North Somerset Council Community Infrastructure Levy (CIL) Charging Schedule

NORTH SOMERSET COUNCIL RESPONSE TO SUBMISSION MF3: Strategic site note by Savills on behalf of Barratt Homes, Linden Homes, Redrow Homes and Taylor Wimpey

24th March 2017

Summary

North Somerset Council disagrees strongly with the arguments made by Savills and has serious questions about the information on which their assertions are based.

Key issues are:

- The submission presents information in relation to sites of 200 – 500 dwellings, but then argues that a nil rate should be applied to sites of 100+ dwellings. This is inconsistent and without evidence.

- NSC has presented viability scenario tests showing development viability for sites of both 100 dwellings and 500 dwellings. The latter was updated as part of submission E10, building in increased assumptions suggested by Savills (increased gross: net ratios and increased infrastructure costs). For completeness as part of this submission we now provide the results of an additional ‘worst-case’ test of 100 dwellings assuming 25% additional land-take. All sets of testing demonstrate that the proposed CIL rates are affordable, and indeed that in Zone C rates could potentially be increased without adverse effect. There is no reason therefore to suppose that the ‘101 – 499’ dwelling range of site sizes if tested would result in non-viability outside of this trend of existing results.

- NSC questions the validity of some of the information presented by Savills, particularly in relation to ‘site opening costs’, which are inconsistent with data for the same time period submitted by Savills to examinations elsewhere. We remain wary in any case of examining individual variables in isolation, when overall it is the totality of values vs. costs that is important.

- Additionally, throughout their submissions, Savills have used information about historic S106 contributions as an indication of costs going forward, ignoring the reductions that would result once a CIL is in place. This is particularly significant in relation to sites of 100 – 500 dwellings, as Savills indicate an average £8k per dwelling residual S106. Based on NSC’s Regulation 123 List division of CIL and S106, NSC has already demonstrated that the residual amount of S106 for sites in this size range would be likely to be closer to £2,500/dwelling, beneath the contingency in DSP testing and leaving more than adequate scope for CIL charges alongside.

- The ‘balance’ of the approach proposed by Savills is no sense a balance and fails to meet the requirements of the regulations. It focuses almost exclusively on an alleged impact on site viability, supported by very little local evidence, no worked-through testing and almost no regard to infrastructure delivery. At no point have Savills attempted to address the very real and practical problems faced by NSC in relation to the pooling regulations and other restrictions on S106 obligations. The logical consequence of Savills’ arguments, taken to their potential ultimate conclusion, is that developments would provide for infrastructure only on their own site, without regard to wider mitigation of impacts or the need for infrastructure to support further development and growth. This is clearly not a desirable or sustainable prospect.
Additional viability testing and commentary

Submission E10 provided scenario testing of 500 dwellings taking account of assumptions argued by Savills. This was in addition to the extensive testing of other scenarios throughout the CIL process.

DSP’s commentary on MF3 and a further test of a 100 dwelling scenario incorporating an additional 25% land take in line with Savills’ assumptions is attached at Appendix A. The results can be found in paragraphs 15 and 16 of that document.

These tests – as with previous scenarios – should not be viewed as an acceptance of the proposals put forward by Savills. In particular, a 25% additional land take for a site of 100 dwellings would seem unusual and unlikely. They have been included only for completeness and to demonstrate the hypothetical impacts of ‘worst-case’ scenarios.

As expected, the results show that the increased land take has an impact on viability, but that both produce land values in excess or well in excess of likely required greenfield land value enhancement levels and allow for “buffering” if in fact the land value expectations/requirements are higher than assumed or other unforeseen circumstances arise.

Detailed response to points raised by Savills

Points made in italics provide a summary of Savills’ comments.

1. Introduction

There is no agreed general definition of ‘strategic sites’ in relation to CIL. Therefore this submission refers to ‘larger’ sites.

NSC agrees that there is no standard definition of strategic sites. Most nil rates set for strategic sites are based on a specified location informed by knowledge of expected site costs, land values, abnormals etc. In the absence of such information about JSP sites, NSC has previously resisted a differential rate.

However if a differential rate is to be set, then a clear definition and reasoning is required. NSC has proposed a definition and reasoning in submission ref MF5.

The use of the phrase ‘larger sites’ is not helpful, as in planning terms a ‘large site’ can mean anything from 10 dwellings upwards.

Viability considerations are materially different in respect to larger sites and there is a threshold at which infrastructure associated with these sites is more appropriately secured through bespoke S106/S278 agreements. This is due to the flexibility of S106/S278 and allows for delivery to be secured to appropriate triggers.

We agree that S106/278 agreements can provide flexibility, but this can be a disadvantage as well as an advantage from the perspective of local authorities and site and infrastructure delivery. One of the main benefits cited by government in introducing CIL was that it would bring greater certainty to the various parties involved in development (councils, communities, developers, landholders), including that it could be taken into account in land negotiations. This would be lost if switching back entirely to S106.

We agree that control over the timing of delivery and the ability to benefit from works-in-kind are an advantage of S106. For this reason our rates from the start have sought to avoid an excessive
fixed CIL, so as to enable flexibility where required, and we have proposed further reductions for strategic sites in paper MF5. This is not without caveats however – we have struggled greatly in some areas where infrastructure from a site has failed to be delivered at the expected point in time due to a slowdown in build-rates – particularly in relation to schools, which have to be delivered to open for the start of a school year. Neither S106 nor CIL in isolation are without problems.

Savills in promoting a nil-CIL rate have not in any way attempted to address the limitations of S106 agreements, including the impact of pooling regulations and the increasingly stringent tests for obligations. Our proposal of a mix of CIL and S106 would allow for a more balanced approach.

A range of larger sites may come forward through the Site Allocations Plan, windfall sites and development under paragraph 49 of the NPPF. The JSP is also progressing. The proposed CIL rates could impact on the delivery of these larger sites.

Rates have been tested across the area and shown to be viable, they should not prejudice delivery of larger sites, whether allocated or otherwise.

Particularly with sites coming forward through the JSP and other subsequent policies, land transactions would be expected to take account of CIL charges. As per national objectives, this would assist negotiation and delivery as there would be certainty in relation to the expected contributions.

Savills’ premise is that a loss of CIL from larger sites would have no impact on development delivery. This is clearly not the case, as S106 agreements are not suitable for all mitigation, particularly for infrastructure serving a wider development area. Examples would include areas such as Yatton and Nailsea, where large numbers of dwellings are coming forward through individual sites of 100 – 450 dwellings. None of these sites are in themselves sufficient to require delivery, for example, of a primary school, but collectively they require the investment. Both areas have more than five separate sites coming forward, therefore the pooled use of S106 is not feasible and for shared infrastructure CIL is the only reasonable option for delivery.

2. Viability considerations: differentiating larger development sites

a) Gross: net ratios

Savills suggest the following ratios:

<table>
<thead>
<tr>
<th>Site size</th>
<th>Site coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 0.4 hectares</td>
<td>100% net to gross ratio</td>
</tr>
<tr>
<td>0.4 – 2 hectares</td>
<td>75 – 90% net to gross ratio</td>
</tr>
<tr>
<td>Over 2 hectares</td>
<td>50 – 75% net to gross ratio</td>
</tr>
</tbody>
</table>

A reduced net to gross ratio has a corresponding impact on land costs, therefore the larger sites will face greater costs. For example with 100 dwellings the costs might be increased by 24.8%.

The URBED figures are valid as an indication of potential net to gross ratios, but in practice we would expect ratios to vary from site to site depending on circumstances. The original report from which the data is clear that the information is not definitive, stating that:

“The ratios … are derived from work carried out by URBED and Llewellyn Davies and are illustrative of how such an approach might work. The ratios selected in capacity work should be drawn up in the light of the local context.”
The report dates from 1999 and may be out of step with recent government pressure to increase densities.

That said, NSC does not have a fundamental problem with the suggested figures. DSP’s initial testing assumed an additional 10% non-developable land for sites of less than 500 dwellings, and 36% on sites of 500+. These are within the range suggested above. More recent testing of the ‘worst-case’ scenarios for 500 dwellings and 100 dwellings have demonstrated continued strong viability in Zone C, with weaker but still viable results in Zone B, particularly at the new lower rates proposed for strategic sites.

Where sites are at the lower end of net to gross ratios (i.e. where a large proportion of the site is non-developable), we would normally expect this to be accounted for in a lower land price, as it would generally indicate that the site is for some reason subject to high abnormals, for example flooding that requires extensive on-site drainage solutions.

b) Infrastructure costs

_The Harman report suggests an allowance of £17 – 23k per dwelling for larger sites for ‘strategic infrastructure and utility costs’. Indexed using BCIS this would equate to £21,287 - £28,801 per dwelling._

_NSC evidence does not consider the point at which infrastructure costs increase above the £4k/dwellings allowance, but in the 500 dwelling test from 2012 uses £22,855 per dwelling ‘externals and infrastructure’, £2,147 ‘open space’ and £10,000 per unit residual S106 allowance. This indicates agreement between NSC and Savills that a 500 unit scheme is subject to materially different viability considerations._

_A table is provided showing evidence collated by Savills of costs for infrastructure and site works on schemes of 200 – 500 units. This shows an average of £16,359 for scheme enabling and abnormals, £7,945 for S106 and a total of £24,546 per dwellings._

We acknowledge the potential differences in site size and included an allowance of £25k per dwelling for infrastructure and site works in our scenario testing of a 500 dwelling scheme. Although we have serious reservations about the figures presented by Savills (see comments below), the DSP allowances are in any case in the middle of the range of £21 - £28k proposed by Savills and show additional headroom for upwards of £10k/dwelling S106/other costs, giving a total of £35k/dwelling.

The Harman report does not specify a threshold for ‘larger scale schemes’. However we would not expect the results of sites of 101 – 499 dwellings to be any different or less viable than the results of the 500 dwelling testing, as the costs and values have been input into the scenarios as per dwelling or per sqm figures and we have not assumed any efficiencies of scale or increases in sales values on 500+ dwellings sites.

Comments on Table 3

In table 3, Savills present a table of infrastructure/site costs relating to sites of 200 – 500 dwellings.

This table can at best be used only to illustrate the _range_ of costs that _might_ apply. It cannot in any way be used to provide an ‘average’ as is claimed. There are a number of reasons:

- A similar table was submitted to the Torbay examination, available at [http://www.torbay.gov.uk/media/8070/opening_up_costs_of_strategic_sites_a_weeks.pdf](http://www.torbay.gov.uk/media/8070/opening_up_costs_of_strategic_sites_a_weeks.pdf). The Torbay list included a number of additional sites, but excluded the two (very expensive)
Cherwell developments. It concluded that the “average” cost for total site works on sites of 200 – 500 dwellings was £20,441, which is £4,095 per dwellings less than the figure suggested in the submission to the NSC examination. Given that both tables covered the same time period (Q4 2015 – Q2 2016) it is not clear why the figures have changed.

- The table shows a significant range in the figures that could apply, ranging from £5,116 per dwelling to £48,300 – these figures are not necessarily those that would be relevant to North Somerset and will reflect local circumstances at those locations and the viability of the different developments. We have no idea of the characteristics of the sites listed, for example whether they are brownfield/greenfield, urban/rural or subject to significant abnormals. In particular, a site with costs of £48k/dwelling must expect some fairly exceptional sales values in order to remain viable. NSC is required to set rates that are affordable for the majority of development; we cannot and are not expected to plan for every eventuality.

- In totalling and averaging the numbers, Savills have added up the total costs, then divided by the number of sites, not the actual number of dwellings. Given that the sites are said to range from 200 – 500 in number, then if the more expensive sites have fewer dwellings and the cheaper sites more dwellings or vice-versa, then the results will differ. Our rough calculations indicate that that the genuine average per dwelling could vary by around £5k per dwelling either higher or lower than the Savills figure.

- We also question whether abnormals should be included, as these are normally accounted for to at least some extent in land values and are highly site and scheme specific.

Perhaps most importantly, Savills have calculated the ‘total site works’ figure by adding together the ‘scheme enabling and abnormals’ with the ‘scheme mitigation (S106)’. The S106 element, which makes up just under £8k of the total within their ‘average’ figure, should be ignored here. Firstly, it would not normally be considered to be part of ‘infrastructure costs’ and to include it as such represents double-counting. DSP have in fact in their testing of 500+ dwelling sites allowed £25,000 per dwelling infrastructure costs plus show headroom for more than £10,000 per dwelling S106, giving a total allowance of £35,000 which is well in excess of the Savills figures. Secondly, the table does not give any indication as to whether CIL applied to the sites that are listed. If a CIL is in place, it would normally be the case that S106 would reduce. Certainly if NSC’s Regulation 123 List is looked at for non-strategic sites, the residual S106 would be expected to be significantly less than the suggested £8,000 per dwelling.

At best, once S106 is excluded, Savills figures show a range of £3k - £34k per dwelling site infrastructure costs, with a mid-point of around £17k.

DSP’s use of £25k per dwelling is higher than suggested by Savills, but still demonstrates viable results. It therefore adds a further elements of contingency or ‘buffer’ in our setting of rates. As above, although tested on 500+ dwelling sites, the results would also apply to smaller developments.

c) S106/S278 residual allowance

*Draw attention to the S106 costs in their Table 3 and reserve the right to comment further on S106/278 matters following review of NSC’s additional submissions.*

As before, we believe that the information in Table 3 is flawed and provides at best only an indication of a range of rates.
NSC has a range of larger emerging site allocations which are subject to a range of S106 infrastructure costs, including education, sports field provision, health centre facilities, a local shop unit etc.

The most significant flaw in Savills assertions about S106 is that the historic figures they cite cannot be projected forward, as CIL will replace much of S106.

They also ignore the division of infrastructure costs between CIL and S106 set out in our Regulation 123 List, which places most costs into the CIL category. The comment therefore about sites coming forward subject to costs such as education, sports fields and health practices is wholly misleading and irrelevant, as these items have always been listed as to be funded through CIL. The recent changes proposed to the Regulation 123 List for sites of 500+ dwellings do not affect sites of 100 – 499 dwellings so would not increase requirements.

DSP in testing viability and CIL rates have allowed a residual allowance of £3k per dwelling on sites of up to 500 dwellings, and £10k on sites of 500+.

On pages 5 – 6 of NSC’s Hearing Statement E4 we provided an indicative estimate of the S106 that would remain for a future 150 dwelling site scenario subject to CIL, based on the expected split of CIL and S106 set out in our Regulation 123 List. This showed an estimate of around £2,500/dwelling residual S106 costs, comfortably within the £3,000/dwelling allowance from DSP.

As shown in submission MF1, we would not normally expect this to be greatly supplemented with Section 278 costs.

Additional comments on 500+ schemes

As we have already drawn attention to the list of sites submitted for the Torbay examination, we anticipate it may be worth commenting on the information provided in that list in relation to sites of 500+ dwellings. These “average” figures are very much subject to the same flaws described above in relation to 200 – 500 dwelling sites, but for ease of reference we copy them here:

<table>
<thead>
<tr>
<th>Site size</th>
<th>Scheme enabling &amp; abnormalities</th>
<th>Scheme mitigation (S106)</th>
</tr>
</thead>
<tbody>
<tr>
<td>200 – 500 units</td>
<td>£14,819</td>
<td>£5,622</td>
</tr>
<tr>
<td>501 – 1000 units [note: only two sites sampled]</td>
<td>£23,888</td>
<td>£14,170</td>
</tr>
<tr>
<td>1000+ units</td>
<td>£20,624</td>
<td>£16,664</td>
</tr>
<tr>
<td>Overall</td>
<td>£17,069</td>
<td>£9,252</td>
</tr>
</tbody>
</table>

We have not included the column that totalled the enabling costs and scheme mitigation, for the reason explained above that we believe conflating the two is incorrect.

Rather than showing that sites of 200 – 500 dwellings would face the same costs as sites of 500+, if anything this indicates that the costs would be significantly less for the smaller sites, undermining the arguments for a nil-rate charge to be applied.

We would question again as well whether the S106 going forward would be similar to the historic figures provided by Savills. Whilst on sites of 500+ we would expect a higher residual S106 to apply than on smaller sites – particularly in the light of the recent changes to our Regulation 123 List – we would still anticipate figures that if anything are below the £10k/dwelling headroom from DSP.
The following provides an indicative analysis of residual S106 for 500 dwellings based on actual costs in recent S106 agreements for current strategic sites, showing the elements that remain under S106 under our newly revised Regulation 123 List:

<table>
<thead>
<tr>
<th>Items remaining in S106</th>
<th>Cost per dwelling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Flood Solution</td>
<td>£2,000</td>
</tr>
<tr>
<td>Bus services &amp; sustainable travel-related measures</td>
<td>£230</td>
</tr>
<tr>
<td>Early years/pre-school: delivery through provision of land &amp; marketing for community/commercial delivery</td>
<td>N/a</td>
</tr>
<tr>
<td>Primary schools (developer delivery)</td>
<td>£4,348</td>
</tr>
<tr>
<td>On-site community halls, parks and sports facilities/pitches</td>
<td>£362</td>
</tr>
<tr>
<td>Commuted sums for maintenance of on-site community facilities</td>
<td>£129</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£7,069</strong></td>
</tr>
</tbody>
</table>

Elements now provided for under CIL:
- Off-site highways improvements.
- Secondary education.
- Special Educational Needs & Disabilities (SEND).
- Community capacity & youth.
- Off-site contributions to leisure & libraries.
- Health practice.

The absolute value of contributions could further depend on size (and a range of other factors) beyond 500 dwellings, but would be expected to be similar to these per dwellings rates. It would be highly unusual for example that we would expect full primary school delivery from a site of 500 homes (certainly not a £6m 420 place school), rather we might expect land plus a partial financial contribution, to be pooled with others nearby – however for a site of 1000+ dwellings we might start to expect full delivery.

3. **Striking the balance – larger development sites**

*Intention is to ensure that levy strikes the appropriate balance between the desirability of infrastructure funding and the impacts on the economic viability of development.*

NSC agrees this is the requirement, but the approach by Savills is focussed excessively on economic viability and fails to address the need for infrastructure funding. They fail to state how the funding gap created by the loss of CIL would be addressed, or to attempt to answer how NSC would be able to continue to deliver off-site infrastructure within the constraints of regulations on S106.

NSC’s proposal for a mixture of CIL and S106 provides a more flexible, sustainable and balanced approach.

*The evidence base does not provide sufficient evidence to justify the proposed CIL rate on larger development sites, which will come forward in the short-term. However do not wish to delay examination further with additional testing.*

NSC and DSP have provided substantial evidence to justify the proposed rates. However as set out in this and previous submissions we have responded to the comments made by carrying out additional testing which has shown continued development viability and affordability of rates, even accounting for amended inputs suggested by Savills.

For the avoidance of doubt, the following sets out the extensive range of scenarios that have been modelled in relation to C3 residential developments:
<table>
<thead>
<tr>
<th>Dwelling numbers</th>
<th>Included in 2012 testing? (docs A7 – A10)</th>
<th>Updated in 2016 review? (docs C5 – C7 or as stated)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Yes</td>
<td>Yes</td>
<td>Weston Town Centre only (sensitivity testing of flats).</td>
</tr>
<tr>
<td>10</td>
<td>Yes</td>
<td>Yes</td>
<td>Weston Town Centre only (sensitivity testing of flats).</td>
</tr>
<tr>
<td>15</td>
<td>No</td>
<td>Yes</td>
<td>Weston Town Centre only (sensitivity testing of flats).</td>
</tr>
<tr>
<td>25</td>
<td>Yes</td>
<td>Yes</td>
<td>Sheltered housing and extra care scenario testing.</td>
</tr>
<tr>
<td>30</td>
<td>No</td>
<td>Yes</td>
<td>Weston Town Centre only (sensitivity testing of flats).</td>
</tr>
<tr>
<td>80</td>
<td>No</td>
<td>Yes</td>
<td>Weston Town Centre only (sensitivity testing of flats).</td>
</tr>
<tr>
<td>100</td>
<td>Yes</td>
<td>Yes (doc E4)</td>
<td>Additional sensitivity testing carried out for: 1) Densities of 30, 40 &amp; 50dph (E4). 2) Increased gross: net (25% additional land vs. original 10% testing) (Appendix A).</td>
</tr>
<tr>
<td>500</td>
<td>Yes</td>
<td>Yes (doc MF5)</td>
<td>Land-take, infrastructure and S106 assumptions in excess of Savills proposals. Additional sensitivity testing carried out for CIL increases of £10 increments (MF5).</td>
</tr>
</tbody>
</table>

The above have been tested for both greenfield and previously developed sites, with additional sensitivity testing in some cases for different affordable housing tenures (social rent/affordable rent/starter homes – although it is important to stress that in setting rates we have assumed full policy compliance) and with additional detailed work carried out in relation to the Weston boundaries between zones A and B.

**The evidence on sites of 200 – 500 unit sites identifies that these are subject to specific viability considerations that are not considered within the Council’s evidence. Suggest that sites between 100 – 200 units would also be subject to increased costs. This is supported by wider concerns about net: gross land take, promotional costs, abnormals etc raised previously.**

The figures provided in Savills’ submissions at best show that sites are very varied in their requirements and costs. They fail to sustain a rationale for treating sites of 200 – 500 dwellings in the same way as 500+ dwellings, particularly when the information is viewed alongside the submissions by Savills to the Torbay examination,

Savills’ submissions fail to recognise that S106 costs will reduce once the CIL is introduced. NSC’s analysis above indicates that under the revised Regulation 123 List, the residual S106 typically likely for sites of 200 – 500 dwellings will be very much less than that for which sites of 500+ dwellings are liable.

The points made about wider concerns on promotional costs, abnormals etc have been addressed in previous submissions and are not accepted by NSC.
A differential rate should be based on site size rather than location and a nil rate for sites of over 100 dwellings is proposed.

This would not compromise the delivery of infrastructure, with S106/278 agreements able to secure the necessary mitigation.

The figures submitted by Savills relate to sites of 200 – 500 dwellings and it is unclear why then a nil rate for sites of 100+ dwellings is proposed. NSC has throughout the CIL process provided testing for sites of 100 dwellings showing that rates are viable, including through a new test of increased land-take assumptions attached to this e-mail.

A nil rate from sites of 100+ dwellings would have a very significant impact on NSC’s ability to deliver infrastructure. Page 4 of our submission indicates that NSC an estimated £9m of the total projected £11m CIL income over the plan period is from large sites. Removing those that are allocated for more than 100 dwellings leaves a total projected income of £1.5m from large sites – a reduction of over £7m.

The number of sites likely to come forward above the 100 dwelling threshold will not result in any significant administrative implications for North Somerset, as S106/278 will already be required for these sites. However they are critical to meeting the housing requirement.

This is not an issue that has been raised as a concern by NSC, although it will not always be the case that any S106 is required for sites of 100+ dwellings, other than affordable housing.

The balance of the desirability of securing infrastructure via CIL and the potential effects of the levy on larger development sites renders the application of a site size threshold the most appropriate response.

A nil rate for 200 – 500 dwellings is not agreed by NSC. The information provided by Savills is weak and based on flawed assumptions, failing to demonstrate any negative effect of our proposed CIL rates on sites of this size.

Our testing shows that sites remain viable, even if Savills’ assumptions are taken into account. Consequently there is no rationale for lower CIL rates on sites of this size.

The key variable accepted that is of relevance in setting a site threshold for rates is the balance of S106 and CIL, taking into account the suitability of each mechanism for different requirements. Our revised Regulation 123 List proposes a greater reliance on S106 for sites of 500+ dwellings (estimated above at c. £7k/dwellings), but continues to show most infrastructure on site of less than 500 dwellings being delivered through CIL (with a residual S106 of around £2.5k/dwelling). The 500 dwelling site size is therefore an appropriate threshold for a lower CIL rate.
DSP response notes for NSC re Savills ‘Strategic Site Note’ (for Barratt, Linden, Redrow & Taylor Wimpey) MF3
(22.03.2017)

1. First, we reiterate that it is important for the Examination to consider the relevant basis for CIL charge setting – i.e. to support the Plan that is in place by contributing to infrastructure provision to accompany and facilitate the identified development. We wish to remind the examiner of this, with reference for example to the recent Horsham CIL Examiner’s Report (detail not reiterated here). In our view, this key point should negate the need to consider the viability of strategic sites at this juncture, given the delivery stage reached.

2. Nevertheless, as per recent submissions, we have been requested to revisit the viability points as advanced by Savills on behalf of its client group; noting again that the Council is not being asked to address any similar representations from other parties from the wide range of active development interests in North Somerset. This perspective is important in the Council’s view.

3. So, with reference to Savills’ MF3 note, it is agreed that there is no general or national definition of a ‘strategic site’, but if there is a level at which a site may be more likely to have strategic development characteristics, we consider this to be 500+ dwellings rather than a lower number. The Council’s approach is consistent with this, as per its reference to within its 2016 Development Contributions SPD that a ‘Strategic Development Area’ (SDA) will be ‘where the total number of new dwellings will exceed 500 or where otherwise the Council feels that the development has an exceptional impact on the local area.’

4. It is not clear whether the Savills submission regards strategic sites as commencing at 200 dwellings or whether their notion is of a sub-strategic layer of sites that are in some way necessarily different to either or both those above and below the 200-500 bracket. Having found positive viability outcomes from both our 100 and 500 dwellings scenarios (with appropriately varied site works and infrastructure costs assumptions used for each), it is not necessary to consider points in between unless it is considered somehow that the viability of housing estate or mixed housing type development deteriorates between these points; not an effect we observe in any of our studies. In any event, the submission offers information and opinions, rather indirect in nature, relating to ‘larger’ sites in that range (200 to 500) and yet concludes by suggesting that above a threshold of 100 dwellings there should be no CIL payments. We cannot see how in any way a notional CIL threshold at 100 dwellings ‘responds directly to the evidence’ Savills provide.

5. Not only does the submission fail to provide anything that might be regarded as evidence, but it therefore appears contradictory. At DSP we have never encountered any such claim regarding a 100 or even 200 dwellings threshold in our long involvement with CIL, undertaking viability assessments and advising local authorities since its inception. A CIL would not be able to make any significant level of contribution towards infrastructure needs in most locations if this were the case – prospective charging authorities would not be able to strike the appropriate balance they are required to. CIL would not function effectively and s.106 would not be able to bridge the gap under the current regulations. Such an approach would appear directly at odds also with the potential ‘LIT’ type proposals recently advanced by the Government’s CIL Review Panel. We cannot see that the proposal has any sound basis whatsoever, developed as it is here based on reference to some illustrative information extracted from a 1999 report on considering urban capacity assessments (Table 1) and a list of summary infrastructure and s.106 averages from widespread sites (Table 3), for which no detail is provided on dwelling numbers, site and development type, affordable housing content, CIL applicable, level of abnormals etc.

6. The Table 3 information is not local, incorrectly relies on an average of averages rather than analysing the information in a reliable £ per dwelling manner; and does not in any way inform the North Somerset scenario. It cannot be regarded as evidence that is appropriate to support this CIL charging schedule in preference to the Council’s locally aligned viability assessments and recent and current experience of site specific delivery here. At
best it may provide some general indications from elsewhere that sites of 200 – 500 dwellings, in some form, have required between approximately £3,200 and £33,900 per dwelling on Infrastructure / Site Works (and importantly, abnormalities, again which are not separated out and can be highly variable and site specific) and between approximately £1,500 and £18,600 on s.106.

7. It is unclear to what degree the Savills Table 3 ‘Scheme Enabling and Abnormals’ costs are influenced by abnormal costs. These are highly site and scheme specific and may be influencing the stated figures by greatly varying degrees – we cannot tell. It is not a regular strategic viability assessment approach to include for some level of standard abnormalities, a point made previously. Therefore it is not appropriate to potentially artificially restrict the CIL or other planning contributions / obligations scope by allowing for these, and of course viewed in the context put forward the site-specific factors affecting potential but not fixed future / effective windfall developments cannot be known. Any influence on assumptions arising from including site specific abnormalities related to other sites from different areas (as above, with all details unknown) should be disregarded for this purpose.

8. In our experience there simply is no particular threshold at which development becomes strategic, although a scheme of 500 dwellings or more is significantly more likely to attract major infrastructure / development mitigation such as new schooling provision, community facilities, significant road works or similar. The Savills supplied information does not help with any graduated effect that might be found to happen with increasing site works costs, pro-rata, by scheme size beneath or above 500 dwellings. We have no clear evidence of this either and in fact we find that if anything the collective costs of development can weigh more heavily on schemes beneath the 100/200 (?) to 500 range to which Savills refer. There is no distinct pattern and certainly no evidence to support some form of arbitrary CIL differentiation threshold at 100, 200 or other relatively low number of dwellings; all such sites being beneath a level critical to overall Plan delivery in their own right in any event – again staying true to CIL principles and alignment to the planned, known growth.

9. A strategic site would generally be one which by itself is vital to overall Plan delivery and which typically requires significant infrastructure/scheme specific development mitigation.

10. To recap, in any event the level of site / enabling works / infrastructure costs used within the DSP assumptions, at approximately £25,000/dwelling, relating to the 500 dwellings scenario exceeds Savills’ £16,359 “average” by some way; as does in respect of the s.106 scope found available alongside the CIL charges (ranging upwards from approximately £10,000/dwelling scope for s.106) across the various appraisal outcomes that have been reported.

11. Moving on to net (developable) vs gross (total) site area, DSP acknowledges the importance of relating the assumptions correctly to the land cost; it is the net developable that drives the land value that is supportable.

12. In the previous submission it was clarified that for the viability assessment scenarios of up to 100 dwellings the assumed site area used in considering the land value benchmark (‘viability test’) was increased from the net area by 10%. This factor was increased to 36% (12.5 to 17 Ha) in looking at the assumed land take for the 500 dwelling scenario tests; as above in our experience the point at which more typically a development may begin to take on genuinely strategic characteristics.

13. Allied to our density assumptions on the net area (which were considered to reflect local experience and proposals) and we note are consistent with or within the Harman Report Appendix A density guides at 40 dph (greenfield) and 80 to 160 dph (brownfield). The approach used is consistent with that which has effectively evidenced a considerable number of CIL Charging Schedules that have been not only examined but running for a up to a few years now.

14. However, in order to provide further information relating to Savills’ advocating of a potentially larger net to gross site area adjustment at 100 dwellings (but with no adjustment needed at 500 dwellings according to our comparison of DSP’s and Savills’ preferred assumptions) we have considered our 100 dwellings appraisal outcomes
again in terms of how those look against the accepted viability tests (benchmark land values) if we were to assume a larger net to gross factor, meaning a larger “land take” (at 25% as per Savills).

15. This exercise shows the following (2016 Update basis) – outcomes as per DSP previously presented and then adjusted as per para. 14 above:

i. 100 dwellings at 40 dph with policy level AH at VL2 assuming a CIL at £40/sq. m, net developable site area of 2.5Ha and gross of 2.75Ha: DSP outcome: RLV £419,681/ha

ii. 100 dwellings at 40 dph with policy level AH at VL2 assuming CIL at £40/sq. m, same net developable site area of 2.5Ha and gross site area expanded to a trial 3.125Ha (i.e. by 25%): Savills’ assumption comparative outcome: RLV £369,319/ha

iii. 100 dwellings at 40 dph with policy level AH at VL3 assuming a CIL at £80/sq. m, net developable site area of 2.5Ha and gross of 2.75Ha: DSP outcome: RLV £1,063,742/ha

iv. 100 dwellings at 40 dph with policy level AH at VL3 assuming CIL at £80/sq. m, same net developable site area of 2.5Ha and gross site area expanded to a trial 3.125Ha (i.e. by 25%): Savills’ assumption comparative outcome: RLV £936,092/ha.

16. So, as expected in the case of both VL/DCS proposal CIL rate tests, increasing the area over which the appraisal outcome land residual (£RLV) is spread does “dilute” the £RLV/ha indication to some degree if this assumption becomes applicable site-by-site. Clearly the VL2 (outer Weston aligned) scenario heads towards a more marginal viability scenario. However, the adjusted versions both show scope to produce a land value in excess or well in excess of likely required greenfield land value enhancement levels and allow for “buffering” if in fact the land value expectations/requirements are higher than assumed or other currently unforeseen costs come into play; with the base and adjusted indications for the “rest of district” scenarios also potentially viable in a range of PDL scenarios there.