Appendix 7

Issues and Responses relating to the CIL Preliminary Draft Charging Schedule Consultation 2013

Community Infrastructure Levy Preliminary Draft Schedule	
Consultation Comment	**Response**
Objection to Old Milverton and Blackdown being represented in zone B of the charging schedule, they are rural areas and should be represented as such in the schedule (Appendix A)	These zones represent the areas where certain values apply to development if proposals went ahead. Areas on the edge of the urban areas can reasonably be included within urban zones. It does not indicate support for development in these areas.
CIL on private development may hinder modernisation of smaller units necessary to meet modern housing needs. Exemption or discount should be considered in such cases. CIL will impede the development/ delivery of single and small developments for housing.	Smaller housing schemes still have an impact on infrastructure and CIL provides the opportunity for these schemes to contribute fairly.
Do not agree that affordable housing development should be exempt from CIL contributions	This is set out in the CIL regulations
It is unclear which sites are included in the Strategic Sites category of table 1 of the PDCS	Strategic Sites are green field sites of over 300 dwellings that are allocated in the emerging Local Plan
Network rail believes that developments on the railway network should be exempt from CIL or charged at the nil rate.	Unless such development are residential, retail, hotel or student accommodation , they will be charged at Nil Rate
Red House Farm should be classified as a Strategic Site and in a lower CIL payment band.	Strategic Sites are green field sites of over 200 dwellings that are allocated in the emerging Local Plan
It appears that WDC has limited evidence on infrastructure costs and the development strategy being consulted on at the time of the PDCS is based on a different strategy / level of growth.	See Infrastructure Delivery Plan and Draft Regulation 123 list
The relationship between CIL and S106 needs clarification. The full list of infrastructure to be funded from CIL is unclear, CIL cannot be used to fund / support general aspirations (only necessary infrastructure)	See infrastructure delivery plan. This sets out more clearly which infrastructure will be funded through which funding mechanisms

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Development demolition costs are a key variable, at £5 per sqft for all retail units they are an underestimate for a major redevelopment such as Fords Foundry. The build costs for supermarkets, superstores and retail parks has been underestimated, it is not stated whether this includes fit out. The viability assessment bases assumptions on supermarkets, superstores and retail parks on a 3000 sqft store. There appears to be no differential for stores of differing sizes and different natures	The CIL viability study has been undertaken in accordance with industry standards and the assumptions made are considered reasonable. Scaling up or down the size of retail will make no difference to the outcome. The build costs are sourced from BCIS and these include fit-out costs.
In setting the hotel CIL rate it appears that only one example has been used –The Wantage Stratford. This is a large hotel and is not typical of the types that might be funded in Warwick and Leamington that could have much higher build costs associated with Listed Buildings.	Not all scenarios can be specifically modelled. The viability study seeks to ensure that overall viability will not be undermined through CIL. Flexibility has therefore be brought in to the Draft Charging Schedule by setting rates substantially below maximum potential.
A hotel may be used as an enabling development to help the refurbishment of 'heritage assets'. Too high a CIL rate may undermine this possibility.	The CIL charging schedule cannot take account of all circumstances. For this reason, the Council has included an exemption where there is an unacceptable impact on the economic viability of a development.
There is concern about the proposed charge for student accommodation. The charge will impede the delivery of sufficient student accommodation over the plan period. If the University delivers its own student accommodation off site this should be CIL exempt.	The CIL viability study indicates that this is not the case
There is confusion regarding zones A and B between para 4.3 and the zoning map caused by typing errors.	This has been clarified in the Draft Charging Schedule
Affordable housing provision should not be squeezed by CIL charges that are set too high.	The proposed Charging rates take account of the Council's policy to seek 40% affordable housing (Policy H2)
Recognition is given for the different rates for strategic sites and that primary and secondary villages should be recognised as strategic.	The differential rates indicates the more extensive on-site infrastructure costs associated with larger greenfield sites including additional on-site requirements such as schools. This is not the case for the village sites none of which are over 150 dwellings in size.
Does not agree that outlying rural areas should pay more in CIL than the major urban centres.	The proposed level for Zone D reflects the viability study

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CIL should not prohibit the development of specialist housing, the proposed CIL rate will threaten the delivery of this element of the Development Plan. A uniformed rate for residential development is not appropriate given the particular costs associated with the delivery of specialist housing(sheltered and other forms).	While sheltered housing/retirement housing schemes have different characteristics (e.g. a higher proportion of communal floorspace than typical schemes), these factors are typically offset by other factors (e.g. premium sales values; higher density resulting from lower car parking provision and flatted development; lower amenity space). At the rates proposed, the Council does not consider that the viability of such schemes would be adversely affected.
Any development CIL charge in the Station Area of Leamington Spa requires special scrutiny to ensure it does not compromise Local Plan policy objectives for this area.	Development in this area will be expected to comply with the CIL Charging Schedule
The CIL charging regime will not possibly be able to fund all the local areas infrastructure requirements.	This is true. It is only one source of infrastructure funding.
CIL should not be used to fund an unrealistic wish list, the funding gap should take account of all available income streams (including CIL).	Agreed. See IDP
CIL should be applied across the district in a uniformed way – the Gateway should not be exempt.	CIL will be applied fairly in accordance with the Charging Schedule. The Gateway is not exempt, although if granted planning permission prior to the introduction of CIL , contributions will be made through Section 106 rather than CIL.
The Council has considered its viability study in advance of its Infrastructure delivery plan	The IDP is an evolving document. However it shows that there is clearly a funding gaps towards which CIL can contribute.
The Council has not set out the different regimes for CIL and S106 to enable developers not to pay the same matter twice. Section 106 matters should be scaled back to only those that must be developed/put in place on site.	The Reg 123 list has been prepared to ensure "double dipping" does not take place.
Charging schedule does not take account of changing requirements for build costs – requirement for Code for Sustainable Homes Level 5 and lifetime homes standards.	This has been taken in to account. However, the policy regarding Code for Sustainable Homes has been amended in the Submission Draft of the Local Plan.
Sales and Marketing requirements are too low at 3% they should be 5%	Acknowledged industry standards have been applied to development costs in the viability study. Sales and marketing budgets of 3% are standard valuation allowances and we consider 5% to be excessive and unsupported by evidence.

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The viability study uses 6% as a profit margin for affordable housing , this is considered too low it should be 20% of gross development Value.	Acknowledged industry standards have been applied to development costs in the viability study. This specific issue has been debated extensively at appeal and the most recent decision (Holsworthy Showground, reference APP/W1145/Q/13/2204429) supports a split profit of 20% on market housing and 6% on affordable. Furthermore, recent CIL examinations (e.g. Bracknell and Wokingham) have regarded 20% profit as "generous".
Charges should differentiate between previously developed land and greenfield	This is reflected in the different rates for strategic and other residential sites.
The draft document does not quantify the infrastructure funding gap	The has been quantified in the IDP
The viability study does not take account of the estimated infrastructure costs associated with the strategic sites in the Local Plan, it appears to be merely an appraisal of current land values.	It is not possible to do a site by site assessment in the viability study The study makes some broad assumptions about this based on experience elsewhere in the Country. These assumptions are cautious.
The variation in the scale of charges is too wide and potentially onerous in zone B.	The viability study indicates that this is not the case
In light of the funding gap the charging schedule should be revisited	It has been revisited and the viability study has been updated. This does not provide sufficient evidence to suggest any amendments are necessary.
The Trilogy site is not identified for residential use and should not be in zone B. It should be in Zone A.	Land values and proximity to the town centre indicate that this site is correctly within Zone B
The basis for review of the charging schedule should be set out / made transparent	The Charging Schedule is based purely on a) The existence of a funding gap b) Development viability
The development costs contingencies is set at 5% it should be 10%.	Acknowledged industry standards have been applied to development costs in the viability study. 5% is a recognised and reasonable allowance for development contingency.
The assumption on the costs of professional fees is too low at 10% , it should be 12"%	Acknowledged industry standards have been applied to development costs in the viability study. Whilst we acknowledge that there is a range of fees, depending on the complexity of each development, developments in the District rarely warrant such a high level of fees.
The schedule does not state how retail uses will be considered in mixed uses schemes. Retail uses can fund associated benefits / improve site viability.	Retail charges will be made on the basis of the Draft Charging Schedule, even in mixed use schemes

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Setting CIL charges too high will not meet the Government requirement to significantly boost the supply of housing.	The CIL rates have been set so as to ensure overall development viability is not undermined.
The Council will have to consider all other streams of funding to meet infrastructure requirements	Agreed. See IDP
Viability assessment suggests £105 persqm for retail superstores, supermarkets and retail parks. Why has this been reduced to £75 sqm in the PDCS??	It is accepted that the evidence indicates that at higher rate could be charged for retail superstores, supermarkets and retail parks. It is therefore proposed to increase the proposed charge rate to £105 per square metre.
Have concerns regarding the five sites considered in the viability study. Blackdown is now not in the RDS.	The sites provide examples only and do not reflect local plan allocations
A developer return of 20% is not considered appropriate in the viability study. In today's market it should be 25%	20% is reasonable and if anything is at the higher end. Some studies assume as low as 15%
Build cost assumptions in the PDCS are considered too low , there should be an allowance for lifetime homes.	Build costs have been reviewed as part of the 2014 study.
Questions are raised about the viability of sites with a 40% affordable housing requirement	40% affordable housing has been assumed in the viability study. So this has been addressed.
When housing supply rises the cost of houses will fall , affecting profits and viability	The CIL rates allows flexibility for changing market conditions by setting the rate significantly below maximum values.