

MF7: Note on the Corby CIL Report regarding C2 housing and examples of providers avoiding areas with a positive CIL charge

(i) Corby CIL Report

1.1 Alongside the neighbouring Local Planning Authorities of the North Northamptonshire Joint Planning Unit (JPU), Corby Borough Council consulted on an initial Preliminary Draft Charging Schedule (PDCS) in November 2012. Following a telephone discussion with a planning policy officer, the Borough Council has decided that it will not be proceeding with implementing CIL.

1.2 For the purposes of clarity, it is important to highlight that the PDCS set an initial charge of £150 per square metre for 'Residential development (C2-4)' in selected areas, and £50 per square metre elsewhere in the Borough.

1.3 As part of the evidence used to formulate the charges in the PDCS, the Borough Council employed BNP Paribas to prepare a Viability Study, which was published in October 2012. Within its Executive Summary, the study recommends to the Council that care homes, extra care housing and other residential institutions *"are unlikely to be sufficiently viable to absorb any CIL contributions"*.

1.4 At Paragraphs 6.34 to 6.38, the Study sets out the implications of charging CIL for care homes and other residential institutions. They are the only references towards care homes and other residential institutions throughout the whole assessment, the key headlines include:

- *"Although Extra Care Housing falls within Class C3 in the Use Classes Order, it is recognised that it has a significantly different viability considerations to standard residential dwellings (or even standard care homes). These arise due to the lower gross to net ratio of developments (due to the need for communal facilities), and the additional time that it takes to sell the accommodation due to the restricted market for that type of unit."* (Paragraph 6.35)
- *"In our experience, Extra Care Housing Schemes have gross to net floorspace ratios of between 55% and 60% due to the additional communal areas"*. (Paragraph 6.36)
- *"It is therefore considered that the viability of Extra Care Housing is very different from standard C3 housing and care homes, and our calculations show that they would be unable to absorb a CIL tariff"*. (Paragraph 6.37)

- *“Our appraisals of retirement housing (i.e. a McCarthy and Stone type development, where residents have their own flat or house and buy in additional services and support as required) indicate that such developments are unlikely to generate positive residual land values. Our appraisals assume a 70% gross to net ratio, accounting for additional common areas required in such developments. This factor, along with a slower sales rate, combine to adversely affect viability”. (Paragraph 6.38)*

1.5 In circumstances that are similar to North Somerset’s CIL, we note that the Viability Study did not assess any schemes constituting a C2 use. As a result, the CIL charge towards C2 development in Corby was also founded on insufficient evidence. Although the Council ignored the advice of the Viability Study, the CIL process was halted by the Council at an early stage of its preparation.

1.6 Throughout our representations on CIL Charging Schedules in the South West, the above comments have been a critical insight into what figures and inputs are involved within setting a CIL rate for C2 development. Tetlow King Planning seeks to ensure that CIL charges towards residential development and C2 development are founded on *“robust”* evidence, in line with the requirements of the PPG.

(ii) Examples of providers avoiding areas with a positive CIL charge

1.7 In relation to examples where providers have avoided areas with a positive CIL charge for C2 housing, we note that there have been circumstances in the Wiltshire Local Planning Authority where the variable rates towards C2 development have generated challenging discussions with clients.

1.8 One particular case in point was where a client was looking to deliver a C2 scheme in Bradford-on-Avon. During the preparation of the planning application the Council introduced its CIL Charging Schedule. Later that year, and further down the preparation process; progress towards submission had stalled. The Council’s CIL charge towards C2 development was a contributing factor towards the postponement of the application.

1.9 Prior to the implementation of the Council’s CIL in May 2015, Tetlow King Planning had been dealing with several care and extra care developments in terms of promoting and applying for planning permission. However since the introduction of the Charging Schedule, we have not undertaken any work on care developments other than the Bradford-on-Avon case in Wiltshire. We have had inquiries and carried out appraisals but none have come to fruition and we take the view that the CIL charge is a contributing factor.