the benchmark land value assumes a cleared site;</p>
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	<p>buildings are unlikely to be refurbished and re-used.</p> <p>It is our view that if the retail charges set out in the Draft Charging Schedule are adopted, there will be several consequences across the Borough that will put the Council's ability to achieve its key objectives at risk. For example:</p> <ul style="list-style-type: none"> <li>• All other forms of development will receive a significant subsidy at the expense of retail schemes; and</li> <li>• There will be a corresponding disincentive (and market distortion accordingly) to investment in this sector of the local economy.</li> </ul> <p>The Government is keen to encourage the creation of additional employment across the economy and the retail sector as a whole is one of the largest employers and the largest creator of new jobs at the present time as well as being one of the most dynamic and innovative sectors within the UK economy.</p> <p>Asda example 1</p> <p>ASDA has a proven track record of investing in local communities and of creating jobs within these areas. For example, of the 123 colleagues recruited for the ASDA store in Tunbridge Wells, 76 colleagues (71%) were previously unemployed.</p> <p>The supporting papers do not acknowledge this trend nor do they fully assess the role of retail within the national economy. They simply assert that large scale retail is performing stronger in comparison to the other aspects of the retail sector and accordingly, it implies that large scale retail establishments have the capacity to pay potentially very large sums of CIL, whereas the Town Centre comparison and small convenience retail rates are much lower.</p> <p>Any CIL schedule that imposes a substantial CIL charge on superstores or</p>	<p>such abnormal costs should be reflected in a reduced land value through market mechanisms.</p> <p>ASDA's SUGGESTIONS</p> <p>We note that this is the same response as put forward in the Respondent's previous response, to which we responded as follows:</p> <ol style="list-style-type: none"> <li>1. Instalment Policy Noted – The Council has published a Draft Instalments Policy which is considered to be in accordance with the CIL Regulations.</li> <li>2. Exceptional Circumstances Relief Noted – Although the Council is aware of the Exceptional Circumstances Relief outlined within the CIL Regulations, it is not considered appropriate to include this within the Draft Charging Schedule at this time. However this position will be reviewed and monitored once the CIL Charging Schedule is in place.</li> <li>3. Flat Rate Levy. This would not be appropriate. The proposed CIL charges have been based upon viability evidence. It has been shown that some forms of development can accommodate a higher level of CIL whilst other development can only accommodate a lower or nil charge. Given the need to consider development viability, it would not be lawful to approach rate-setting in the manner suggested. In particular, the adoption or otherwise of a policy to accept claims for exceptional circumstances relief cannot be taken into account in setting the rates. This is because such policies may be changed by an authority from time to time and so do not form part of the charging schedule and its examination.</li> </ol>
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	<p>supermarkets and a very low or nil rate on all other uses could effectively undermine the retail function of local and town centres, detracting from their viability and vitality as large scale retail developers would be discouraged by the imposition of CIL.</p> <p>Asda example 2</p> <p>Asda stores regularly rejuvenate and regenerate existing centres, and the surrounding areas, and draw new shoppers to them, which benefits the existing retailers, and those who open stores in Asda-anchored centres in their wake. For example in 2006, Asda opened a store in Romford, transforming a derelict brownfield site through an extension of an existing retail mall and creating 347 jobs. This helped to propel Romford into the top 50 UK retailing cities. Indeed, due to the success of the store in attracting more footfall to that part of the town's Primary Shopping Area, the local authority redrew the town centre boundary to include the edge of centre Asda store into the heart of the Romford town centre.</p> <p>Q4. Do you consider the boundaries for the different charging zones to be appropriate?</p> <p>It is noted that the boundary running through Trimley St Mary creates two distinct charging zones of mid and low. We ask the Council to clarify its position creating certainty for those wishing to develop throughout the district.</p> <p>Q5. Do you have any other comments on the Draft Charging Schedule or any of the associated documents or evidence base documents?</p> <p>1. State Aid</p> <p>We wish to bring it to your attention that there will be EU State Aid</p>	<p>4. Provision of Infrastructure as Payment in Kind Noted. The Council will continue to take into account any changes in the CIL Regulations as the Charging Schedule is adopted, monitored and reviewed in time.</p>
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		<p>issues arising out of the setting of differential rates for different types of commercial entity within the same use class. Introducing such differential rates confers a selective economic advantage on certain retailers depending on the size of the shop they operate out of, or their type of business. For example, setting the levy for comparison retail schemes at a lower rate than an equivalent convenience retail scheme provides an economic advantage to comparison retailers. Alternatively, basing rate differentials on the size of a store favours smaller retailers over their larger competitors.</p> <p>As far as we are aware, the UK government has not applied for a block exemption for CIL. CIL charges do not form part of the UK's taxation system and there does not appear to be an exemption in place to cover any State Aid issues that may arise. With this in mind, we would be grateful if the Council adopted a flat levy rate for comparable sectors of the economy/use classes or, if it is not prepared to do so, providing an explanation as to why State Aid issues are not engaged by the setting of differential rates within use classes to the Inspector at the Inquiry.</p> <p>2. Concerns about the Council's approach to setting CIL charges generally</p> <p>The stated purpose of CIL is to raise revenue for infrastructure necessary to serve development. CIL is intended to address the imbalance of raising funds for infrastructure under the section 106 route, where larger schemes have effectively subsidised minor developments. However, CIL does not replace the section 106 revenue stream - it will simply provide additional revenue for infrastructure.</p> <p>In light of this, we have some further concerns:</p> <p>Concerns relating to change of use and conversion projects</p>	
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	<p>The Council appears only to have taken the economics of regeneration projects into account when considering the strategic development areas as otherwise the viability assessments do not appear to have given any weight to this consideration (particularly for retail developments).</p> <p>As you will be aware, Regulation 40 of the CIL Regulations only permits developers to deduct pre-existing floor space from the CIL calculation if it is 'in lawful use.' Lawful use is defined in Regulation 40 (10) and essentially requires part of a building to have been in use for a six month continuous period in the three years before the date of the planning permission permitting the development.</p> <p>However, many regeneration projects on brownfield land or town centres involve demolishing, converting or redeveloping buildings that have lain vacant for some time. This is particularly true of schemes which involve changes of use from employment land, where the fact that a unit has been vacant for a considerable time is often a key factor in the Council's decision to grant planning permission for the scheme.</p> <p>The Viability Study does not acknowledge that the economics of conversion schemes are very different to those of new build schemes. It is difficult to see how the Council can assess whether the imposition of CIL will put the majority of these schemes at risk without having considered its impact on their viability.</p> <p>ASDA's SUGGESTIONS</p> <p>1. Instalment Policy</p> <p>We support the Council's decision to introduce an instalment policy for CIL payments. Managing cash flow during development is often key in</p>	
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		<p>determining whether a scheme will be successfully delivered. We would strongly encourage the Council to adopt a realistic instalment policy that spreads the cost of CIL over a number of months or years (depending on the size of the development scheme proposed).</p> <p>We would recommend that any instalment policy should link the instalments to the pace of the actual development; and should not link the instalments to an arbitrary time frame following on from the date the development is commenced.</p> <p>2. Exceptional Circumstances Relief</p> <p>We note that the Council has indicated that at present it will provide any discretionary relief from CIL.</p> <p>We would encourage the Council to adopt an Exceptional Circumstances Relief Policy. By doing so, the Council will have the flexibility to allow strategic or desirable, but unprofitable, development schemes to come forward, by exempting them from the CIL charge or reducing it in certain circumstances.</p> <p>Given the rigid nature of the CIL regulations, which operate in a similar manner to a development land tax, this is a necessary and worthwhile safeguard that the Council will be able to use in appropriate circumstances.</p> <p>3. Flat Rate Levy</p> <p>Accepting for the purpose of this argument the premise that CIL is necessary for the purpose of funding Borough-wide infrastructure, a much fairer solution would be to divide the Council's estimate of total infrastructure costs over the charging period (and in this connection, it is important to remember that the Government's guidance as recorded in</p>	
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	<p>the National Planning Policy Framework is that only deliverable infrastructure should be included) by the total expected development floor space and apply a flat rate levy across the Borough and across all forms of development. That will have the least possible adverse effect upon the market for land and for development, and yet the greatest possible opportunity for the economy to prosper and thrive and for jobs to be created.</p> <p>The potential impact of a flat rate levy on the viability of those types of development which are not currently identified as viable could be balanced by the Council's implementation of Exceptional Circumstances Relief, as mentioned above.</p> <p>Consequently, reducing the levy proposed per square metre on retail and residential floor space would not result in a proportionate increase in the levy required on other forms of commercial or other development. However, applying the current proposed levy could run the risk of diminishing substantially the number of such retail stores built, with a consequential loss of employment opportunities and investment.</p> <p>4. Provision of Infrastructure as Payment in Kind</p> <p>We support the Council's decision to introduce a provision of infrastructure as payment in kind. As stated above, the latest set of amendments to the CIL Regulations have now made it lawful for authorities CIL contributions to be paid by the provision of infrastructure in certain circumstances. Given that the provision of infrastructure is often key to unlocking unimplemented planning permissions and enabling developments.</p> <p>CONCLUSION</p> <p>For these reasons, we would ask that the Council undertakes a rethink of</p>	
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		<p>its position and substantially alters its Charging Schedule in so far as it relates to retail development.</p> <p>Accordingly, we would request that the Council:</p> <ul style="list-style-type: none"> <li>• Revisits its viability assessments for retail development, to address the concerns set out above;</li> <li>• Adopts a staged payments policy;</li> <li>• Adopt an Exceptional Circumstances Relief Policy;</li> <li>• Considers the allowing developers to pay their CIL Liability through the provision of infrastructure; and</li> <li>• Adopts a single flat rate levy across all development within its boundaries.</li> </ul>	
<b>13</b>	Clive Narrainen	I object to Felixstowe being graded as low.	CIL charges and boundaries are based on a comprehensive and robust evidence base which clearly demonstrates that on average parts of Felixstowe have the lowest land values and lowest sale prices seen across the district. As a result it is correct that parts of Felixstowe are included within the Low Charging Zone
<b>14</b>	Town & Country Consultants Ltd	The western boundary of the Low Charging Zone around Leiston should be moved further west to include the site by the cemetery which has been included within the Leiston Neighbourhood Plan for future development in the town.	Boundaries have been drawn at a strategic level to broadly reflect land values and property sale prices across the district which in some areas are drawn tightly to the existing communities. CIL charges and boundaries are based on a comprehensive and robust evidence base which clearly demonstrates that on average Leiston has the lowest land values and lowest sale prices across the district. However outside of this immediate area, the sale prices and values are extremely different and the boundaries have been drawn to reflect this. Once the Leiston Neighbourhood Plan has been made, the Town Council will receive 25% of all CIL funds generated within the Neighbourhood Plan area.
<b>15</b>	Alan Stoddart	I do not see any reasoning as to why not all new builds and not most will be subject to CIL.	CIL charges will be placed on all new residential developments across the district (aside from affordable housing, self build

		<p>Why is Aadastral Park not subject to CIL charges when BT is constantly expanding their operations?</p> <p>Maps are difficult to understand and the document would benefit from a glossary and references to make reading clearer.</p>	<p>developments or developments for charitable purposes). CIL charges are justified by the comprehensive and robust evidence base.</p> <p>The evidence base is clear that once all the site specific s106 costs have been taken into account, there is no capacity to charge CIL in addition to these established costs.</p> <p>The Council will look to improve the maps with an appropriate legend on all maps.</p>
<b>16</b>	Bentwaters Park Ltd and Bentwaters Business Park Ltd	<p>Bentwaters is an important rural employment site within Suffolk Coastal. The owners of Bentwaters support the zero charge for all “other uses” across the district. The zero charge preserves the Bentwaters business model and ensures that Bentwaters is retained as an important site for local business and allows inward investment which keeps the sites “fit for purpose”. Should the charges for employment floor space be increased in the future, it is believe this would stifle the success of rural employment sites and force companies to move out of the district.</p>	<p>Noted – the CIL charges are based on a comprehensive and robust evidence base which clearly shows that a range of uses across the district do not have the capacity to pay CIL. The Council believe that the zero charge for “all other uses” will not have a detrimental impact on the delivery of employment floor space across the district and ensure that a strong and prosperous economy continues.</p>
<b>17</b>	Swiland and Witnesham Parish Council	<p>Consider that the CIL charges will tempt the parish councils to support new development, as they will benefit from the funds generated. As yet there is little detail on how funds will be accessed in practice. Would welcome an outlined of how funds can be spent in the future.</p>	<p>National regulations detail that a certain percentage of all CIL funds received by the Council will be passed directly to local communities. The Suffolk Coastal Draft Charging Schedule is in accordance with these regulations.</p> <p>The Council has published a Draft Regulation 123 List to support the consultation document and future examination. The Regulation 123 provides details as to how the Council will look to spend CIL receipts in the future. Once CIL is implemented, further details regarding spending programmes and how CIL funds can be accessed will be published alongside the finalised Regulation 123 List which will be adopted by the Council.</p>
<b>18</b>	Rendlesham Parish	<p>Support the proposed charges as outlined in the Draft Charging Schedule and that parishes with a neighbourhood plan will receive 25% of any</p>	<p>Noted and the Council will continue to support Rendlesham Parish Council with the Neighbourhood Plan which is currently at</p>

	Council	community infrastructure levy arising from developments in their area.	Examination stage
<b>19</b>	McCarthy & Stone Retirement Lifestyles Ltd c/o The Planning Bureau	It is noted that specialist accommodation is now excluded from proposed CIL charges. Commend the Council for its commitment to ensuring that specialist accommodation for the elderly remains viable under the proposed CIL charges.	Noted.
<b>20</b>	Felixstowe Town Council	<p>CIL appears to be a complicated mechanism for providing developer funding across the district. However when compared to realising contributions through s106 agreements, the Town Council feel that CIL is generally a more transparent and potentially more reliable and deliverable source of funding.</p> <p>Concerned whether the appropriate types of housing mix that are so desperately needed can still be achieved when CIL is in place. CIL may also be a disincentive for developers of some marginal schemes</p>	<p>CIL charges are non-negotiable and it is clear from the outset what level of charge will be expected as part of any future development. Introducing CIL charges will help to ensure that the Council receives funds from each development to support the infrastructure required across the district.</p> <p>CIL charges have been set based on a comprehensive and robust evidence base which clearly shows that future developments across the district will not become unviable as a result of CIL. Testing has also shown that a range of property types across the district can be delivered so the Council is confident that the CIL charges will still enable a variety of residential types and sizes to come forward.</p>
<b>21</b>	Mark Gildersleeves	When there is a desperate need for new and affordable housing these proposals will add between £5-£10k for each house. Charges will result in large builders being priced out of developments. It would seem more appropriate to charge large multi national building companies and not charge the self employed builders.	The CIL charges are based on a comprehensive and robust evidence base which considers a range of development scenarios across the district. The testing models take into account the industry standard build costs, land values and bench marking figures which apply to every development. It would conflict with State Aid rules and be inappropriate to charge different rates of CIL dependent on the size of the developer. CIL charges have been set with a substantial buffer from the theoretical maximum to take into account different scenarios and economies of scale

			as encouraged by Government guidance and examples of best practice.
<b>22</b>	Waldringfield Parish Council	<p>The zero rate for Adastral Park fails to assess the economic viability correctly. In particular it ignores the claim made by BT on many occasions that the development is viable. Hope that if the zero rate is adopted, SCDC will monitor land values and ensure that CIL is charged if land values turn out to be greater than the benchmark land values.</p> <p>Zero rate for Adastral Park fails to get the balance right as it provides no direct benefit to the local communities.</p> <p>Local community has been side lined by the s106 negotiations which have taken place with out any community involvement.</p>	<p>Values and figures used in the viability study testing are based on industry standards and agreed national standards with regards to assumptions that are made. The Council support BT's claim that the Adastral Park development is viable alongside a comprehensive package of on site infrastructure provided through a s106 agreement. Viability testing clearly shows that once the substantial s106 costs has been taken into account; there is no capacity to introduce CIL charges in addition.</p> <p>The Adastral Park development will provide a wide range of on site and off site facilities and services which will be available for all residents across the district to use and gain benefit from.</p> <p>S106 agreements are negotiated alongside planning applications and in line with the Council's Statement of Community Involvement which promotes community involvement and participation in the planning application.</p>
<b>23</b>	Suffolk Constabulary	<p>Felt that the need for contributions towards policing has not been acknowledged to the appropriate level. Policing infrastructure has been omitted from the range of facilities provided via site specific s106 for Adastral Park on the Draft Regulation 123 List. Suffolk Constabulary provided significant evidence as part of the input into the Navigus Planning Infrastructure Delivery Plan which seems to have gone unnoticed.</p> <p>Policing is an essential piece of infrastructure that needs to be delivered both through CIL and also as part of the s106 package for Adastral Park. Suffolk Constabulary can only emphasise its desire to work with SCDC to ensure that an adequate level of policing is maintained across the district.</p>	<p>The provision of Policing across the district is a fundamental part of delivering sustainable communities. Police infrastructure is currently seen on the Draft Regulation 123 List which shows the Council's commitment to promoting this delivery across the district. The Draft Regulation 123 List will be formally adopted once CIL is implemented across the district and will be reviewed annually alongside a spending programme.</p> <p>With regards to Adastral Park, policing infrastructure is contributed to through funds identified as a Community Cohesion Fund outlined in the draft s106 agreement for this site to help integrate the development at Adastral Park into the wider community. The draft s106 identifies the capital projects (not</p>

			<p>revenue such as staffing costs) which has been established alongside the 2009 planning application which is still before the Council and further reinforced at the Core Strategy Examination in 2012/13 covers a range of capital projects which will facilitate the development at Adastral Park.</p> <p>As the Adastral Park development comes to fruition the Council will continue to engage with stakeholders and service providers such as Suffolk Constabulary to ensure that their needs and requirements are taken into account as part of the detailed planning application stages.</p> <p>The information provided on the Draft Regulation 123 List in relation to Adastral Park is to differentiate the infrastructure that will be provided through site specific planning obligations and not through CIL. Any changes to the infrastructure identified for Adastral Park are not expected to impact on the overall viability of the CIL Charging Schedule because of the £0/sqm proposed for this development.</p>
<b>24</b>	Trinity College Cambridge c/o Bidwells	<p>Viability Study published provides a useful guide; it cannot determine absolute viability of specific schemes. It must be noted that the evidence is not comprehensive and not scheme specific therefore the viability of actual schemes may be such that full policy compliant levels of CIL and other planning gain are not deliverable. In our view the most significant factor likely to cause non-viability is the impact of individual site abnormalities which will mean that the levels of CIL, affordable housing and planning gain identified as deliverable may not be ultimately deliverable on every scheme.</p> <p>The Infrastructure Delivery Plan considers two scenarios for growth in line with the Core Strategy. Without any clarity regarding site allocations, the</p>	<p>The CIL charges are based on a comprehensive and robust evidence base which takes into account policy compliant costs such as the provision of affordable housing. The testing has been undertaken at a strategic level and provides the Council with confidence that overall the introduction of CIL will not have a detrimental impact on the delivery of housing across the district. In order to overcome the site specific issues, the Council have introduced a substantial buffer where by the charges are set well below the theoretical maximums seen in the viability models. The CIL charges as proposed have taken into account full policy compliance and are considered to strike the appropriate balance as required by the regulations.</p>

		<p>Council is unable to determine the actual level of growth and the range of infrastructure needed to support this. The Oxford Economics Study concludes that the objectively assessed housing need across the district is 11,000 and not the 7,900 units detailed within the Core Strategy. In this context the Council should not progress with CIL until it has clarity with regards to the level of growth in each location. CIL will have the first call on the planning obligation pot and abnormal costs may cause a site to be unviable which will stop developments coming forward. The Council should recognise that in adopting CIL, they create an inability to determine for themselves an appropriate balance of development mitigation. Ultimately the CIL rate must ensure that the plan remains deliverable, with the scale of development identified within the plan not subject to such a scale of objections and policy burdens.</p> <p>It would be more appropriate to review the CIL charges at the same time as the Core Strategy review which is likely to increase the level of housing across the district, based on the objectively assessed housing need.</p> <p>Welcome the introduction of the Draft Instalments Policy but these charges are considered to be onerous. And requiring 33% of the total chargeable amount to be paid within 60 days is overly burdensome. Highlight the approach Chelmsford City Council take to Instalments.</p>	<p>At this stage and in the absence of any site allocations document, the Council is relying on the Core Strategy to identify areas for growth and a range of reasonable scenarios were tested as part of the evidence base. These scenarios are realistic and provided service providers and infrastructure companies with an opportunity to identify their needs in light of the Core Strategy and recent planning decisions. The approach taken is considered to be justified and satisfactory as outlined in national regulations and examples of best practice. The Council is confident that the CIL rates are justified and strike the appropriate balance between the desirability of funding the cost of infrastructure required to support development from CIL and its potential effects on the economic vitality of development. The CIL Charging Schedule will be subject to regular review and as the Council moves towards reviewing the Core Strategy, it is likely that the CIL charges will also be reviewed and considered at this time to provide consistency and clarity.</p> <p>The timescales for reviewing the CIL Charging Schedule are not set in stone and the Council retains the flexibility to review when necessary. It is anticipated that the CIL Charging Schedule will be reviewed alongside a review of the Core Strategy which is due to</p>
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			<p>start in 2015.</p> <p>The Council have chosen to introduce a Draft Instalments Policy to aid the viability and cash flows of developments across the district. The approach taken to Instalments is at the discretion of the Council and it is considered appropriate to follow the example introduced by Waveney District Council, as both Council's are in partnership and have established many shared services.</p>						
25	The Consortium c/o Savills	<p>The Consortium has fundamental concerns with the approach proposed by the Council notably:</p> <ul style="list-style-type: none"> <li>• Unviable Rates - The current proposed CIL rates are unviable and risk rendering a significant proportion of the housing supply across the District undeliverable;</li> <li>• Incorrect Assumptions - A number of the key viability inputs adopted by PBA are incorrect. This results in an over-estimation of the maximum CIL rates that can be supported;</li> <li>• Code for Sustainable Homes - The viability testing does not include an allowance for Code for Sustainable Homes (Level 4) despite being referenced in the Viability Study. This input alone is shown in our alternative viability appraisals to reduce the maximum CIL rates by 19%;</li> </ul> <p>Alternative Viability Appraisals - We have undertaken alternative viability appraisals looking at the impact of build costs, profit margin, Code for Sustainable Homes and Section 106 obligations on the level of CIL that can be supported. This illustrates that the proposed CIL rates are too high and suggests that the CIL rates should be as follows:</p> <table border="0"> <tr> <td>Zone</td> <td>Recommended CIL Rate (£psm)</td> </tr> <tr> <td></td> <td>1 – 5 Dwellings    6+ Dwellings</td> </tr> <tr> <td>Low</td> <td>£0                      £0</td> </tr> </table>	Zone	Recommended CIL Rate (£psm)		1 – 5 Dwellings    6+ Dwellings	Low	£0                      £0	<p>We would wish it noted that since the below Representation was submitted to Suffolk Coastal, the Department for Communities and Local Government has published a Written Statement by the Minister of State for Housing and Planning (28 Nov 2014) setting out the following:</p> <ul style="list-style-type: none"> <li>• Due to the disproportionate burden of developer contributions on small scale developers, for sites of 10-units or less, and which have a maximum combined gross floor space of 1,000 square metres, affordable housing and tariff style contributions should not be sought. This will also apply to all residential annexes and extensions.</li> <li>• For designated rural areas under Section 157 of the Housing Act 1985, which includes National Parks and Areas of Outstanding Natural Beauty, authorities may choose to implement a lower threshold of 5-units or less, beneath which affordable housing and tariff style contributions should not be sought. This will also apply to all residential annexes and extensions. Within these designated areas, if the 5-unit threshold is implemented then payment of affordable housing and tariff style contributions on developments of between 6 to 10 units</li> </ul>
Zone	Recommended CIL Rate (£psm)								
	1 – 5 Dwellings    6+ Dwellings								
Low	£0                      £0								

	<p>Mid        £10                £0 High       £25                £0</p> <ul style="list-style-type: none"> <li>• Charging Zones - SCDC have proposed three differential CIL rates by 'zone' (or geography) and scale of development. Whilst the principle of applying differential rates is not questioned, the proposed Charging Zone Map prepared by Peter Brett Associates ("PBA") does not correlate to the supporting sales values evidence; and</li> <li>• Housing Supply - The Council does not currently have a Site Allocations Document or a recognised five year land supply. The CIL rates have therefore been formulated and tested on sites that may not come forward for development in the plan period.</li> </ul> <p>Savills Research – The 'Three-Way Trade Off'</p> <p>In Section 4 of our PDCS representation, we provided details of the Savills Benchmarking Model and the results of its application to Suffolk Coastal. The Consortium noted that in the Responses to Preliminary Draft Charging Schedule Document<sup>4</sup> the Council raised concerns that the model had been applied to sites of 5 or more dwellings.</p> <p>We would therefore like to take the opportunity to address this point, as we believe the Council has misinterpreted our analysis.</p> <p>The Savills Benchmarking Model is based on a hypothetical large scale residential development<sup>6</sup>. In our PDCS representation, the illustrative example used the lowest proposed CIL rate of £50 per sq m<sup>7</sup>, which is applicable to developments of 6 or more net dwellings in the low value area, and applied it to a large residential development. This showed that there was limited capacity to support CIL.</p>	<p>should also be sought as a cash payment only and be commuted until after completion of units within the development.</p> <ul style="list-style-type: none"> <li>• These changes in national planning policy will not apply to Rural Exception Sites which, subject to the local area demonstrating sufficient need, remain available to support the delivery of affordable homes for local people. However, affordable housing and tariff style contributions should not be sought in relation to residential annexes and extensions.</li> <li>• A financial credit, equivalent to the existing gross floorspace of any vacant buildings brought back into any lawful use or demolished for re-development, should be deducted from the calculation of any affordable housing contributions sought from relevant development schemes. This will not however apply to vacant buildings which have been abandoned.</li> </ul> <p>We suspect that this Statement goes some way to covering the points of concern set out by the Respondent for smaller sites (for example windfall sites).</p> <p>Savills have set out in their response that that the model has assumed a 'large residential development'. Without being offered any indication of the size or nature of development Savills has tested it is extremely difficult for PBA to respond to any specific viability queries.</p> <p>PBA has been given no information on the Savills assumptions as to assumed benchmark land values, dwellings per Ha, plot externals, additional build costs etc., without which we cannot run our own model.</p>
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	<p>To aid this point, we have now prepared additional graphs reflecting the CIL rates that would apply to large residential sites across all of the proposed Charging Zones.</p> <p>[Please see graphs and corresponding wording in Section 2 of Report attached as an Appendix to this Response]</p> <p>In the absence of a Site Allocations document, there is a degree of uncertainty over the location of future development in the District. Taking this in to account, and looking at the analysis set out above, we would strongly recommend that the Council carefully considers the CIL rates that will be applicable to future large residential allocations. Given the Council's current lack of a five year land supply this is particularly poignant, as it is possible that additional large housing sites will need to come forward during the plan period. These sites are likely to be able to deliver a large number of dwellings; therefore the proposed CIL rates could have a significant implication on the deliverability of housing numbers within SCDC. It is therefore of paramount importance that the CIL rates are set at a viable level.</p> <p>The Development Plan &amp; Housing Delivery</p> <p>Five Year Housing Supply</p> <p>SCDC's Core Strategy was adopted in July 2013. It can therefore be considered as being 'up-to-date', as it was prepared and examined in accordance with the National Planning Policy Framework (NPPF).</p> <p>However, the Council cannot currently demonstrate a five year housing land supply (5YHLS) as required by the NPPF12.</p>	<p>We do not believe that the Savills Benchmarking Model is the correct model to use in determining viable CIL rates. The Savills model has not been tested at Examination, and is not reflective of the accepted development viability methodology generally applied to a CIL viability study (the use of residual development appraisals).</p> <p>PBA would also repeat its response to the previous Savills response as part of its PDCS Representation as follows:</p> <p>PBA has tested generic schemes which, in collaboration with the Council, it considers would be likely to come forward across the District. This is consistent with other CIL Studies carried out across the country. Larger allocated schemes have been tested individually – please see Table 12.1 of the Viability Study. This includes testing schemes of between 70 and 2,100 dwellings. We consider this to be a comprehensive approach.</p> <p>We would note that Savills has not provided any evidence of where hypothetical schemes of 100, 250 or 500 units might come forward outside of the aforementioned specific sites.</p> <p>The approach taken by the Council in conjunction with PBA is considered to be a comprehensive approach and in keeping with the CIL Regulations and CIL guidance (please see also PBA response to PDCS Reps).</p>
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		<p>Since 2009, SCDC has demonstrated a persistent under delivery of housing in relation to Regional Spatial Strategy and adopted Core Strategy housing target. There are two ways the Council can address the shortfall resulting from this persistent under delivery. In the majority of cases, the Sedgefield methodology is considered the preferred approach. The Sedgefield methodology ensures that the shortfall from persistent under delivery is addressed within the first five years of the plan period (i.e. within the 5YHLS). It is also important to note that where a persistent under delivery has occurred paragraph 47 of the NPPF requires a 20% buffer should be added to the OAN figure to ensure that delivery can be achieved (the buffer would be 5% in other circumstances). Given SCDC's historic records of persistent under delivery, extra care needs to be taken when setting a CIL charge to ensure that delivery is not further threatened by the added pressure of CIL.</p> <p>The Housing Land Supply Assessment (2013) states that the Council currently has 3.7 years of supply for the period 2014/5 – 2018/9. This is largely on account of the anticipated delivery timescales for Adastral Park, which represents the majority of the Council's housing supply and is not planned for development until the latter stages of the plan period. As such the Council's policies in respect of housing supply are considered to be out-of-date, as SCDC will be unable to deliver their annual housing target in the first part of the plan period. For decision-making in relation to housing applications, the Council is subsequently reliant on the presumption in favour of sustainable development as set out in the NPPF. Housing Targets.</p> <p>The Core Strategy sets out a requirement for the delivery of 7,900 new homes between 2010 and 2027, which is significantly lower than the 11,000 dwellings requirement set out in the former East of England Plan. It is also significantly lower than the 11,000 dwellings estimated by the Council at the time of the Core Strategy Examination as being the District's</p>	
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	<p>OAN. The table below reproduces the Council’s housing supply calculation for the plan period:</p> <p>Table 1 – SCDC Housing Supply Calculation (2010 – 2027)Development Type Total</p> <p>(a) Outstanding planning permissions deemed deliverable as at April 2010 (discounted by 10%) 1480</p> <p>(b) Identified brownfield potential (sites within existing physical limits boundaries) 230</p> <p>(c) Outstanding housing allocations from previous Local Plan 80</p> <p>(d) Estimated windfall (unidentifiable supply) 850</p> <p>(e) SHLAA theoretical capacity 7730</p> <p>TOTAL (a + b + c + d + e) 10,370</p> <p>Source: Table 3.2, SCDC Adopted Core Strategy and Development Management DPD 2013</p> <p>This reflects an annual housing requirement of 465 dwellings per annum over the plan period. As discussed above, this target cannot be achieved in the first five years as the Council is reliant on the delivery of Adastral Park to achieve its housing target. The Consortium acknowledges that the Council is taking a pragmatic approach and is proposing a £0 per sq m CIL rate for Adastral Park.</p> <p>However, given the Council’s current lack of a five year housing land supply, we would recommend more testing is undertaken in relation to CIL, based on realistic scenarios using the scale and level of obligations identified in the emergent planning policy as a basis for the testing assumptions.</p> <p>Windfall Sites</p> <p>Suffolk Coastal are also reliant on windfall development to meet their</p>	<p>Windfall Sites</p> <p>Development testing was undertaken on a range of sites,</p>
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	<p>housing targets. Windfall development is unpredictable and we consider that care should be taken to ensure that the introduction of CIL does not adversely impact upon these unique and sporadic developments.</p> <p>In Suffolk Coastal approximately 11% of housing over the next five years is expected to be delivered through windfall development. Given the unique and broad range of constraints that exist across the District, it is important therefore that adequate testing is undertaken across a range of smaller development scenarios, with a range of values and affordable housing levels, in addition to the testing required for the identified strategic greenfield sites to protect delivery through these types of development.</p> <p>Emerging Regulation 123 List</p> <p>The new Community Infrastructure Levy (Amendment) Regulations 2014 require the Regulation 123 list to form part of the evidence base. We therefore welcome the publication of a draft list of infrastructure for SCDC in response to the PDCS stage of consultation. Whilst we acknowledge this is not the final version, nor will it ever be exhaustive, it does serve as a useful guide as to the direction that the Council envisages taking in providing for the delivery of infrastructure to support the Plan.</p> <p>Generic vs. Specific</p> <p>The Consortium is concerned that the Council’s draft Regulation 123 list only includes generic ‘types’ of infrastructure rather than specific projects. We would therefore recommend that the Council produce a supporting Planning Obligations SPD to give the development industry a clearer indication of what specific items of infrastructure will be delivered through CIL and what will remain through Section 106.</p> <p>“Double Dipping”</p>	<p>including smaller sites (1 house, 5 houses and 3 flats) which are common type of developments across the district.</p> <p>The Core Strategy identifies a total of 850 units to be delivered through windfall over the plan period 2010-2027 (50 units/year). As the Council undertakes work on the Site Specific Allocations DPD and the Felixstowe Peninsula AAP, the significance of the development which are classed as windfall will reduce as sites are allocated thus giving greater certainty as well as providing sufficient land to identified a 5 year housing land supply.</p> <p>We would also draw Savills attention to the Ministerial Statement of 28 Nov 2014 regarding support for small scale developers, custom and self-builders.</p> <p>Emerging Regulation 123 List</p> <p>The Council has published a Draft Regulation 123 List to inform the Draft Charging Schedule consultation and the forthcoming examination. Once the CIL Charging Schedule is adopted by the Council, the Regulation 123 List will become formalised and be subject to annual review in line with the CIL regulations and best practice.</p> <p>At this stage, the Council has no intention to produce a Planning Obligations SPD as CIL will be applied to all sites across the district and be the main driver for the collection of funds from developers to pay for the infrastructure required to support the growth identified in the Core Strategy. The Adastral Park development is the only exception which will be delivered alongside a site specific s106 agreement. Should the need for an SPD be identified once the CIL Charging Schedule is adopted the Council will look to introduce such a document at the earliest</p>
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	<p>Under the CIL Regulations, the Regulation 123 list should only include infrastructure necessary to deliver the objectives set out in the Council’s development plan. Infrastructure specific to a development therefore should not be included on this list, as set out in the Planning Practice Guidance (PPG) which states –</p> <p>“Charging authorities should work proactively with developers to ensure they are clear about the authorities’ infrastructure needs and what developers will be expected to pay for through which route.</p> <p>There should be no actual or perceived ‘double dipping’, with developers paying twice for the same item of infrastructure.” The Consortium is therefore concerned over the following wording in the Regulation 123 list, which we believe gives rise to “double dipping”:</p> <ul style="list-style-type: none"> <li>a) Provision of additional pre-school places at existing establishments</li> <li>b) Provision of primary school places at existing schools</li> </ul> <p>This suggests that where pre-school and primary school places cannot be provided at existing establishments that Section 106 obligations will be sought. This is concerning, as it would result in developers funding primary school places by Section 106 and CIL, which is expressly prohibited by the CIL Regulations and PPG. It is therefore essential that the Council re-drafts the List to offer a clearer distinction between what is to be funded by CIL and Section 106 obligations. Housing delivery is likely to be threatened unless clarity can be provided for developers in this respect.</p> <p>“Site-Specific” Infrastructure.</p> <p>Finally, we welcome that SCDC acknowledge that this list is not exhaustive and will need to be reviewed and updated, as stated by the Council; “at least once a year, as part of the ongoing and continuous monitoring of CIL collection and spend”<sup>15</sup>. SCDC will therefore continue to seek site specific infrastructure, which is necessary to make the development acceptable in planning terms, through Section 106 Agreements on a site by site basis. It is therefore important that the Council considers the cost of providing this</p>	<p>opportunity.</p> <p>“Double Dipping”</p> <p>CIL funds will only be spent on new provision. The Draft Regulation 123 List is clear that the provision only relates to additional places to increase capacity which is required following new developments within an area. The Council is fully aware of the CIL Regulations and the double dipping restrictions identified by Savills but our approach does not contravene the Regulations or examples of best practice seen in other authorities across the country.</p>
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	<p>infrastructure in addition to CIL and Section 278 costs when calculating their CIL rates.</p> <p>It is therefore of paramount importance that the Council produces a draft Planning Obligations SPD document to set out how CIL and Section 106 will work alongside one another on all sites. This will provide certainty to the development industry and ensure that no “double-dipping” occurs. This should be prepared in conjunction with the draft Regulation 123 list to ensure that no items included on the list are items that the Council anticipates wanting to collect through Section 106. In doing so, we would also advise that the Council has suitable regard to the provisions of Regulation 122 of the CIL Regulations, which states:</p> <p>“A planning obligation may only constitute a reason for granting planning permission for the development if the obligation is –</p> <ul style="list-style-type: none"> <li>(a) Necessary to make the development acceptable in planning terms;</li> <li>(b) Directly related to the development; and</li> <li>(c) Fairly and reasonably related in scale and kind to the development.” <p>Section 106 Obligations vs. CIL</p> <p>The power to seek Section 106 obligations remains under CIL, as discussed in the PPG CIL Guidance which states that “section 106 requirements should be scaled back to those matters that are directly related to a specific site”<sup>16</sup> (emphasis added). The Consortium is therefore pleased to note that the Council is aware of the inter-relationship between CIL and Section 106<sup>17</sup> and the need to scale back Section 106 –</p> <p>‘Once the CIL charging schedule is in place, a section 106 planning obligation cannot be used to fund the same piece of infrastructure, so developers will not pay for the same piece of infrastructure through site specific section 106 planning obligation and CIL.’<sup>18</sup></p> </li></ul>	<p>Residual Section 106 Assumptions</p> <p>We would refer Savills to our previous response to their representation on S.106 assumptions:</p> <p>As set out in the Viability Study the S.106 assumption was adopted in agreement with the client team (taking into account the Council’s extensive experience of negotiating S.106 agreements).</p> <p>We would note that the analysis provided by Savills is based only on evidence provided by the Consortium on behalf of whom the Responses have been submitted. We would also note that these are historic figures, which take no account of the fact that some infrastructure would now be covered by CIL, rather than all by</p>
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	<p>Nonetheless, we remain concerned about the scale of Section 106 obligations that will continue to be sought alongside the proposed CIL rates, which may render the delivery of some sites difficult.</p> <p>Residual Section 106 Assumptions</p> <p>The Council comments in the Background Document that - 'Given the small scale nature of most development proposals in the district, the vast majority of development are unlikely to pay no financial contribution for infrastructure through section 106 planning obligations once CIL is adopted'19.</p> <p>However, having now had the opportunity to review the draft Regulation 123 list, the Consortium maintains the position expressed in the PDCS representations20 that the assumption within the PBA viability appraisals for Section 106 and 278 obligations (£1,000 per unit)21 is too low.</p> <p>For example, the following items are expressly excluded from the Regulation 123 list:</p> <ul style="list-style-type: none"> <li>• Provision of public on-site open space;</li> <li>• Provision of pre-school places where places are not available at existing establishments;</li> <li>• Provision of primary school places where places are not available at existing schools; and</li> <li>• Section 278 costs.</li> </ul> <p>To provide further evidence in support of £1,000 per dwelling being insufficient to cover non-CIL items, Table 2 below sets out data provided by the Consortium detailing the cost of providing on-site open space which clearly illustrates that the Public Open Space alone exceeds the £1,000 per dwelling assumption modelled in the Viability Study. Taking the comment above, in respect of additional Section 106 costs (preschool and primary</p>	<p>S.106.</p> <p>An assumption of £1,000 per dwelling is also consistent with CIL viability appraisals done in other districts around the country.</p> <p>The Viability Study sets out that the assumption of £14,551 per dwelling for Adastral Park is based on the Draft S.106 Agreement.</p> <p>Further we would comment that – again without the details of the schemes involved (for example we don't know the specifics of the public open space provided, the contribution of that space to the value of the private residential units, how much affordable housing provision was made etc.) we cannot comment specifically on each scheme example supplied.</p>
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		<p>school places) and site-specific Section 278 costs, it would appear that this allowance is a gross underestimate of the residual obligations that will be sought on sites. We would therefore ask that SCDC review this assumption in light of the above.</p> <p>Historic Section 106</p> <p>We note that in the Responses to PDCS document, the Council comments that, in relation to our historic Section 106 contribution evidence, ‘some infrastructure would now be covered by CIL, rather than all by S.106.</p> <p>The Consortium accepts this statement. However, in light of the evidence presented above, we are still of the view that the cost of providing residual Section 106 and 278 works will be in excess of the £1,000 per dwelling assumed for the purposes of the Viability Study.</p> <p>The Consortium would therefore ask that the Council review their figures and assumptions in respect of residual Section 106 obligations (post-CIL) to ensure that combined future CIL and planning obligations liabilities are not in excess of the total ‘pot’ previously delivered on sites; as failure to do so poses a substantial risk to the housing supply.</p> <p>Supporting Documents</p> <p>In addition to progression of the CS a number of supplementary documents can also be produced to support and expand understanding and expectations with regard to key areas of focus within the CS. One of these documents would be a Planning Obligations SPD. Section 106 and CIL are inextricably linked and as such should not be considered in isolation. We recommend that a Planning Obligations SPD is produced to support and enhance the development of the CIL charging regime and to ensure that the combined impact of CIL and Section 106 will not threaten the delivery of housing in the District.</p>	
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	<p>As raised at the start of this representation we highlighted that at Examination the Council will be required to demonstrate that the DCS is supported by “background documents containing appropriate available evidence” and that the proposed rate(s) are “informed by and consistent with, the evidence on economic viability”.</p> <p>It is therefore essential that the viability appraisals are fit for purpose and strike an appropriate balance.</p> <p>The PBA Viability Assessment</p> <p>For the purpose of the DCS we have assumed that SCDC is relying on the Suffolk Coastal Community Infrastructure Levy (Final Report) prepared by PBA. We have therefore reviewed the viability evidence prepared by PBA and split our response in respect of the viability work in to the following:</p> <ul style="list-style-type: none"> <li>•Part 1 - outlines the areas that the Consortium still has concerns over and justification for any differences.</li> <li>•Part 2 - includes our revised appraisals taking the points discussed in Part 1 in to account.</li> </ul> <p>Part 1 – Areas of Concern</p> <p>“Up-to-date” Evidence</p> <p>It is fundamental that the appraisals are run with assumptions reflective of the current market to ensure that the rates are set as viable levels. The Consortium is therefore concerned that the Viability Study has not been updated since its original production in May 2014. This is important; as by the time the DCS is examined the data and assumptions used to formulate these rates could be almost 12 months out of date.</p>	<p>“Up-to-date” Evidence</p> <p>All markets are subject to fluctuations based on both costs and values, which is why PBA has included a significant viability buffer within its CIL Viability calculations. The Council is content that the Charging Schedule is based on a robust and credible evidence base and any further testing will delay the introduction of CIL across the district.</p>
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	<p>We would therefore challenge the Council’s statement that ‘the Viability Study is up to date and provides a robust and credible evidence base on which to progress CIL within Suffolk Coastal’. We would therefore strongly advise that SCDC update their Viability Study to ensure that the data and inputs are appropriate.</p> <p>Appraisal Assumptions</p> <p>In principle, the Consortium considers the overall methodology of seeking to determine viability on a residual valuation exercise as being appropriate. However, the Consortium is disappointed to note that none of the comments made in our previous representations in respect of the viability assumptions and inputs have been reflected in the revised viability assessment.</p> <p>The Consortium continues to fundamentally disagree with a number of the assumptions made by PBA in the Viability Study, notably:</p> <ul style="list-style-type: none"> <li>•Affordable Housing – as stated in our previous representations, we do not believe that PBA has correctly applied the affordable housing policy thresholds to all of the typologies. We note that within SCDC’s Response Document it is stated that ‘all of the appropriate policy requirements have been reflected (including geographical sensitive ones) in the viability study testing’. We do not believe that this is the case for ‘Scenario 2’ as in some locations (Major Centres and Market Towns) affordable housing will be triggered, whereas in some it will not (Key Service Centres and Local Service Centres). We would therefore recommend that a scenario in Key Service Centre and Local Service Centres is also tested for this typology;</li> <li>•Professional Fees – as discussed previously, we would advocate an allowance of 12% for professional fees on all typologies. We note that SCDC have responded that ‘professional fees typically fall within a range of 8% to 12%’. We therefore question why SCDC have adopted the lower</li> </ul>	<p>We would also note that a CIL viability study is by definition a high level assessment which seeks to flatten out the extremes of the market, thereby reducing the impact of the most severe market fluctuations.</p> <p>Appraisal Assumptions:</p> <p>Affordable Housing</p> <p>Please see Ministerial Statement Re: Support for small scale developers, custom and self-builders.</p> <p>Professional Fees</p> <p>We would refer the Respondent to our previous response (PDCS). No further evidence has been provided to support Savills’s claim</p>
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		<p>allowance of this range. In light of the uncertainty of the nature of the sites coming forward in the District over the plan period, we would recommend that a minimum allowance of 10% would be a suitable allowance;</p> <ul style="list-style-type: none"> <li>•Abnormals - we note that SCDC have confirmed in the response document that abnormal costs have been factored into the appraisals through an allowance of 5% of build costs for archaeology and ecological works. However, this fails to take into account the additional abnormal costs typically experience on sites in the District, such as non-standard foundations and flood mitigation.</li> </ul> <p>We would therefore expect a higher allowance to be included in reflect this on all typologies;</p> <p>Benchmark Lane Values – in our PDCS representation we questioned the methodology and assumptions relating to the BLVs. Whilst the Consortium welcomes confirmation from the Council that the BLVs are on a net serviced basis, we are still concerned that the net to gross ratios for each typology (this can be as low as 40% on large greenfield sites) has not been taken in to account. It is also unclear how PBA has established which BLVs are appropriate in the absence of a Site Allocations Document to understand what type of site will be coming forward for development in each value area.</p> <p>However, for the purpose of reaching a consensus on an appropriate residential CIL rate, and to enable to Examiner to make direct comparisons between our evidence and that of the Council, we have focused on three key points which the Consortium feel are of the utmost importance:</p> <ul style="list-style-type: none"> <li>•Developer’s Profit;</li> <li>•Section 106 obligations; and</li> <li>•Build Costs.</li> </ul>	<p>for 12% professional fees.</p> <p>Professional fees typically fall within a range of 8% to 12 % we have use 8% which is in the reasonable range.</p> <p>Abnormals</p> <p>We would refer the Respondent to our previous response (PDCS). 5% of build costs has been allowed for archaeology and ecological works. As identified through the consultation process this was evident as an on-going abnormal cost.</p> <p>Savills has provided no evidence that abnormals should be higher than the assumed 5% of build cost allowance for archaeology and ecological works. Without evidence it is difficult to support changing the assumptions of the development appraisals which have been based on wide spread consultation across the area.</p> <p>Benchmark Land Values</p> <p>We would refer the Respondent to our previous response (PDCS). Assessment of land values is always fraught with difficulties because obtaining accurate data to make a like for like comparison is challenging. This is because no two land transactions are rarely the same and the availability of evidence is scarce. In recent years the assessment of land values has been further hindered due to the economic downturn which has resulted in fewer land transactions and some sites now only coming forward based on historic land deals.</p> <p>In our assessment of land values we have therefore drawn on a range of data sources to form an opinion of threshold land value values, including consultations with local property agents and</p>
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	<p>In doing so, we have examined the impact of each of these points on the ability of sites to support a CIL levy by preparing alternative viability appraisals (see paragraphs 4.17 – 4.23 below).</p> <p>Developer’s Profit</p> <p>As stated in our previous representations<sup>35</sup>, the blended profit rate adopted by PBA in the Viability Study is below the minimum level required by national housebuilders.</p> <p>The NPPF states that to ensure viability developments should provide competitive returns to a willing land owner and willing developer. A competitive return to a developer is one that provides a sufficient return for the developer to continue a successful business through the economic cycle, taking account of the risk profile of the business. We are therefore concerned that the profit margin included in the Viability Study is 20% on GDV for the private housing and 6% on GDV for the affordable housing, reflecting a blended rate in the region of 17.5% on GDV. This assumption is too low and does not take account of the minimum returns required by shareholders of quoted Plc housebuilders.</p> <p>We have attached a report on Competitive Developer Return, which provides evidence on the minimum profit margins required by Plc housebuilders. The key focus is the distinction between gross (site level) margin and net operating margin. A point discussed in the Harman Report, which suggests that “Overheads for house-building typically lie in the range of 5%-10% of gross development value”. This is particularly relevant for large Greenfield sites and regeneration areas, where large up-front costs have an impact on a developer’s required Return on Capital Employed (ROCE), as a higher margin is required to reflect the higher risk.</p> <p>Taking this in to account, we would therefore ask that a minimum profit level of 20% on GDV (blended) plus 25% ROCE across all tenures, subject to</p>	<p>developers. In support of this The Harman Report ‘Viability Testing Local Plans’ sets out that “In order to determine an appropriate ‘current use value’, planning authorities should take up-to-date advice from local agents and valuers”. In some instances the actual comparables we have used were provided in confidence and cannot be made public.</p> <p>It should also be appreciated that assumptions on threshold land values can only be broad approximations, subject to a margin of uncertainty. It is therefore acceptable and indeed good practice to consult with local property agents and developers in order to supplement land transaction evidence – particularly where there is little available. It is reasonable (indeed standard) practice to assume a lower profit level on affordable housing units.</p> <p>Developer’s Profit</p> <p>PBA is comfortable, based on its experience undertaking S.106 negotiations for both public and private clients, and through its experience in undertaking CIL planning policy work that the Developer’s Profit assumptions it has made are appropriate in the current market.</p>
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	<p>consideration of the risk profile of the scheme, is adopted in the viability testing.</p> <p>Section 106 Costs</p> <p>As discussed previously, and as set out above at paragraphs 3.24 – 3.28 above, the generic allowances included in the viability appraisals underestimate the costs associated with on-site open space provision.</p> <p>The Consortium is therefore of the view that insufficient and unrealistic allowances have been included within the Viability Assessment for residual Section 106 obligations. We would therefore recommend that a minimum of £2,500 per dwelling is tested to reflect the continued use of Section 106 for the provision of public open space. Please note that this figure is exclusive of Section 278 and additional infrastructure costs that may be required on a site specific level.</p> <p>Build costs</p> <p>As raised in our PDCS representation, build costs have increased rapidly over the past 12 months as a result of rising material and labour costs. This impact of this is highlighted in Table 3 below, which highlights the movement since 2013:</p> <p>Table 3 – Movement in BCIS Build Costs (Comparison of PBA Build Costs and Savills Build Costs)</p> <table border="1"> <thead> <tr> <th></th> <th>December 2013</th> <th>June 2014</th> <th>31st March 2014</th> <th>December 2014</th> <th>Movement</th> </tr> <tr> <th></th> <th>(£/m2)</th> <th>(£/m2)</th> <th>%</th> <th>(£/m2)</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Houses</td> <td>£861</td> <td>£985</td> <td>14%</td> <td>£1,009</td> <td>17%</td> </tr> <tr> <td>Flats</td> <td>£986</td> <td>£1,183</td> <td>20%</td> <td>£1,204</td> <td>22%</td> </tr> </tbody> </table> <p>Source: Viability Study, and updated figures from BCIS online</p> <p>This indicates an average increase of 19.5% in build costs for houses and flats since December 2013. It is therefore imperative that SCDC updates</p>		December 2013	June 2014	31st March 2014	December 2014	Movement		(£/m2)	(£/m2)	%	(£/m2)	%	Houses	£861	£985	14%	£1,009	17%	Flats	£986	£1,183	20%	£1,204	22%	<p>Section 106 Costs</p> <p>Please see previous response re: S.106 costs.</p> <p>Build Costs</p> <p>Please see response to ‘Up to Date Evidence’ above.</p> <p>In addition we would comment that the graph provided by Savills at Chart 1: Tender Price and House Price Indices in Suffolk would seem to suggest that over a mid to long term average HPI and BCIS are not significantly different as Savills suggests – the parameter which appears to create the biggest gap is BIS.</p> <p>We have not used BIS in the Viability Study. We do not consider that this is an industry standard benchmarking tool (unlike BCIS), and we are not aware that it has been used to support build cost evidence in any other CIL Viability Examinations (or S.106 viability negotiations).</p>
	December 2013	June 2014	31st March 2014	December 2014	Movement																					
	(£/m2)	(£/m2)	%	(£/m2)	%																					
Houses	£861	£985	14%	£1,009	17%																					
Flats	£986	£1,183	20%	£1,204	22%																					

	<p>their Viability Study to reflect current build cost estimates. It should also be highlighted that as the build costs link to a number of other inputs (i.e. 'Abnormals' are calculated as a percentage of the build cost); an incorrect base build costs risks a significant underestimation of the true costs of development.</p> <p>We note that the Council has responded to this point commenting that 'although build costs have increased house prices have also increased in the intervening period since the viability testing was undertaken'. Although we can broadly agree with this statement, we would highlight that build costs have increased at a much faster and higher rate than the sales values within Suffolk. As illustrated by Chart 1 in the representation, which highlights the disparity between the two factors, with the BCIS41 and BIS42 build cost figures lying well above the House Price Index for Suffolk and indeed the average house price across England and Wales.</p> <p>In light of this, we further emphasise that the Viability Study should appraise up to date assumptions to ensure that the costs are not being underestimated. We note that SCDC have stated that the viability buffer applied to the CIL charges rates allows for these levels of build costs increase, whilst still leaving a margin for viability. We do not believe this is the case, as illustrated in Part 2 below.</p> <p>Finally, we note that the Viability Report states the following:      "In line with the Council's instructions we have adopted an additional cost over BCIS to allow for achieving Code of Sustainable Homes – Code Level 4. The following costs have been allowed in line with DCLG's Housing Standards Review Consultation – Impact Assessment (August 2013):      Houses - £2,004 per unit      Flats - £1,319 per unit"</p> <p>However, looking at the summaries in Appendix 1 this does not appear to have been included in the viability testing. We would therefore ask that</p>	<p>We would therefore discount the use of a BIS build cost – particularly one which has not been subject to consultation – in the appraisals.</p>
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	<p>PBA re-run their appraisals to include an allowance for achieving Code for Sustainable Homes Level 4.</p> <p>Part 2 - Alternative Viability Appraisals</p> <p>Given the concerns set out above, we have produced a set of alternative viability appraisals in order to demonstrate the impact of the underestimation of the following on the calculation of the maximum CIL rate:</p> <ol style="list-style-type: none"> <li>1) Code for Sustainable Homes (Level 4);</li> <li>2) Developer's Profit;</li> <li>3) Section 106 Allowance; and</li> <li>4) Build Costs</li> </ol> <p>For simplicity, using the same assumptions PBA has used for the 50 unit scenario (mid value), we have prepared a base appraisal and then undertaken subsequent sensitivity testing on alternative assumptions as set out below.</p> <p>Table 4 – Alternative Viability Appraisal Assumptions Assumption PBA Assumption Savills Assumption  [Please see table 4 and corresponding wording in Section 4 of Report attached as an Appendix to this Response]</p> <p>PBA have provided their viability appraisals in Appendix A of the Viability Study. We have therefore been able to use the appraisal summary of the 50 unit (mid value) typology to re-create, as close as possible, the residual land value reported by PBA. In doing so we have used ARGUS Developer appraisal software and incorporated the assumptions set out in Table 4 above.</p> <p>[Please see table 5 and corresponding wording in Section 4 of Report attached as an Appendix to this Response]</p>	<p>Savills Development Appraisals</p> <p>As such, and further to our responses above, we do not agree with the findings of the appraisals set out in the appendix of the Savills Representation.</p> <p>The CIL viability testing work sets out the ability of development to pay towards a levy which will pay for the infrastructure required in order to support the proposed development.</p> <p>Our testing has shown that residential development such as the one discussed by the respondent can viably contribute to a CIL charge.</p> <p>We also consider that it is not the correct approach to add up each % decrease to form a cumulative impact – this is not in line with the workings of a residual development appraisal model, such as has been approved as an appropriate methodology for conducting a CIL Viability Study (Please see tables 6 and 7).</p> <p>We note that, taking table 9 ‘Summary of Results’ alongside the 28 Nov Ministerial Written Statement, Savills is effectively proposing a CIL charge of £0 sq m across the whole of the Suffolk Coastal area. This would provide the Council with a nil receipt for the provision of any CIL-able infrastructure.</p>
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	<p>We have subsequently used the above RLV as our baseline position and used for comparison purposes for the alternative assumptions as follows:</p> <p>[Please see table 6 and corresponding wording in Section 4 of Report attached as an Appendix to this Response]</p> <p>The results above highlight the impact that individual inappropriate assumptions can have on the residual land value. When all of these assumptions are combined, in appraisal F, the cumulative impact is significant and will render delivery of such a site difficult given that the RLV (per net hectare) is below the PBA BLV of £1,000,000 (per net hectare).</p> <p>We have also calculated the maximum CIL rates that can be supported for each of these scenarios in the table overleaf.</p> <p>[Please see table 7 and corresponding wording in Section 4 of Report attached as an Appendix to this Response]</p> <p>This illustrates that incorporating the revised inputs discussed above has a significant impact on the ability of a 50 unit housing scheme to support CIL, even before a viability buffer is applied. We have therefore undertaken the same exercise for all of the housing typologies tested within the PBA report. We have not tested the flatted schemes, as in all but one scenario (3 flats, high value) the viability testing demonstrated minimal or no viability. The results of our additional testing (incorporating assumptions B-E) is set out below:</p> <p>[Please see table 8 and corresponding wording in Section 4 of Report attached as an Appendix to this Response]</p> <p>These results can be summarised as follows:</p>	
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	<p>Table 9 – Summary of Results Zone Savills Max. CIL [Please see table 9 and corresponding wording in Section 4 of Report attached as an Appendix to this Response]</p> <p>Site Specific Testing</p> <p>The CIL Guidance states that – “The sampling should reflect a selection of the different types of sites included in the relevant Plan, and should be consistent with viability assessment undertaken as part of plan-making.</p> <p>Charging authorities that decide to set differential rates may need to undertake more fine-grained sampling, on a higher proportion of total sites, to help them to estimate the boundaries for their differential rates. Fine-grained sampling is also likely to be necessary where they wish to differentiate between categories or scales of intended use.</p> <p>The focus should be in particular on strategic sites on which the relevant Plan relies and those sites (such as brownfield sites) where the impact of the levy is likely to be most significant.”</p> <p>In light of this, the Consortium have fundamental concerns that site specific testing of the sites contained within Table 12.1 of the Viability Study<sup>45</sup> has been undertaken for SCDC despite there not being a Site Allocations Document or a five year land supply document. It is therefore not certain that the specific sites that were tested will come forward within the plan period.</p> <p>The Consortium would therefore highlight that generic site testing would be more appropriate for SCDC and therefore request that larger generic sites are tested which incorporate the appropriate inputs and assumptions.</p>	<p>Site Specific Testing</p> <p>We would refer the Respondent to our previous response (PDCS):</p> <p>PBA has tested generic schemes which, in collaboration with the Council, it considers would be likely to come forward across the District. This is consistent with other CIL Studies carried out across the country.</p> <p>Larger allocated schemes have been tested individually – please see Table 12.1 of the Viability Study. This includes testing schemes of between 70 and 2,100 dwellings. We consider this to be a comprehensive approach.</p>
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	<p>We refer you to our Preliminary consultation document where we explored this in more detail.</p> <p>In our PDCS representation, we highlighted the importance of the Council publishing supporting documents to outline how CIL will work in practice. We therefore provide further comment on some of these points below.</p> <p>Instalments Policy</p> <p>The Consortium would reiterate the importance of an Instalments Policy reflecting, as closely as possible, the timing of delivery of the development, to ensure that the CIL does not put unnecessary pressure on cashflow and viability.</p> <p>We therefore reiterate our concern over the proposed Instalments Policy and would ask that this be amended to reflect the following (as set out in our previous representation):</p> <p>[Please see table 10 and corresponding wording in Section 5 of Report attached as an Appendix to this Response]</p> <p>Relief</p> <p>It remains unclear whether SCDC are proposing to implement Discretionary Charitable or Social Housing Relief. We note that SCDC has not provided any further information on relief since the Preliminary Draft Charging Schedule which that 'no locally specific exemptions are expected to be introduced'.</p> <p>We would remind SCDC again that such policies can only be applied if they are in force prior to an application being submitted, therefore the need for the policy will arise prior to it being made available.</p>	<p>Instalments Policy</p> <p>The proposed instalments policy has been informed by the development cashflows of the CIL Viability Appraisals and as such reflects the ability of developers to contribute to CIL over the instalments period.</p> <p>Relief</p> <p>PBA and the Council does not consider that there is enough viability evidence to mean that discretionary relief should be allowed for, given the added complexity that this entails (and considering the requirement of the CIL Regulations that any Charging Schedule is not unduly overcomplicated).</p> <p>We note that the Respondent does not provide any site specific examples of where Discretionary Relief should be provided for.</p>
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	<p>We do not consider there to be any detriment arising from the Councils making available such reliefs within policies as part of their Charging Schedules, as the Councils will still retain control over the application of the policies. There are strict tests surrounding the availability and applicability of Exceptional Circumstances Relief. It would therefore only be applicable to those schemes that can justify the need for it and meet those strict tests.</p> <p>There may well be instances where CIL (even with a buffer) would render development, which the Councils may otherwise want to support, unviable. For example, there can be instances where enabling development is permitted to support the delivery of some other planning objectives, such as ensuring the future of listed buildings or to facilitate the relocation of particular uses. With the lack of flexibility under CIL compared to Section 106, it is likely that such developments will simply not happen and important policy objectives might be undermined. It is also the case that where residential development is rendered unviable, by the cumulative impact of CIL and Section 106, that the only option open to the Councils will be to negotiate on affordable housing. That may not always be the most appropriate planning balance.</p> <p>The Consortium therefore considers it imperative that SCDC make both Discretionary and Exceptional Circumstances Relief available from the adoption of CIL. We would therefore ask that relief is included in the Charging Schedule and that the intended approach to doing so is outlined prior to Examination.</p> <p>Application of Differential Rates</p> <p>Within our PDCS representation, we recommended that SCDC review their CIL Charging Zones map to reflect the market value areas within the District. In light of the uncertainty of the location of future housing sites, it is essential that the CIL rates are applied correctly across the District in</p>	<p>Application of Differential Rates</p> <p>The Savills heat map is unsourced – so we are not able to determine the source of house prices underlying the map (for example whether the map is based solely on Savills data or whether it is based on Land Registry data).</p> <p>Further, and as set out in our PDCS response, property prices are not the sole determinant of viability (for example benchmark land values have not been factored in), and as such it is not an appropriate methodology to use only property prices as a determinant of CIL viability.</p> <p>We would also refer the Respondent to our previous response to this statement as set out in our response to the PDCS:</p> <p>PBA’s sales values are based on historic transactions for schemes which include those developed by members of the Consortium (for example Castle Mount, Abbots Grange, The Martellos and Martello Park – all developed by Hopkins Homes and Bloor</p>
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		<p>accordance with the identified value areas.</p> <p>PBA have produced an Average House Price map within their Viability Study which we have sense checked against Savills Average House Price heat map (Figure 1). Please note that for clarity the lowest values areas have been highlighted with a yellow outline. Comparing the two maps, we broadly agree with the value areas that PBA have identified.</p> <p>[Please see Figure 1 and corresponding wording in Section 5 of Report attached as an Appendix to this Response]</p> <p>However, the Consortium raises their continued concerns around SCDC proposed CIL Charging Zone Map and the relationship to the above value areas. Figure 2 compares the proposed CIL Charging Zone Map against the Savills Average House Price heat map.</p> <p>[Please see Figure 1 and corresponding wording in Section 5 of Report attached as an Appendix to this Response]</p>	<p>Homes).</p> <p>The different rates for different areas approach proposed in the Preliminary Draft Charging Schedule is based on development viability across the district as per the CIL Regulations. The CIL charges proposed have been drawn from viability evidence supported by consultation and analysis of sales values and patterns of development with the specific intention that they do not make development unviable.</p> <p>We would note that the CIL rates are based on viability, not on the methodology of directly translating house prices into a CIL Charge.</p> <p>Again we would comment that Savills has not provided any evidence to support its claim that low value areas fall within the highest CIL zone. We would highlight that due to a lack of recent comparable evidence in rural areas some areas might be perceived as low value when the reality is that they are not.</p>
<b>26</b>	Taylor Wimpey c/o Pegasus Planning Group	<p>Q1: Do you consider that the Council has adequately identified a funding gap using appropriate infrastructure evidence?</p> <p>As highlighted in our previous response, Suffolk Coastal has not yet produced their Site Specific Site Allocations DPD, furthermore the Council is required to undertake an early review of the adopted Core Strategy to specifically update the Objectively Assessed Housing Need and consider appropriate housing targets for the future. The Infrastructure Delivery Plan, produced by Navigus Planning (2014) considers the cost of two scenarios (as highlighted at paragraph 12.1). The document identifies the cost of infrastructure to support the adopted Core Strategy to be over £105 million. Whilst the evidence base provides clear evidence of a funding</p>	<p>Q1: Do you consider that the Council has adequately identified a funding gap using appropriate infrastructure evidence?</p> <p>The Infrastructure Delivery Plan clearly identifies a funding gap across the District in accordance with the requirements in the CIL Regulations. The IDP has been prepared in accordance with the Core Strategy, adopted July 2013 which sets out the housing scale and distribution across the District and provides a robust and credible evidence base on which to introduce the CIL Charging Schedule. The Council is due to publish Issues and Options Consultation documents on the Site Allocations DPD and the Felixstowe Peninsula AAP shortly which in time will identify a</p>

	<p>gap which will need to be met through CIL and S106 contributions, it is unable to properly account for spatial differences that may occur as a direct result of differential distributions and allocations.</p> <p>I would draw attention to our previous response and the relationship between the proposed approach and that set out in Paragraph 175 of the National Planning Policy Framework. As the site allocations DPD has not been progressed any further, we maintain that the CIL change should not be progressed until the level of growth expected at each settlement is confirmed. The appropriate level of funding, to support the amount of allocated growth, must form the basis of any approach to avoid unnecessary doubt counting of infrastructure requirements (and as such, the associated costs). Such an approach will also provide additional time to source and secure additional funding streams to support the delivery of infrastructure, particularly in respect of the larger planned developments.</p> <p>Q2: In setting the CIL rates, do you consider that the Council's economic viability assessment has used appropriate available evidence? If you disagree please provide evidence.</p> <p>Detailed evidence in respect of economic viability is captured within the response prepared by Savills, on behalf of the Housebuilder consortium.</p> <p>We note that no response has been made in respect of our previous comments in respect of land value, this related to what the land value is based upon i.e. gross site, net developable area, serviced land or un-serviced land, instead the Council refers to their 'market research' as set out in Section 6 of the Peter Brett Associates Viability Report. Further to this it is strongly advocated that a rounded figure should be applied to estimated land values for estimating the viability of the scenarios tested.</p> <p>We welcome the clarity set out within the response to consultation that professional fees have been set within a range of 8-12%, as per our</p>	<p>range of deliverable and developable sites across the district which are suitable for growth in line with the Core Strategy. These documents will provide the certainty for developers, local communities and service providers required. It is not considered appropriate to delay the introduction of the CIL Charging Schedule any further.</p> <p>Q2: In setting the CIL rates, do you consider that the Council's economic viability assessment has used appropriate available evidence? If you disagree please provide evidence.</p> <p>PBA set out its response to the land queries from the previous consultation in its response to Savills (who represent Taylor Wimpey as part of the consortium). In our response to Savills we stated the following:</p> <p>Assessment of land values is always fraught with difficulties because obtaining accurate data to make a like for like comparison is challenging. This is because no two land transactions are rarely the same and the availability of evidence is scarce. In recent years the assessment of land values has been further hindered due to the economic downturn which has resulted in fewer land transactions and some sites now only coming forward based on historic land deals.</p> <p>In our assessment of land values we have therefore drawn on a range of data sources to form an opinion of threshold land value values, including consultations with local property agents and developers. In support of this The Harman Report 'Viability Testing Local Plans' sets out that "In order to determine an appropriate 'current use value', planning authorities should take up-to-date</p>
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	<p>previous response. Whilst we note that Suffolk Coastal have chosen to use 8%, we hope that this will remain under review to ensure that the CIL is adjusted to properly account for market changes. We note the council's position in respect of build costs and the viability report's allowance for 5% to 10% unknown abnormal costs.</p> <p>It is noted within the CIL Preliminary Draft Charging Schedule Consultation Responses document that the Council is likely to review the CIL Charging Schedule within 3 years from adoption or alongside a future review of the Core Strategy. It is welcomed that this review period has also been carried forward into the draft Charging Schedule Document at 5.2 however it maintained that the review should take place more regularly for the Council to continue it demonstrate that CIL is up to date.</p> <p>Q3: In setting the CIL rates, do you consider that the rates proposed represent the appropriate balance between the desirability of funding infrastructure and the need to maintain overall viability of growth across the District?</p> <p>As per our previous response, whilst the proposed charging rate for the High Value Residential Area has been viability tested and found to be acceptable, the CIL rate should be based upon a clear understanding of the infrastructure requirements. Flexibility should be provided within the CIL charging rate to ensure the cost of infrastructure and the viability of development schemes are kept up to date on a more regular basis than the three year period suggested at paragraph 5.2 of the draft Charging Schedule Document.</p> <p>Additionally it is requested that the Council produces a locally defined exemption and relief policy. Given that the Council can not currently demonstrate a five year housing land supply it is considered that there should be a locally defined relief policy to assist in bringing forward sites which are deemed to be unviable. Without the locally defined exemptions/relief it is considered that there will be additional pressure to</p>	<p>advice from local agents and valuers". In some instances the actual comparables we have used were provided in confidence and cannot be made public.</p> <p>It should also be appreciated that assumptions on threshold land values can only be broad approximations, subject to a margin of uncertainty. It is therefore acceptable and indeed good practice to consult with local property agents and developers in order to supplement land transaction evidence – particularly where there is little available.</p> <p>Q3: In setting the CIL rates, do you consider that the rates proposed represent the appropriate balance between the desirability of funding infrastructure and the need to maintain overall viability of growth across the District?</p> <p>The CIL charges have been set well below the theoretical maximum charge as identified within the Viability Study which allows for flexibility to ensure that most development schemes across the district are not detrimentally impacted by the CIL charges. The Council is committed to reviewing the Core Strategy, starting in 2015 and it is anticipated that the CIL Charging Schedule will be reviewed alongside the Core Strategy review.</p> <p>The Council currently is not able to demonstrate a five year housing land supply but is actively permitting sites which come forward that meet the principles of sustainable development as outlined within the NPPF and the Core Strategy. As a result, it is not considered necessary to introduce any locally defined exemptions / reliefs.</p> <p>Q4: Do you consider the boundaries for the different charging</p>
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	<p>reduce the supply of affordable housing to improve the viability of schemes.</p> <p>Q4: Do you consider the boundaries for the different charging zones to be appropriate? If you disagree please provide evidence.</p> <p>No. Please refer to representations made by Savills on behalf of Taylor Wimpey (Housebuilder Consortium).</p> <p>Q5: Do you have any other comments on the Draft Charging Schedule or any of the associated documents or evidence base documents?</p> <p>Exemptions and Relief</p> <p>It is welcomed that the Council makes reference to the Exemptions currently included in the regulations (paragraph 2.5 of the preliminary Draft Charging Schedule). Taylor Wimpey objects to the statement at paragraph 2.4 that there will be no locally defined exemptions. Given that the Council can not currently demonstrate a five year housing land supply it is considered that there should be a locally defined relief policy to assist in bringing forward sites which are deemed to be unviable. Without the locally defined exemptions/relief it is considered that there will be additional pressure to reduce the supply of affordable housing to improve the viability of schemes.</p> <p>Strategic Sites and £0 per m2 CIL rate</p> <p>The Council is required to undertake an early review of the adopted Core Strategy to update the Objectively Assessed Need for housing to inform housing targets for the District. The Inspector requested that this early review take place in 2015. In addition to this, the Council has not started to produce the Site Allocations DPD. It is considered that there is insufficient information about the supply of housing to bring forward CIL at this</p>	<p>zones to be appropriate? If you disagree please provide evidence.</p> <p>Please refer to representations response to Savills (please see additional sheet).</p> <p>Q5: Do you have any other comments on the Draft Charging Schedule or any of the associated documents or evidence base documents?</p> <p>Exemptions &amp; Relief</p> <p>Neither the Council or PBA has been provided with viability evidence which supports exemptions and relief as suggested by the Respondent.</p> <p>Strategic Sites and £0per m2 charge</p> <p>The proposed CIL rate is to be reviewed at appropriate intervals, enabling to Council to understand going forward how the viability of any future allocated strategic sites will enable any such sites to contribute towards a CIL.</p> <p>Implementation Date</p> <p>The Council anticipate that the CIL Charging Schedule will be introduced across the district by April 2015 in accordance with the requirements of the CIL Regulations. Introducing CIL by April 2015 will ensure that all developments contribute towards the provision of infrastructure across the district. The introduction of CIL across the district has been clear since the Preliminary Draft Charging Schedule consultation which began in May 2014.</p> <p>Review of CIL rates</p>
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		<p>moment in time. In particular there is no information on whether there are likely to be any other strategic sites which should also have a CIL rate of £0 per m2. It is reiterated that the Council should progress with the review of the Core Strategy and the production of the Site Allocations DPD before establishing CIL rates for the District.</p> <p>Implementation Date</p> <p>It is noted that the Council has not published an anticipated date for when the Council hopes to adopt CIL and make it effective. Given that CIL is intended to offer Developers additional certainty about the infrastructure costs associated with development it is requested that that there is a 6 month break between the Council's adoption of CIL and its implementation to allow developers to take full account of CIL.</p> <p>Review of CIL rates</p> <p>We note that the Council has committed to reviewing the document every three years. Whilst this is a longer time period that we had suggested, we note the commitment. We would suggest that, in addition to a periodical review, that the IDP is also reviewed when Neighbourhood Plans are 'made' or Development Plans reach significant milestones. This will ensure that the IDP remains up-to-date, relevant and reflects the current planning policy position. In particular it is requested that the District Council works alongside the Education Authority and the NHS to establish a unified approach to planning for growth across the District.</p> <p>Instalment Policy</p> <p>We welcome the instalment policy that has been drafted, and believe that the time periods for the three instalments (60 days/ 2 months, 547 days/ 18 months and 730 days/ 24 months of the development commencing for liabilities over £80,000, or 60 days/ 2 months, 365 days/ 1 year and 547</p>	<p>Comments noted and the Council will ensure that evidence supporting documents is kept up to date with input from the relevant service providers and partner organisations.</p> <p>Instalment Policy</p> <p>We note that the Respondent welcomes the instalment policy suggested. The instalment policy is based on the viability testing undertaken by PBA, and as such takes into account developer cash flow.</p>
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		days/ 18 months for liabilities under £80,000) will assist with managing Cash Flow for developments. However it is considered that these instalments are quite ridged and it is requested the instalment timescales for payment for sites are responsive to the scheme in question, particularly where there is also a S106 associated with the development proposals which sets certain timescales for phasing. The Council should work with Developers to assist in maintaining cash flow to enable appropriate CIL payments.	
<b>27</b>	Sport England	Supports the fact that only residential and convenience retail developments are eligible for CIL payments. Also support the inclusion of leisure and community facilities, off site open space and open space maintenance within the Draft Regulation 123 List. Further work is necessary to identify specific infrastructure priorities which the local authority for funding.	Noted – The Council will continue to work with Sport England and other bodies such as sports clubs to ensure that the appropriate level of facilities are provided across the district to meet the needs of the population.
<b>28</b>	Suffolk County Council	<p>It is clear that there is a significant need for infrastructure and that services provided by the County Council (including education and transport) makes up a large proportion of this need. However there is an expectation that future development will fund infrastructure where a need is created alongside funding from the New Anglia Local Enterprise Partnership and Government funding.</p> <p>Noted that the viability testing assumes a charge of £1,000 per unit through s106 contributions and is also based on 35% affordable housing. These assumptions mean that the value available for community infrastructure and affordable housing is grouped together. Suffolk County Council highlight the Government consultation earlier this year which proposes that development of less than 10 dwellings would not be expected to provide affordable housing which would override the details of Core Strategy Policy DM2.</p> <p>County Council is concerned that the rates set will not deliver sufficient infrastructure to meet the requirements of the Core Strategy. It is not</p>	<p>Noted – The Council will continue to work with Suffolk County Council to ensure that funds collected through CIL are put towards the delivery of the appropriate infrastructure across the district.</p> <p>Noted – the viability testing has been undertaken with full policy compliant obligations included to provide a sound and robust model on which to base the CIL charges. Since the close of the Draft Charging Schedule consultation period, the Government (through Ministerial Statement on 28 Nov 2014) have introduced changes to the affordable housing threshold which in the main overrides the adopted Core Strategy Policy on affordable housing. Although these changes have not been taken into account in the Viability Study it is expected that on sites under the new 10 unit threshold there will be a large CIL receipt received from developments which can help deliver the range of</p>

		<p>clear how CIL will be able to deliver the entire infrastructure on the Regulation 123 List.</p> <p>Suffolk County Council is content that the boundaries are appropriate and consider that s106 is the most appropriate mechanism for delivery at Adastral Park.</p> <p>The Draft Regulation 123 List includes provision for additional pre and primary school places. It is assumed that where a new school is needed, the District Council will not object to this being delivered through s106 agreements on larger sites. Given the delivery of new schools is significantly more expensive than the expansion of existing ones, this is preferable to funding all education requirements through CIL.</p> <p>Clarification is required as to the distinction between strategic and non-strategic transport. Any measures which are identified through transport assessments as being necessary for a development to be acceptable in planning terms should remain as s106/s278</p>	<p>infrastructure identified on the Draft Regulation 123 List.</p> <p>As detailed within national regulations and best practice guides, CIL is not expected to pay for all infrastructure. It is merely a tool that the Council can use to close the funding gap alongside other sources of funding which individual service providers have available or are able to access as developments come forward.</p> <p>It is noted that the County Council are content that the boundaries are appropriate across the district.</p> <p>The Council expect that education provision will be delivered solely through CIL receipts as these costs have been included within the Viability Testing undertaken. The Council still reserve the right to use s106 agreements where an individual development is sufficiently large enough to require a range of site specific infrastructure. At this stage, the only site considered to be sufficiently large enough is Adastral Park.</p> <p>The Draft Regulation 123 List details Strategic Highway Improvements. Any non-strategic highway works will be considered to be site specific and therefore would be secured through s106/s278 agreements as necessary.</p>
29	Nest Development	<p>As a local property development company working within Suffolk Coastal we would like to make the following comments and representations to the CIL Draft Charging Schedule.</p> <p>In a climate where the government are trying to encourage house building as a result of the national shortage it must be clearly understood that CIL is an untimely charge on house builders, the impact of which will be felt most pertinently with the smaller</p>	<p>We would wish it noted that since the below Representation was submitted to Suffolk Coastal, the Department for Communities and Local Government has published a Written Statement by the Minister of State for Housing and Planning (28 Nov 2014) setting out the following:</p> <ul style="list-style-type: none"> <li>• Due to the disproportionate burden of developer contributions on small scale developers, for sites of 10-units or less, and which have a maximum combined gross floor space of</li> </ul>

	<p>developers, such as ourselves.</p> <p>Focus on Volume Developers</p> <p>The viability study has largely disregarded the smaller house builder and focused on volume developers. We do not feel that an environment where only the volume house builders can function viably is a healthy one for Suffolk Coastal.</p> <p>Where it is stated at 2.5.2 in the SC CIL Viability Study “That we should not waste time and cost analysing types of development that will not have significant impacts, either on the total CIL receipts or on the overall development of the area as set out in the local plan”. We would argue that collectively smaller house builders do have a relevance and should not be dismissed. When you look at the individual villages and towns that make up this region you will see that the large majority of housing in Suffolk Coastal has historically been erected by smaller house builders, to the benefit of the overall appearance of the area.</p> <p>In 2.8.2 of the same document it is at least transparent when stated that “CIL may reduce development by making certain schemes which are not plan priorities unviable”.</p> <p>This would appear to be contrary to the NPPF Communities and Local Government, National Planning Policy Framework (March, 2012) which states that CIL “should support and incentivise new development”. Furthermore the CIL Guidance Notes (Revision date 12th June 2014) clearly state that “a charging authority should directly sample an appropriate range of types of site across its area . . . should focus on. . . and those sites where the impact of the levy on economic viability is likely to be most significant”.</p> <p>As an example of how we operate in the marketplace please take note of these figures:</p>	<p>1,000 square metres, affordable housing and tariff style contributions should not be sought. This will also apply to all residential annexes and extensions.</p> <ul style="list-style-type: none"> <li>• For designated rural areas under Section 157 of the Housing Act 1985, which includes National Parks and Areas of Outstanding Natural Beauty, authorities may choose to implement a lower threshold of 5-units or less, beneath which affordable housing and tariff style contributions should not be sought. This will also apply to all residential annexes and extensions. Within these designated areas, if the 5-unit threshold is implemented then payment of affordable housing and tariff style contributions on developments of between 6 to 10 units should also be sought as a cash payment only and be commuted until after completion of units within the development.</li> <li>• These changes in national planning policy will not apply to Rural Exception Sites which, subject to the local area demonstrating sufficient need, remain available to support the delivery of affordable homes for local people. However, affordable housing and tariff style contributions should not be sought in relation to residential annexes and extensions.</li> <li>• A financial credit, equivalent to the existing gross floor space of any vacant buildings brought back into any lawful use or demolished for re-development, should be deducted from the calculation of any affordable housing contributions sought from relevant development schemes. This will not however apply to vacant buildings which have been abandoned.</li> </ul> <p>We suspect that this Statement goes some way to covering the points of concern set out by the Respondent – particularly as Nest Development states in its representation that ‘The figures</p>
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	<p>– The average house in the area is sold at £2500/m. The developer sets out to make a 20% profit once land costs, build costs and professional fees are all taken into consideration. Forgetting the inevitable unforeseen costs that come as a result of the risks taken on one hopes to therefore achieve a profit of £500/m. Out of that profit we are now expected to pay a CIL charge of £150/m<sup>2</sup>. That represents a diminished return of 30% and an expectation that smaller developers should from here on operate with a margin of 14%.</p> <p>You have used only examples of large volume house builder’s schemes when testing sites and appraising costs. The figures therefore have little bearing on developers such as ourselves, generally building 1-5 units per scheme. All the figures you have used factor in an economy of scale that is obviously unachievable by smaller companies.</p> <p>The smallest site explored in your Site Tests &amp; Site Specific Appraisals is a scheme for 70 houses. This is not representative.</p> <p>Land Values</p> <p>Land values within your Viability Study have correctly been based on Residual Land Values calculations. Whilst this is the starting point for all development land valuations it is more complex when looking at smaller plots. The reality is that demand is very high and supply is scarce therefore the true cost of smaller sites is inflated. Obviously one would hope that land values may diminish once CIL comes in and that a correction would help counteract the impact on developers. Given that the supply of sites is unlikely to change we are unconvinced that this will occur. The majority of land sold locally for development is owned by farmers. Agriculture has enjoyed a particularly successful period of business over the last ten years and therefore there is little requirement to sell land, especially as agricultural land values have risen dramatically in recent times.</p>	<p>therefore have little bearing on developers such as ourselves, generally building 1-5 units per scheme’.</p> <p>We have, however, responded to Nest’s points below. These responses should sit alongside the provisions made in the Ministerial Statement.</p> <p>Focus on Volume Developers</p> <p>We do not agree that the Viability study has disregarded the smaller house builder and only focused on volume developers. The development scenarios modelled include a 1 house, 3 house and 5 house scenario, as well as a 3 flat scenario. These were specifically modelled in order to understand the cash flow of smaller schemes.</p> <p>We have used a residual development appraisal to assess the level of CIL which a scheme or scenario could viably to afford to contribute. This is an approved methodology for assessing viability, and one that has been used to support adopted CIL charging schedules nationally. In a residual development appraisal a CIL charge would not be taken from profit but would be input as a cost, much in the same way as S.106 / build costs would be. A cost such as CIL would not be taken from overall profit and shown as a diminished return as set out by the Respondent, and as such we do not believe that this is an appropriate way of judging the impact of CIL.</p> <p>We would also note that the purpose of CIL is to be used alongside S.106, and – as shown by Suffolk Coastal’s Draft Regulation 123 List – and it should not be seen as an additional tax on top of current (i.e. non CIL regime) per unit S.106 costs.</p>
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		<p>Added to the forthcoming challenges, at our end of the market we will also have to compete with Self Builders, who are not charged a CIL. The build costs you have used in your examples of Residential Scenarios Tested use the same build cost per m2 for 1 unit as it uses for 50 units. The real build costs of a single unit is obviously going to be far higher and in our own experience this can often be 50% higher than your figures.</p> <p>This pattern of using volume house builder's figures for far smaller schemes has led to incorrect assumptions being made across the viability of smaller projects in your study.</p> <p>We are more than happy to share figures from our own schemes to prove that your figures are disproportionate.</p> <p>Majority of sites covered by £150/m2 Charge</p> <p>We accept that we have used the £150/m High Band cost in our example above, of CIL's impact, but the vast majority of the region lies within your high band. When you look at the charging approach it is clearly excessive when measured against other CIL charges brought in by other District Councils:</p>	<p>Build costs have been based on BCIS build costs.</p> <p>Land Values</p> <p>Land values used in the Viability Study are reflective of smaller schemes – the study sets out at para 5.29 that the following benchmark land values were assumed (incorporating a higher benchmark land value for schemes of 5 units or less).</p> <ul style="list-style-type: none"> <li>• Low value - For sites providing five houses or less land values of £750,000 per ha. For flatted development and sites providing six houses or more land values of £500,000 per ha.</li> <li>• Mid value - For sites providing five houses or less land values of £1,250,000 per ha. For flatted development and sites providing six houses or more land values of £1,000,000 per ha.</li> <li>• High value - For sites providing five houses or less land values of £1,750,000 per ha. For flatted development and sites providing six houses or more land values of £1,250,000 per ha</li> </ul> <p>Majority of sites covered by £150/m2 Charge</p> <p>The proposed CIL Charge is based on viability testing. Our viability testing shows that certain parts of Suffolk Coastal can afford to contribute some level of S.106 and a CIL charge of £150 per sq m. The table shown by the Respondent does not show the cost of land, which is an important factor in viability, alongside density of development and the nature of development – all of which contribute to viability . Without knowing these parameters we do not think that a fair comparison can be made.</p>
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		High Band CIL	Average House Price	
	Cambridge	£125/m <sup>2</sup>	£386,568	<p>We would also wish it noted that although the Suffolk Coastal 'High' CIL Charge Zone covers a notable geographical area of the Suffolk Coastal district, the vast majority of the area it covers is rural, with little current or anticipated development likely to come forward. Our market research shows that values in these rural locations are generally higher than in the surrounding areas, hence the viability appraisal analysis showing that a CIL of £150 per sq m can be afforded.</p> <p>Average House Sizes</p> <p>We have not been provided with any evidence that the average size of a house in Suffolk Coastal is significantly larger than those nationally.</p>
	Chelmsford	£125/m <sup>2</sup>	£314,212	
	Norwich GNDP	£75/m <sup>2</sup>	£227,106	
	Winchester	£120/m <sup>2</sup>	£415,633	
	Richmond upon Thames	£250/m <sup>2</sup>	£632,090	
	Ealing, London	£100/m <sup>2</sup>	£443,926	
	Suffolk Coastal	£150/m <sup>2</sup>	£258,772	
	<p>Average House Sizes</p> <p>It should also be noted, and factored into the equation, that average house sizes in SCDC are larger than the national average and therefore the costs are proportionately higher when you look at a house by house comparison in different areas. Typically an average house in more urban areas would be below 80m<sup>2</sup> whereas here in Suffolk they are generally 90m<sup>2</sup> plus.</p> <p>Given that sales prices of houses are ultimately dictated by the market, rather than a decision by developers, a house builder cannot simply increase sales prices to accommodate CIL in the same way as other industries may be able to accommodate imposed charges.</p> <p>The impact of the current situation there is an uneven playing ground within Suffolk Coastal. The large companies will survive and smaller companies are going to really struggle. The approach inevitably lends itself to a proportionately high density of housing estates and a very low ratio of smaller, individual developments being built over the coming years.</p> <p>CIL is an uncontestable charge and comes before Section 106 payments. Given that Section 106 payments can be contested on the basis of project</p>			

		<p>viability we foresee that more and more 106 payments will need to be contested given the increased viability challenges that house builders will have once CIL is factored in to the economics of individual schemes. Therefore the contributions towards social housing from developers have to be expected to drop.</p> <p>We are a young company, just a couple of years old. We set up our business with the intention of building attractive, quality houses across this region. With CIL as it is right now we will need to explore alternatives in terms of the areas where we build in order to keep ourselves going. We are proud of our work and we would not be comfortable attempting to cut every conceivable corner of house building costs to pass on a compromised product to customers.</p> <p>CIL is clearly coming in and we will need to adjust the business model accordingly. I would, however, really urge Suffolk Coastal to reconsider the charging scales that are currently being explored. I believe that only very small pockets of Suffolk Coastal can wear the £150/rate. I feel strongly that the majority of the region cannot afford to take on board any rate beyond £100/m2 without having a detrimental impact on maintaining a sustainable mix of house building over the coming years.</p> <p>We strongly believe that local specific exemptions to CIL should be introduced where the viability of individual schemes can be examined and assessed on a case by case basis.</p> <p>Over the next twelve months we project that our business will inject £1.4million into the local economy by utilising a healthy mixture of local employment, trades and suppliers. Whilst this might be a small sum when compared with figures from the larger volume house builders, companies such as ours deserve to be collectively considered.</p> <p>We would be very happy to engage with Suffolk Coastal and enter into any</p>	
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		dialogue that may prove constructive.	
<b>30</b>	EDF Energy (Nuclear Generation) Ltd	Firmly believe that all energy infrastructures should be exempt from CIL. S106 agreements provide a more appropriate framework for mitigating identified impacts of a proposed development and for delivering community development required in response to infrastructure investments.	Noted – new energy infrastructure projects as well as extensions to existing buildings such as those at Sizewell B fall under the “all other uses” category and are therefore exempt from CIL charges as detailed within the Draft Charging Schedule.
<b>31</b>	Nacton Parish Council	Councillors believe that the Adastral Park development should attract a CIL charge in the same way as other residential developments across the district.	Adastral Park has been given a zero CIL charge because once all the site specific infrastructure has been provided as part of a s106 agreement, there is no capacity to introduce CIL charges in addition.