



Author	<b>WDC</b>
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## **WDC's Response to Issue 1 – Is the Charging Schedule supported by background documents containing appropriate available evidence?**

### **Infrastructure planning evidence:**

#### **a.) Has the available evidence demonstrated an infrastructure funding gap and a total target amount that the authority proposes to raise through the levy?**

- 1.1 The Infrastructure Study (Document B2) identifies and costs the infrastructure needed to support development. It also examined whether there was any existing funding available for the infrastructure needed. The Infrastructure Study also carefully considered whether the infrastructure identified was needed to support new development or to deal with existing deficits. The study calculates a funding gap of between £11,612,877 and £14,839,027 that CIL will need to address. The Council estimates that CIL will raise approximately £2.44 million from the development planned in the Council's Local Development Framework and other projected development identified in the Council's Strategic Housing Land Availability Assessment (see page 9 of Document B1).
- 1.2 Suffolk County Council (Comment ID 17) have requested that the Infrastructure Study (Document B2) is updated to reflect the latest changes regarding education. The Council accepts that this information is useful and will be helpful in drawing up future delivery plans for prioritising CIL spend. The Infrastructure Study is based on a snapshot in time at March 2012. The costs of infrastructure provision will change over time, as will need. The effect of the changes is minimal on the total funding gap and only serve to make it slightly higher. The justification for the introduction of CIL is not challenged by these update. Therefore there is no need to update the Infrastructure Study at this time. Instead the Council will take into account the information when drawing up plans to prioritise the use of future CIL receipts.

#### **b.) Have other funding sources for infrastructure been considered?**

- 2.1 Yes. The Infrastructure Study (Document B2) considers existing and other funding sources available for each type of infrastructure. Where funding is/likely to be available it has been deducted from the total funding gap.

**c.) Is it clear what projects or types of infrastructure will be funded in whole or in part by the levy? What are the known site-specific matters where s106 contributions may continue to be sought?**

- 3.1 The Infrastructure Study (Document B2) sets out the types of infrastructure that the CIL will likely fund or contribute to. The funding gap identified in paragraph 12.2 (page 47) is the justification for introducing CIL, therefore the projects and types of infrastructure contributing to this gap, identified in Table 12.1 (pages 44-46) will be the likely projects and types of infrastructure CIL will be spent on.
- 3.2 Table 1.1 of the Background Document (Document B1) sets out the future split between Section 106 planning obligations and CIL. Paragraph 1.10 of the Background Document makes clear that CIL will be the primary source of infrastructure funding in the future with Section 106 planning obligations only used in limited circumstances for onsite and site specific infrastructure.
- 3.3 To meet the requirements of the new CIL Guidance (published on the date of submission), the Council has submitted to the examination library a response to the main implications of the guidance for the Council's Draft Charging Schedule (Document D4). As part of this response a draft Regulation 123 statement has been included which sets out the infrastructure that CIL may wholly or in part fund. Importantly, it states the infrastructure that the Council will no longer require through Section 106 planning obligations. The Draft Regulation 123 list reflects the evidence that is in the Infrastructure Study (Document B2) and the Background Document (Document B1).
- 3.4 The only known site-specific matters where Section 106 planning obligations will be used is detailed in the Council's response to the implications of the new CIL Guidance (Document D4). This infrastructure mainly relates to that associated with the sites allocated in the Lake Lothing and Outer Harbour Area Action Plan (Document B9) and on-site allotment provision on three sites (LOW9, BEC3 and HAL4) allocated in the Site Specific Allocations DPD (Document B8).
- 3.5 Affordable housing will continue to be sought through Section 106 planning obligations in accordance with Policy DM18 of the Development Management Policies DPD (Document B7).

**Economic viability evidence:**

**d.) What are the implications for economic viability of costs associated with site specific s106 funding?**

- 4.1 There are no implications for the economic viability of the proposed rates of CIL from the costs associated with site-specific Section 106 planning obligations. As stated above, in the majority of circumstances developments will pay no contributions towards infrastructure through Section 106 planning obligations. The exception is in the sites allocated in the Lake Lothing and Outer Harbour Area Action Plan. However, in light of the abnormal costs associated with development in this area, together with the likely site-specific onsite infrastructure, the Draft Charging Schedule proposes a zero rate for these areas.
- 4.2 For all other residential developments, the CIL Viability Study (Document B3) included an allowance of £1000 per dwelling for Section 106 planning obligations

(see page 20). This allowance is seen as sufficient to cover those rare cases where there may be a need for Section 106 Planning Obligations.

4.3 Peacock and Smith and Aspinall Verdi on behalf of WM Morrisons questioned whether an allowance for Section 106 Planning Obligation costs should be made in the viability appraisals for supermarkets. The Council considers that the majority of infrastructure requirements arising from supermarket development will be paid for by CIL. The rate for supermarkets at £130 per square metre has been set at a rate significantly below the maximum viable rate (which is at least £200 per square metre) which will allow for any site-specific abnormal costs to be dealt with.

**e.) Have appropriate assumptions been made about the effect of the provision of affordable housing on economic viability?**

5.1 The CIL Viability Study (Document B3) has factored in the cost of providing affordable housing in accordance with Policy DM18 of the Development Management Policies DPD (Document B7). The assumptions made are on pages 21 and 22 of Document B3. As such the proposed levels of CIL will still allow the full quantum of affordable housing to be provided where required.

**f.) Overall, have reasonable assumptions been made on the other factors that affect the viability of development?**

6.1 Yes. The Council considers that reasonable assumptions have been made in the CIL Viability Study (Document B3, B4 and B5) on other factors that affect the viability of development. The distinct lack of objections from developers indicates that the assumptions used are accurate and reasonable.

6.2 For the residential viability assessments, no developers questioned the assumptions made in the CIL Viability Study (Document B3) as part of the consultation on the Draft Charging Schedule. Suffolk County Council (Comment ID 17) questioned whether the £1000 per dwelling allowance for residual section 106 planning obligations requirements is sufficient. The Council considers that the £1000 per dwelling allowance is sufficient, if not generous, given the fact that the majority of sites aren't likely to have any section 106 planning obligations following the introduction of CIL. By way of example, Page 2 of the Council's response to the implications of the new CIL Guidance (Document D4) identifies the level of Section 106 planning obligations secured over the last five years. All of the contributions secured towards infrastructure in the table from Section 106 would in the future be paid for by CIL. Therefore, had the CIL been in place over the past five years the only Section 106 contributions would have been those for affordable housing and a £9000 contribution for a Traffic Regulation Order.

6.3 Some questions were raised about the assumptions used in the CIL Viability Study during the Preliminary Draft Charging Schedule consultation. Concerns were raised by Badger Building (pages 5 – 9 of Document C5) and Savills (pages 43 – 55 of Document C5) The Council accepted some of the concerns raised with respect to sales value evidence for Halesworth, Beccles and Bungay and as such revised the rates downward for Bungay and Halesworth accordingly as detailed on pages 7 and 8 of the Background Document (Document B1).

6.4 For the retail viability assessments, Aspinall Verdi on behalf of WM Morrisons (Comment ID13) queried some of the assumptions made. These concerns have been responded to in Document B4. Document B4 also looks again at the retail viability appraisals and takes into account some of the assumptions proposed by Aspinall Verdi where appropriate and justified. Indigo Planning on behalf of Sainsbury's (Comment ID20) argue that the CIL Viability Study (Document B3) is not robust as it only tests one scenario involving a foodstore. They state that the viability appraisals do not consider a town centre foodstore or development involving brownfield land. The CIL Viability Study (Document B3) examined four different types of retail development with the assumption that the development was on brownfield land (the costs of demolition are included in the appraisals). To address some of the concerns raised by Sainsbury's the Council asked BNP Paribas Real Estate to undertake a few more appraisals of different types of retail including various sizes of foodstore (including a foodstore under 280sqm) another retail warehouse and a high street comparison store (Document B4). The Council considers that the CIL Viability Study together with Document B4 provides a robust evidence base to support the differential rate for supermarkets, superstores and retail warehouses. This is detailed in the Council's response to the Examiner's initial matters (Document D3).