SUFFOLK COASTAL DISTRICT COUNCIL

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

Community Infrastructure Levy

Preliminary Draft Charging Schedule

Consultation period:
21st May to 2nd July 2014

SUFFOLK COASTAL DISTRICT COUNCIL

COMMUNITY INFRASTRUCUTRE LEVY

PRELIMINARY DRAFT CHARGING SCHEDULE

MAY 2014

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1.0 INTRODUCTION

1.1 This document is Suffolk Coastal District Council's consultation on a Preliminary Draft Charging Schedule for the Community Infrastructure Levy (CIL). The Preliminary Draft Charging Schedule is the first stage in the consultation process to introduce CIL across the district.

1.2 CIL is a tool which local authorities across the country can choose to charge on new developments within their area. Funds collected through the CIL can be used to support the delivery of infrastructure which the local authority, local communities and stakeholders consider necessary to support the future growth of an area.

1.3 This Council will be the Charging Authority as set out under the CIL legislation.

1.4 The Preliminary Draft Charging Schedule outlines the general principles of CIL along with the assumptions and methodology used whilst preparing the appropriate evidence base to support the introduction of CIL in this district. Once adopted and implemented by the Council, CIL will be a fundamental tool in facilitating the delivery of the strategic vision and policies outlined within the Core Strategy adopted July 2013.

2.0 WHAT IS CIL?

2.1 CIL was first introduced into national legislation by the 2008 Planning Act which stated that the overall purpose of CIL is to ensure that costs incurred in providing infrastructure to support the development of an area can be funded (wholly or partly) by owners or developers of land. The process by which local authorities can set and implement CIL is detailed in the CIL Regulations originally published in 2010, with subsequent amendments in 2011, 2012, 2013 and most recently in February 2014.

2.2 CIL is a simple, clear and consistent charge that is placed on most new developments to contribute towards the provision of appropriate infrastructure. The Government is clear that most new developments have an impact on the need for infrastructure, services and facilities and therefore developers are required to help fund the infrastructure that is needed to make their development acceptable.

2.3 Currently the Council seeks financial contributions from developers through the use of Section 106 planning obligations (i.e. legal agreements between a developer and the local authority). These agreements are usually subject to extensive negotiation and in some circumstances are reduced or waived on development viability grounds. CIL however is non-negotiable which will help to speed up the decision making process on planning applications as well as providing more certainty and transparency to the local authority, local communities and developers alike.

2.4 As from April 2015, the Council will be severely restricted on the pooling of Section 106 planning obligations which will change the way infrastructure is delivered across the district. It will still be possible for specific infrastructure projects to be funded through Section 106 planning obligations, but only where these are site specific and are needed to make individual planning applications acceptable in planning terms.

2.5 The CIL regulations only allow for a maximum of five Section 106 planning obligations to be pooled for specific infrastructure projects. Agreements entered into since April 2010 (when the CIL regulations first came into effect) will count towards the limit of five which places a significant restriction on the Council. Therefore since April 2010, the Council can only use funds collected from five applications for generic infrastructure across the district such as “libraries”.

3.0 EVIDENCE AND RATE SETTING

3.1 The Council recognises that in order to deliver the level of growth identified within the Core Strategy, it will be necessary to align plans and funding for new infrastructure. In order to help deliver the infrastructure identified in the Core Strategy the Council undertook work to identify the infrastructure needs across the district.

3.2 Navigus Planning were commissioned to produce an Infrastructure Delivery Plan (IDP) which considers the level of growth identified within the Core Strategy and through engagement with key stakeholders’ (such as utility companies, providers and Suffolk County Council) outlines what infrastructure is required in the district, who is to provide it, how it will be funded and when it is required.

3.3 The IDP identifies that the total cost of infrastructure needed across the district will cost in excess of £100m. The figure is based on a scenario of high growth levels in various locations such as market towns. The Council does not expect the high level of growth outlined but this represents the “worst case” scenario.

3.4 Greater certainty regarding the locations of growth will come forward as part of the Site Allocations document and Neighbourhood Plans in time which may result in a need to review infrastructure requirements across the district. Should this be the case, the Council will look to review infrastructure evidence accordingly.

3.5 Based on the information available, existing funding streams total £21.85m but may increase once providers know the actual level of growth outlined by future Site Allocations work.

3.6 A funding gap of over £80m has been identified by the IDP which justifies the introduction of CIL across the district.

3.7 To help determine the level of CIL, Suffolk Coastal, in partnership with other Suffolk authorities (excluding Waveney) and Suffolk County Council, commissioned Peter Brett Associates to undertake a Stage One Viability Study (August 2013) to look at the potential to charge CIL within each district.

3.8 The stage one study examined the planning and development context in the authorities across Suffolk, set out the methodology and assumptions used in calculating the viability assessments and recommended CIL charges for different land uses. Please note that due to commercially sensitive issues and information relating to other local authorities the stage one study is not available in the public domain and does not form part of the evidence base.

3.9 Following the consideration of the stage one study, the Council commissioned Peter Brett Associates to undertake further work and look more closely at development viability specifically within Suffolk Coastal. The stage two study provides the detailed evidence required and recommends CIL charging rates accordingly. The second report (May 2014) forms part of the CIL evidence base and provides the figures included within the Preliminary Draft Charging Schedule.

3.10 The IDP and the April 2014 viability study enables the Council to strike the appropriate balance between:

- The desirability of funding from CIL (in whole or in part) the cost of infrastructure required to support the development of its area, and
- The potential effects (taken as a whole) of the imposition of CIL on economic viability of development across its area.

3.11 Seeking an appropriate balance is at the discretion of the Council as Charging Authority. The rates proposed are not considered to threaten the overall delivery of the Local Plan and the Council has set the rates in this Preliminary Draft Charging Schedule based on evidence about infrastructure needs within the district and the ability of future development, as outlined in the Core Strategy to fund that infrastructure in whole or in part.

3.12 The viability studies undertaken by Peter Brett Associates consider the quantum of development proposed in the Core Strategy against a range of benchmarking land values to judge whether or not the introduction of CIL would have a detrimental impact on viability. The rates proposed do not put any of the development envisaged in the Core Strategy at risk and ensure that willing developers and landowners will still get a "competitive return" whilst incentivising new development across the district.

3.13 The viability study considers various land uses and development types and recommends the charges for residential developments as well as some retail schemes as outlined below:

Residential

3.14 The ability of residential schemes across the district to make CIL contributions varies significantly depending on size and location of the potential development. Generally speaking Aldeburgh has the most expensive house prices with Felixstowe being at the lower end of the market which presents a need for different charging zones across the district.

3.15 The viability work undertaken by Peter Brett Associates clearly shows that in most scenarios tested there is scope to introduce a CIL across the district but with different rates for different areas. Due to the variation in land values and house prices seen, three different charging zones (high, medium and low) are proposed.

3.16 The evidence clearly shows that a high value CIL charge is appropriate in the more expensive parts of the district such as Aldeburgh and Framlingham. Locations such as Kesgrave, Saxmundham and Hollesley are found to be within the mid value zone, where as the less expensive areas such as Leiston and parts of Felixstowe can only accommodate a low value charge. A map detailing the boundaries can be found in the Appendices.

3.17 Taking into account all the variables facing developers the economic viability assessment calculations show that a range of charges can be achieved across the district as shown in the table below:

	1-5 dwellings (net) CIL charge per sqm	6+ dwellings (net) CIL charge per sqm
Residential development (low value)	**£70**	**£50**
Residential development (mid value)	**£115**	**£90**
Residential development (high value)	**£150**	

3.18 The evidence contained within the Viability Study suggests that for some development scenarios a higher charge may be levied against the development. . Evidence suggests that charges of over £123/sqm in the low value zones, over £171/sqm in the mid value zones and over £291/sqm in the high value zones could be achieved for houses but these figures are considered unreasonable as they are maximums. The charges outlined in the table above are well below these viability ceilings because costs and values of development fluctuate over time and vary between sites which could make developments unviable. In some circumstances site specific issues can also affect development costs and values. Some development sites will involve significant abnormal costs which need to be factored into the setting of the CIL across the district.

3.19 Introducing a three tier approach with size of development thresholds across the district takes into account the need to balance the delivery of the Core Strategy policies against ensuring the sufficient funds are collected to help deliver the appropriate level of infrastructure.

3.20 The Core Strategy identifies land at Martlesham (Adastral Park) as an area for growth with 2000 new dwellings being brought forward during the plan period. The proposed development has significant infrastructure costs associated with it which are expected to be delivered through s106 planning obligations. The viability study tested development scenarios for Adastral Park and concluded that once site specific costs have been taken into account, the introduction of a CIL charge would make the development unviable. Providing the infrastructure associated with Adastral Park through s106 planning obligations complies with the CIL regulations in that the infrastructure is necessary to make the development acceptable in planning terms, is directly related to the development and reasonably related. Therefore the Council is proposing a zero charge (£0/sqm) for CIL as part of the Adastral Park development.

3.21 Residential calculations will be based on net floor space provided by the new development. The same principle will apply to developments which require the demolition or loss of floor space as long as the residential property has been in continuous use for a period of at least six months within the previous three years as detailed within the CIL regulations.

3.22 For the purposes of the CIL Preliminary Draft Charging Schedule, the Council will consider developments which fall under the C3 (Dwelling houses) and C4 (Houses in multiple occupation) use class as defined in the Use Classes Order as being subject to the relevant residential rates as detailed.

Retail

3.23 Retail type uses are generally broken down into comparison and convenience opportunities to reflect the different sectors.

3.24 Comparison retail is considered to be a shop or store selling wholly or mainly goods which are not everyday essentials. Such items include (but not limited too) clothing, footwear, household and recreational goods.

3.25 Convenience retail is considered to be a shop or store selling wholly or mainly everyday essential items, including (but not limited too) food, drinks, newspapers/magazines and confectionary.

3.26 Despite the economic climate in the last few years the convenience retail sector has been resilient and seen growth, unlike other sectors which have declined.

3.27 The viability evidence clearly shows that the different types of retail require different CIL charges as outlined in the table below:

	CIL charge per sqm
Wholly or mainly comparison retail *A shop or a store selling mainly goods which are not everyday essentials, such as clothing, household and recreational goods.*	**£0**
Wholly or mainly convenience retail *A shop or store selling mainly everyday essential, such as food, drink, newspapers and confectionary.*	**£100**

All other uses

3.28 All other uses across the district will have a CIL charge of **£0 per sqm**. Viability evidence has shown that all other uses including offices, hotels, care homes and industrial type developments are not able to contribute towards CIL at this time.

4.0 ESTIMATED REVENUE RAISED THROUGH CIL

4.1 For the purposes of estimating CIL revenue, only development without an existing planning permission can be included. The Core Strategy proposes a minimum total of 7,900 new dwellings across the district from 2010 to 2027. Considering previous years completion figures, land availability assessments and recent planning application approximately 5,000 units are still to be brought forward. Of these, 2,000 are to be at Martlesham and the Council expects infrastructure associated with the development to be brought forward by Section 106 planning obligations leaving approximately 3,000 dwellings across the district yet to be permitted. For estimating CIL revenue 33% of these are expected to be affordable units and therefore not subject to CIL which results in approximately 2,000 dwellings being liable to CIL charges.

4.2 The viability study makes the assumption that the average unit within the district is 90sqm. Using this average unit size, it is expected that there would be 180,000sqm of new residential floor space that could be charged CIL over the plan period. With the CIL rates as outlined above it is estimated that there will be between £15-20m generated by CIL as a result of residential development.

4.3 The figures shown above are only estimates of the likely funds that will be raised following the introduction of the CIL Charging Schedule. Comparing these estimates with the figures shown in the Infrastructure Delivery Plan clearly show that a substantial funding gap exists that will need to be closed by other avenues and funding opportunities.

5.0 IMPLEMENTATION AND EXEMPTIONS

5.1 The implementation of CIL is governed by the Community Infrastructure Levy Regulations 2010 (as amended). These regulations include procedures for the collection of funds generated through CIL as well as procedures for relief from CIL.

5.2 As a local planning authority within a two tier county such as Suffolk, the Council may pass money raised to Suffolk County Council to deliver infrastructure such as education and highways facilities that will benefit the development of the area. CIL funds may also be passed onto other outside bodies the deliver infrastructure such as the Environment Agency for flood defence works.

5.3 Local communities across the district which have an adopted Neighbourhood Plan will benefit from 25% of the levy derived from development within their area. Those communities without a Neighbourhood Plan will receive 15% of the levy derived from the development in their area, but this will be capped at £100 per existing council tax dwelling.

5.4 Details of how the Council will collect the CIL funds and then pass monies onto local communities will be detailed in a future document to be published once CIL is adopted and implemented.

5.5 There are a number of exemptions from CIL as detailed in the regulations. Exemptions currently include the following types of development (not exhaustive):

- Minor development, with a gross internal area of less than 100sqm is generally exempt from the levy. This exemption does not apply if a new dwelling is being constructed unless this is a self build scheme.
- Affordable housing developments across the district will be exempt from CIL liability. Where affordable housing forms part of a mixed development including market housing, CIL will not be charged on the affordable housing proportion of the total floor space.
- Development by charities for charitable purposes.
- Self build projects

5.6 The Council as CIL Charging Authority will revise exemptions as and when directed by regulations. No locally specific exemptions are expected to be introduced. Further details relating to exemptions can be found in the CIL regulations as amended.

6.0 NEXT STEPS

6.1 This Preliminary Draft Charging Schedule will be subject to formal public consultation for a period of 6 weeks from **21 May until 2 July 2014**. Following this consultation, all comments received will be reviewed and analysed and used to revise the Charging Schedule accordingly. A further period of public consultation in autumn 2014 will then take place on the final document known as the Draft Charging Schedule.

6.2 All comments that are received during the second round of consultation on the Draft Charging Schedule will be submitted to the Planning

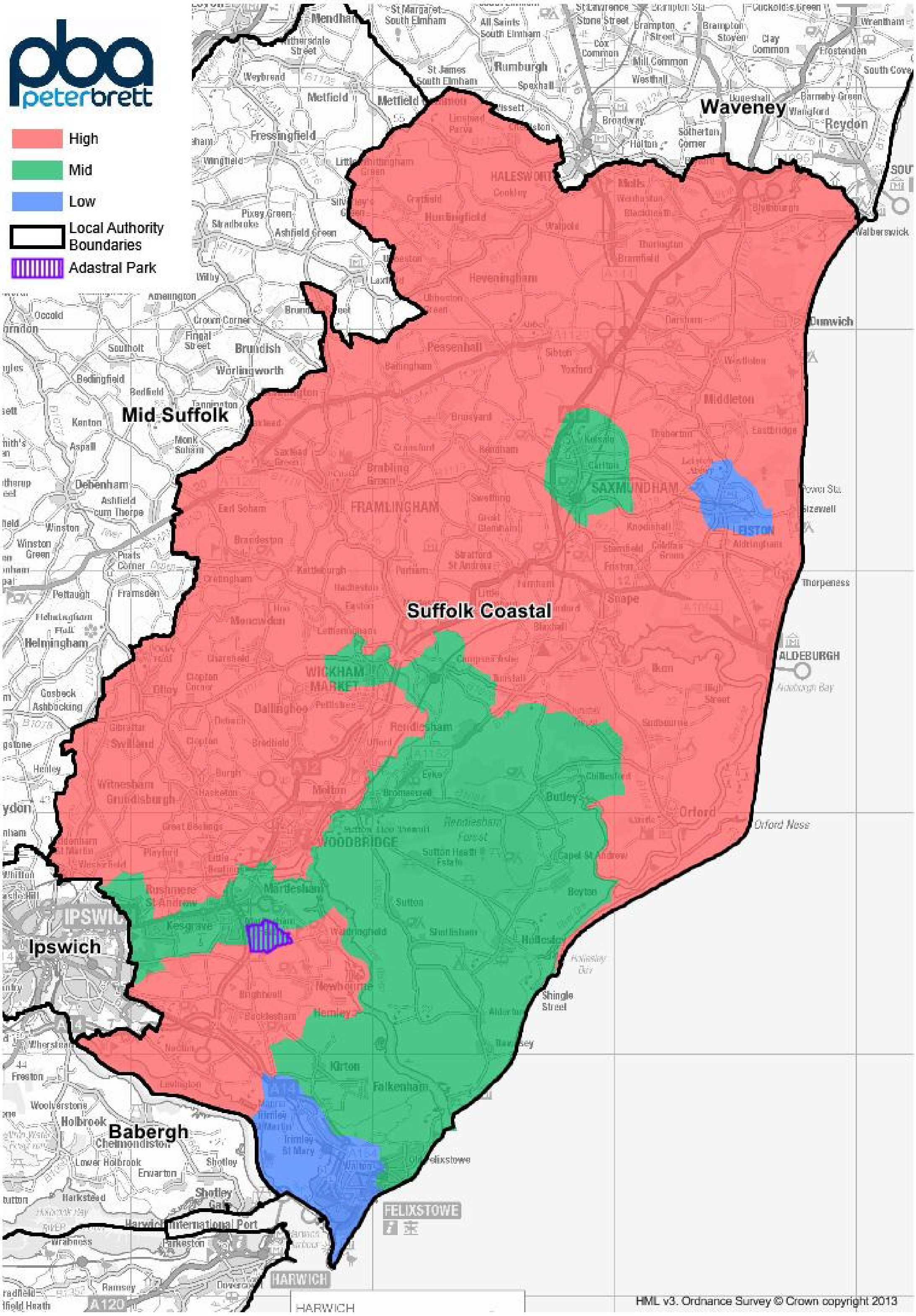
Inspectorate for independent examination. Anyone who makes comments during the Draft Charging Schedule consultation will have the right to be heard at the examination in public.

6.3 Following the examination in public, the independent examiner will publish a report into the examination which will set out their findings. If the examiner approves the Draft Charging Schedule the Council will look to bring the Charging Schedule into effect at the earliest opportunity subject to approval by Full Council. The Council anticipates that the CIL Charging Schedule will be brought into effect prior to the government target date of April 2015.

6.4 Should you have any questions about the CIL project or the process that the Council is undertaking then please contact the Planning Policy and Delivery Team on 01394 444558 or alternatively via email on development.policy@suffolkcoastal.gov.uk

APPENDICIES

MAP OF CHARGING ZONES



RECOMMENDATIONS TABLE – SUMMARY OF PROPOSED CHARGES

Development Type	CIL charge per sqm
Residential Development (low value) on sites of 1-5 net new dwellings	**£70**
Residential Development (low value) on sites of 6+ net new dwellings	**£50**
Residential Development (mid value) on sites of 1-5 net new dwellings	**£115**
Residential Development (mid value) on sites of 6+ net new dwellings	**£90**
Residential Development (high value)	**£150**
Adastral Park Development	**£0**
Wholly or mainly convenience retail	**£100**
Wholly or mainly comparison retail	**£0**
All other uses	**£0**