

**Community Infrastructure Levy  
Charging Schedule Examination**

**Key Issues Discussion Paper**

**Issue 1 – Is the charging schedule supported by background documents containing appropriate available evidence?**

**(i) Infrastructure planning evidence**

- (a) *Is the Charging Schedule justified by the **appropriate available evidence**, having regard to the CIL 2010 Regulations (as amended), CIL Guidance (2014), NPPF (the Framework), national Planning Practice Guidance (PPG), the local economic context and infrastructure needs, including in relation to the North Somerset Local Plan (LP) and the North Somerset Infrastructure Delivery Plan (IDP)? Is it consistent with the advice in the Harman Report?*
- (b) *The main **infrastructure needs** that the Council intends to fund through the Levy are contained in the Regulation 123 List. Should this list be lengthened in response to several requests from representations?*
- (c) *The **funding gap** for North Somerset is shown in the June 2016 IDP Update, which shows a cost estimate of £892.7 million, with an indicative cumulative gap of £586.5 million, presumably over the remainder of the Core Strategy period (to 2026). Would the proposed CIL charge make a significant contribution towards filling the likely funding gap? Can the Council point to other funding sources which will make good or at least significantly reduce this funding gap, for example New Homes Bonus, remaining Section 106 receipts, and any other relevant considerations?*
- (d) *Would the proposed CIL rates result in a significantly higher **overall charge for each new house**, once account is taken of the revised approach to S106 (and S278 highways) agreements that will apply once CIL is adopted?*
- (e) *Do the figures demonstrate the **need to levy CIL**?*

**(ii) Economic viability evidence**

Is the **CIL Viability Study** (VS) and the **methodology** it uses, robust and suitable for the purpose of setting an effective CIL charging rate for North Somerset? In particular:

- (a) *Is the standard **residual valuation approach** used in the VS appropriate?*
- (b) *Are the **assumptions used** for the range of factors included in the VS, such as benchmark land values, building costs, infrastructure costs, Code for Sustainable Homes (or Building Regulations equivalent) and profit levels, in addition to the percentage of affordable housing (AH) provision, reasonable?*
- (c) *How effectively has the VS methodology adapted itself to '**real world**' conditions in North Somerset? [For example, how effectively does it*

*pick up on relevant local data on existing land values; likely sales prices based on a range of sites across the area; housing densities; and gross to net ratios?]*

- (d) *Is the **sampling**, both in its size and range, sufficient to ensure a robust VS? Does the VS reflect the advice of the PPG (ID 25-019-20140612) to sample an appropriate range of sites reflecting a selection of the different types of site included in the Local Plan?*
- (e) *How realistic is the **sensitivity testing** in the VS, for example in relation to alternative AH targets and tenure splits, and higher and lower sales values and build costs?*
- (f) *In the **changed economic circumstances** since the latest Viability Study was published in [July 2015], is there now a case for extending the categories of development which are subject to CIL in North Somerset, for example in employment areas, hotels, and leisure?*
- (g) *Is the **CIL zoning map** appropriate, or does it result in anomalies and a perception of unfairness?*
- (h) *Has an allowance been made for a '**viability buffer**' within the modelling? Should this be applied across all typologies, and what should it be?*
- (i) *Should an allowance be made for **abnormal costs**?*
- (j) *Are there any other relevant viability considerations?*

**(iii) Conclusion**

*Is the draft charging schedule supported by detailed evidence of community infrastructure needs? Is the evidence which has been used to inform the charging schedule robust, proportionate and appropriate?*

**Issue 2 – Is the residential charging rate informed by and consistent with the evidence?**

- (i) *Is the **rate for residential development** (£0 psm within Weston town centre and gateway; £40 psm in outer Weston; and £80 in the rest of the District) reasonable and realistic in relation to achieving an appropriate balance between helping to fund new infrastructure and the potential impacts on economic viability? Should the rate for the rest of the District be based on a density of 30 dph rather than a range of 30-50 dph as some respondents suggest?*
- (ii) *In the light of the representations from the specialist housing sector, should **specialist housing for older people** be subject to the same charging levy as the rest of class C3 residential?*
- (iii) *Are the viability implications for **strategic sites/urban extensions** (say, 500 dwellings and above) different to those of smaller sites? The Council states that it is probable that further strategic sites will come forward (presumably within the life of the CIL) and several respondents consider that this should be anticipated in the CIL, principally on the grounds that the application of a positive rate of CIL has the potential to cause significant site delivery issues. Based on these considerations, should the CIL set out a clear approach to future strategic sites?*

- (iv) What is the justification for reducing the percentage of **affordable housing** (AH) on sites of from 30%, which is policy compliant, to 20%? In view of the broadening of the definition of AH, is there a case for updating the VS to consider its impact?

### **Issue 3 – Levy rates for other uses**

- (i) Are the **rates for the other uses** listed in the schedule reasonable and realistic in relation to an appropriate balance between helping to fund new infrastructure and the potential impacts on economic viability?
- (ii) Is there sufficient evidence to demonstrate that a **zero charge is appropriate in relation to all uses other than housing, retail, student accommodation and care homes?** (Many CILs cover uses such as offices, research and development and light industry (Use Classes B1a, b and c); general industry (Use Class B2); storage and distribution education (Use Class B8); hotels and guest houses (Use Class C1). For example, is the Council confident that all the necessary increased water supply and waste water treatment capacity can be secured through S106 Agreements or other means?
- (iii) In relation to **retail development**, is there sufficient evidence to justify a differential rate between large scale retail development (£120 per square metre for more than 280 sm net sales area) and small scale retail development (£ 60 psm for less than 280 sm net sales area), based on reasonable assumptions about development values and likely costs?
- (iv) In relation to purpose-built **student accommodation**/halls of residence, is there sufficient evidence to justify a rate of £40 psm, based on reasonable assumptions about development values and likely costs?
- (v) In relation to **care homes** (C2) (residential accommodation and care to people in need of care), is there sufficient evidence to justify a rate of £40 psm, based on reasonable assumptions about development values and likely costs?

### **Issue 4 Does the evidence demonstrate that the proposed charge rate would not put the overall development of the area at serious risk?**

- (i) Has the **appropriate balance** been struck in the following key areas:
- (a) An appropriate balance between **maximising revenue** to invest in infrastructure as against the need to minimise the impact of **development viability**, including in relation to cumulative impacts; and
- (b) An appropriate balance between prioritising **infrastructure funding** and **affordable housing** provision?
- (ii) **Development at risk:** Is it the case that only if development sales values are at the lowest end of the predicted spectrum would the development in some parts of the District be at risk?

### **Issue 5 – Other matters**

- (i) Should there be a commitment to a review of the CIL and a suggested timescale?

- (ii) *Should the Council specify what criteria would be used to determine whether **exceptional circumstances** are appropriate?*
- (iii) *Should the Council formulate a policy covering **instalment rates**, and if so, what criteria should be included?*
- (iv) *Is the proportion of CIL expenditure **allocated to the Parish Councils** at the appropriate level, bearing in mind the corporate and spatial priorities of the Council?*
- (v) *In terms of the overall costs of the scheme, broadly what would be the **impact of CIL** in percentage terms for the various land uses?*
- (vi) *Are the monitoring arrangements appropriate?*

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30 December 2016