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Daniel Cameron
Planning and Contributions Officer
Spatial Policy Team
Colchester Borough Council
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11 April 2016

Our Reference: 100371

By email

Dear Mr Cameron,

Reference: O&H Properties Ltd representation to Colchester Borough Council's Community Infrastructure Levy Viability Update Consultation

This representation is made on behalf of O&H Properties Ltd in respect of their interest at Lakelands, Stanway.

Whilst we recognise the need to update the Community Infrastructure Levy (CIL) evidence base ahead of a charging schedule being progressed alongside the new Local Plan we write to object to the methodology being used to inform the proposed charging zones.

Specifically, we are concerned with the spatial coverage of Zone 2 - Rural Greenfield Areas as this subjects all of the sites that lie within it to a CIL Charge of £150 per sqm for net additional development. The proposed coverage of Zone 2 includes sites that share characteristics with brownfield sites, such as former mineral working sites. Subjecting sites like these to the same CIL charge as greenfield sites could adversely impact upon the economic viability of any future development proposals. We consider that these sites should be removed from Zone 2 and should instead be identified as lying in Zone 1.

The original 2011 CIL evidence report (Roger Tym and Partners) and 2012 BPS review looked at two potential charging zones: Zone 1 urban and Zone 2 rural. The 2016 update reworks the zones so that Zone 1 broadly equates to brownfield sites and Zone 2 to previously undeveloped greenfield land. A zero CIL charge is recommended for development falling within Zone 1 compared to £150 per sqm for development in Zone 2.

Paragraph 2.5 explains that the intention of these revised definitions is that they would effectively, "capture development on previously undeveloped sites within the urban area and similarly previously developed areas within the rural post code areas" so that is more reflective of the viability facing these forms of development. However, the proposed geographical coverage of the zones does not tend to support this.

Postcode areas, which reflect house price data, are being used as a basis for determining the extent of each zone as set out at Appendix 1 of the update. Lakelands, Stanway is located in postcode area CO3 8 and would therefore fall within Zone 2 - Rural Greenfield Areas. Any future development at Lakelands could therefore be subject to a CIL charge of £150 per sqm under the proposed regime. Lakelands was formerly in use as a quarry and therefore shares characteristics with brownfield sites. Indeed, significant enabling and preparatory works have already taken place on site to enable development to take place. Requirements in these areas also need to be considered in determining the viability of any future development at Lakelands. In light of this it is inappropriate that Lakelands would be subject to the same CIL charge as rural greenfield sites where such works would not be required.

Therefore, we would propose that Lakelands is removed from inclusion in Zone 2 and included in Zone 1 or an alternative zoning approach is adopted where sites in Zone 2 that have had a previous use that could impact on viability are subject to a lower CIL charge to reflect site specific circumstances.

We would also highlight that any emerging charging schedule should provide for payment kind to include payment in land, as provided for by Regulation 73 (amended in 2011), or payment in infrastructure, Regulation 73A (2014 Regulations). Payments in installments should also be provided for.

I trust that the comments above are of use and please do not hesitate to contact me (alex.chapman@torltd.co.uk) if you would like to discuss any element of these further.

Yours sincerely,

Alex Chapman

Alex Chapman
Senior Planner

cc Pippa Cheetham O&H Properties Ltd

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15th April 2016

Colchester Borough Council Planning Policy

merseahomes

Dear Sirs

Thank you for asking us to consult on the CIL evidence base report by BPS dated October 2015. We are pleased to make the following comments -

1. In 1.5 we note that the Council have dropped the possibility of CIL payments for retail uses. Whilst I can understand this position I would still suggest the situation is reviewed across all commercial uses. For example it may well be that large leisure uses such as Cinemas would be able to contribute.

2. In 2.4 (a) of the report it states that CBC wish to promote Brownfield development which we agree with.

3. With regard 2.5 our interpretation of the housing market is that prices are often higher in the rural areas but it is very location specific. For example house prices in Zone 2 Dedham/West Bergholt are far higher than those of West Mersea/Rowhedge but they are all said to be rural Zone 2. Conversely some Zone 1 Urban areas have high values like Lexden. In addition some Greenfield sites are very expensive to deliver due to new expensive infrastructure being required whereas Brownfield sites often have existing services to tap into. Because of this we think it is too simplistic to suggest no CIL in Zone 1 but a considerable CIL in Zone 2 as there would be far too many anomalies.

4. Our recommendation is to therefore reduce the CIL to a level that allows it to be spread across all development but at the same time collect a similar amount of money. This can be assessed using the SHLAA which would analyse where development is likely to come from based on your Zones so that the income outcome can be set at a neutral level. This would then ensure a level playing field without a post code lottery.

5. In addition it is likely that specific large strategic site (in excess of 500 units) will need to be excluded from CIL due to their ability to deliver infrastructure on site.

6. We agree with 2.7 in that build costs have risen disproportionately.

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7. We agree with 2.11 in that some viability has come under additional pressure but feel the same could be said with regard some rural areas as well hence our suggested alternative blanket approach. As is suggested in the report this should still not stop schemes coming forward as Affordable Housing can balance out difficult sites.

8. We therefore disagree with recommendation 2.12

9. The recommendation in 2.15 to charge £150 sqm is not agreed with us, as mentioned above we would prefer a much lower blanket fee.

10. In 3.3 it seems to be saying that rural developments that are previously developed will also be include as zero CIL however this is not mentioned again so I assume not the case. However if this were support we feel that this is over complicating the situation and therefore again why we think a simplistic blanket charging rate at a much lower level.

11. In 4.3 and linked to our comments in point 3 above we believe that it is too simplistic to assume very different land values between Zone 1 & 2 and this is skewing the results.

12. If the Council were to accept BPS recommendations we think the map on Appendix 1 is a little misleading as the mapping spreads into adjoining Boroughs, Post Code CO4 5 is odd as it spreads way into what we would think is a rural area. Also the key would be more appropriate if it said 'Mainly Urban' and 'Mainly Rural'. As mentioned above it is not clear why brownfield and greenfield have been mentioned when it is irrelevant i.e. it is based on post codes only and a site will not get any different treatment if its previously developed or not.

13. As an additional issue obviously you will be aware of the Governments wish to enforce a 20% Affordable Housing (Starter Home tenure) on all schemes over 10 units which will also have to be taken into account when the details are known.

Yours faithfully

Stuart Cock
Managing Director

15th April 2016

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By email

Dear Sir or Madam

Community Infrastructure Levy Viability Update Consultation

I refer to the above consultation and write on behalf of a number of clients to put forward a collective representation, which is contained within an independent report (attached).

As a planning consultant in the town that represents a number of local development companies, I feel that it is important for those companies to engage with the Council in relation to important matters of planning policy. The introduction of the Community Infrastructure Level (CIL) in Colchester will have a significant impact on how local developers conduct their business affairs in the future, regardless of the level of the charge.

Of the many developers I represent in the local area, no fewer than twelve small to medium sized development companies expressed an interest in making a collective representation in response to this consultation. These companies are:

- Vaughan & Blyth
- Lexden Restorations Ltd
- East Anglian Group
- Mansfield Developments Ltd
- Barkley Projects LLP
- Harding Homes Ltd
- Glenmoor Developments Ltd
- Lord Residential Ltd
- R F West Limited
- Oak Home Developments Limited
- South East Developments
- C&K Developments Ltd

The consultation document focuses on the most appropriate level of CIL charge, having regard to the viability of development in Colchester. There can be no more experienced body in the town than those companies listed above, who understand the challenges of development viability in this area of Essex.

The consultation document is exclusively focussed on setting the most appropriate CIL charging level, which will allow development in Colchester to come forward, whilst remaining viable. As such, the issues that surround setting the most appropriate level of charge are those associated with land values, sales, development costs and other factors, relating to development viability. As such, I have advised my clients that the consultation document need independent review by a local surveyor/valuer, in order to establish whether the assumptions, figures, values and methodologies used by the Council's consultants are appropriate, generally and specific to conditions that prevail in Colchester.

To this end I have, on behalf of my client's, commissioned surveyors Morley, Riches and Ablewhite to undertake a review of the consultation document and to produce an independent report as to their findings; that report is attached.

It is important to note that my clients fully understand and accept the need for some form of charging associated with the impacts of new development. Their collective response is not simply aimed at reducing the CIL charge as much as possible. As with the CIL Regulations, the aim is to find a level for CIL, which is appropriate, reasonable and sensitive to local conditions, so that it allows development to continue to thrive in the town. The group of developers represented in this response make a significant contribution to housing delivery in Colchester and to its economic prosperity. Their knowledge and experience of development viability in the local area is of course extensive and the Council is invited to call upon this resource to assist in arriving at a fair and viable charging schedule.

Yours faithfully

Robert Pomery BA (Hons) Dip TP MRTPI
Director

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MORLEY RICHES & ABLEWHITE CHARTERED SURVEYORS

Community Infrastructure Levy
Comments on Update to Review of Evidence Base
BPS Surveyors October 2015

15 April 2016

1 Introduction

1.1 Morley Riches & Ablewhite has been appointed by Pomery Planning Consultants to provide an independent assessment of the review of the evidence base prepared by BPS Surveyors in October 2015 to be considered in setting a CIL for Colchester Borough.

1.2 This assessment has been undertaken by Peter Riches BSc (Hons) FRICS. I am an RICS Registered valuer with 35 years' post qualification experience; 30 years being in private practice in Colchester. I have valued land and appraised the viability of numerous residential developments in the Borough. Since 2011 I have carried out RICS 'Red Book' valuations for Iceni Homes/Colne Housing Association to meet the requirements of the Homes & Communities Agency.

2 Identification of Zones

2.1 In paragraph 2.3 the report identifies the difficulty of categorising sites purely by location. It is suggested that whether a site is Greenfield or Brownfield is a more important determinant of viability than its location. Clearly there will be Brownfield sites in rural areas and vice versa.

2.2 However, the report then appears to make the distinction by post codes and by reference to fixed map zones. It is unclear which will take precedence in determining the level of CIL to be paid – location or land use history.

3 Development Policy

3.1 Sections 2.4 and 3.5 state the definition of the Greenfield and Brownfield zones has been adopted to reflect the Council's wish to promote brownfield development in accordance with national planning policy guidance. Whilst I take no issue with the policy I question whether it is the function of the CIL to be such a policy tool.

3.2 The function of CIL (like s.106 financial contributions) is for the profits from development to contribute towards the additional infrastructure and public services it requires. It should not be used to influence where development takes place.

3.3 CBC has made the decision not to propose a CIL for all forms of retail development on the grounds that the market is weak for this use. (See paragprah 1.1 of the BPS Review.) I make the following observations

a) If the aim is to encourage activity in this sector is this another example of using the CIL for an unintended purpose?
b) With developers jostling to undertake retail development at Tollgate Village, Stane Park and Northern Gateway is this sector stronger than suggested?
c) Planning policy might wish to favour the town centre and zero CIL might encourage this. However why should any new retail development that is permitted not pay its way?

4 House Prices

4.1 The report concludes that identical houses in the rural/Greenfield Zone 2 are more expensive than those in the urban/Brownfield Zone 1. BPA have reached this conclusion by dividing the average sale price by the same 'hypothetical' floor area in each case ie they have divided actual sale prices by assumed areas. The result is the same 4 bedroom house in the town comes out with an average value of £2,440/m² as opposed to an average of £2,980/m² in the countryside – 22% more. Analysing the figures in this way fails to take account of the possibility that a 4 bedroom house in Zone 2 might very well have a larger floor area.

4.2 The importance of this cannot be overstated as it leads BPS to the conclusion that Greenfield development is very much more profitable and can support a CIL whilst Brownfield development cannot.

5 Construction Costs

5.1 The report assumes there is no difference in costs between the Zones. Larger houses in rural areas are generally related to lower development densities and higher amenity. Buyers tend to be from higher income groups with greater purchasing power, thus seeking a better quality product. Better specified houses are more expensive to build in terms of materials. Where densities are lower the land is also relatively more expensive.

5.2 In the BPS report the identical 4 bedroom house is assumed to be worth £92,000 more outside the town (Greenfield) but costing exactly the same amount to build. If the house is no larger, the specification must improve. In either event the build cost increases if such a price differential is to be supported.

6 Land Value

6.1 Section 4.2 makes the assumption that Greenfield land is cheaper than Brownfield land making development more profitable. I could find no evidence to support this assertion in the report or from my own experience. BPS appear to have reused the values in their 2012 report.

6.2 There are arguments that Brownfield land should be cheaper. These additional costs will reduce the price a developer will pay;

a) In an historic town there is more likely to be a need for an archaeological excavation.

b) Schemes in conservation areas (more likely to be in Zone 1) require greater attention to design and the use of more costly specialist materials.

c) Previous uses of the land may have caused contamination requiring remediation.

d) In an urban environment there is a greater possibility of problems caused by surface water run-off.

6.3 Section 4.3 goes on to say the value of land in the urban area (£400,000 per acre) is 60% higher than it is in the rural area (£250,000 per acre). I can find no evidence for this. BPS argue developers take a greater risk undertaking rural development due to the relative difficulty of obtaining planning permission and hence will pay less for the land. I have two observations:

a) CIL only applies in a 'consented scheme' world. Including pre-planning risk as a development cost is inappropriate.

b) If sites do not have planning permission developers will pay less. The reality however is this rarely happens. Developers generally prefer to secure options and will only acquire sites once permission has been obtained.

6.4 Land value is a function of development viability. It is the largest and most uncertain element in the development equation –

Land value = Sales Revenue less Development Costs and Developer's Profit.

Sales Revenue is determined by the market. There is a limit to what buyers will pay so this is finite and largely out of the developers' control.

Development Costs are 'what they are'. Some developers can exercise great skill to save money and economies of scale come into play. However, there is not a great deal of margin.

Developers' Profit is a little more discretionary in that developers can decide to accept a lower profit if highly motivated to undertake a scheme. However, if there is any element of external funding the lender will expect to see a level of profit adequate to provide protection against unexpected increases in costs or delays. BPS use 20% of GDV; I'm comfortable with this figure.

6.5 There is no set price for land. Its value is determined by the formula in 6.3. If sales revenue falls or costs rise, the land value falls. Whilst land values can in theory rise without limit if they fall below the point where vendors are willing to sell they will retain their land and hope for better times. Hence it is not possible to set a typical land value in order to assess the viability of a hypothetical site. It is the viability of a development which determines the price a developer will pay for the land.

6.6 The BPS appraisal in Appendix 6 compares the viability of a 52 unit scheme on one hectare of Brownfield land with a 34 unit scheme on a one hectare Greenfield site. The urban scheme produces a gross residual value of £1,093,415 to fund the acquisition of the site having allowed £1000 per unit for s.106. The rural scheme generates a residual value of only £775,127 to fund the acquisition of the site having allowed £150/m² for CIL.

6.7 If I add back the CIL and s.106 costs the urban site is generating a surplus of £1,142,415 whilst the rural site a surplus of £1,146,190. Hence if you use the viability of development to assess whether a scheme can support CIL or other financial contributions, the evidence of BPS is there is no discernible difference between Greenfield and Brownfield sites.

6.8 As I have described above, the BPS appraisal assumes the same 4 bed house in the Greenfield Zone will sell for £92,000 more than in the town with no increase in costs to improve the specification. If the unit size is increased on the Greenfield site to reflect the lower site density and improved specification (thus supporting the increased sale price) then the development cost will rise. This will make the Greenfield site less viable and less able to support the level of CIL proposed.

7 s.106 Charges

7.1 At paragraph 4.33, BPS state that a CIL of £150/m² will generate a typical sum of £13,750 per dwelling. This works back to a floor area of 91.67m² so presumably a 3 bedroom house; they don't say. They go on to say this would impose no additional liability on developers as the typical s.106 cost is £14,000 per dwelling. What they don't give is any evidence for this figure.

7.2 My own experience is the typical s.106 contribution for a three bedroom house is £6,944.16; roughly half of what is suggested by BPS. Perhaps they quoted a figure for a much bigger scheme that triggered additional highway or educational contributions? BPS should provide evidence to support their calculation.

7.3 I have evidence of a development of four bedroom houses in West Bergholt. The average floor area was 220m². (See my comment above and the BPS area of 120m² for a four bedroom house in Zone 2.) Had this scheme not benefitted from the Government 'break' for small developers available at the time, the s.106 would have been £9,787.06. The CIL at £150/m² would be £33,000. More than three times as much.

8 Analysis of BPS Appraisal

8.1 Table 1 is a summary of the BPS appraisal. I have removed any items for CIL or s.106 contributions.

	Area m²	No.	£/m²	Value	No.	£/m²	Value
			Brownfield			**Greenfield**	
2 bed flat	65	9	£ 2,356	£ 153,112	5	£ 2,459	£ 159,830
2 bed house	80	11	£ 2,542	£ 203,352	6	£ 2,848	£ 227,806
3 bed house	95	21	£ 2,287	£ 217,297	12	£ 2,557	£ 242,955
4 bed house	120	8	£ 2,157	£ 258,872	4	£ 2,924	£ 350,000
3 bed AH	95	3	£ 1,295	£ 123,025	7	£ 1,295	£ 123,025
GDV		52	£ 2,222	**£ 10,652,414**	34	£ 2,347	**£ 7,367,634**
Construction Cost			£ 1,130	£ 5,415,808		£ 1,130	£ 3,546,788
Abnormals etc			10%	£ 541,581		10%	£ 354,679
Contingency			5%	£ 297,869		5%	£ 195,073
Professional fees			10%	£ 595,739		10%	£ 390,147
Sales			2.5%	£ 256,227		2.5%	£ 162,126
Finance			6.75%	£ 208,660		6.75%	£ 144,837
Profit			20%	£ 2,069,140		20%	£ 1,342,097
Residue				**£ 1,267,390**			**£ 1,231,887**

Table 1

In each case it shows a residual amount to meet financial contributions and acquire a 1 hectare site. You can see, the sums are almost identical. There are some minor aspects of the appraisal I could challenge but as the same criteria is used in each case any changes equally affect both scenarios.

8.2 There is however, one major aspect that I believe is incorrect that has a significant effect on the comparison. This is the assertion that an identical house (the cost of construction and floor area is taken above to be the same) will sell for significantly more in the Greenfield Zone. The specification would need to be much higher, or more likely the floor area will be greater to achieve this. Table 2 reconsiders the Greenfield scenario with larger units.

Table 2	Area m²	No.	£/m²	Value
			Greenfield	
2 bed flat	65	5	£ 2,459	£ 159,830
2 bed house	85	6	£ 2,848	£ 227,806
3 bed house	110	12	£ 2,557	£ 242,955
4 bed house	150	4	£ 2,924	£ 350,000
3 bed AH	100	7	£ 1,295	£ 123,025
GDV		34	£ 2,347	**£ 7,367,634**
Construction Cost			£ 1,130	£ 3,904,150
Abnormals etc			10%	£ 390,415
Contingency			5%	£ 214,728
Professional fees			10%	£ 429,457
Sales			2.5%	£ 162,126
Finance			6.75%	£ 159,321
Profit			20%	£ 1,342,097
Residue				**£ 765,341**

8.3 A modest increase in unit sizes to a level that justifies the same sales figures increases the build cost by approximately 10% and reduces the residue by approximately £450,000.

9 Proposal

9.1 If the cost of the land is deducted from the Residue at the rates suggested by BPS (for which there is no evidence) the remaining sum to meet CIL or s.106 contributions can be calculated for both sites.

	Area m²	**No.**	**£/m²**	**Value**		**Area** m²	**No.**	**£/m²**	**Value**
			Brownfield					**Greenfield**	
2 bed flat	65	9	£2,356	£153,112	2 bed flat	65	5	£2,459	£159,830
2 bed house	80	11	£2,542	£203,352	2 bed house	85	6	£2,848	£227,806
3 bed house	95	21	£2,287	£217,297	3 bed house	110	12	£2,557	£242,955
4 bed house	120	8	£2,157	£258,872	4 bed house	150	4	£2,924	£350,000
3 bed AH	95	3	£1,295	£123,025	3 bed AH	100	7	£1,295	£123,025
GDV		52	£2,222	**£10,652,414**	**GDV**		34	£2,347	**£7,367,634**
Construction Cost			£1,130	£5,415,808	Construction Cost			£1,130	£3,904,150
Abnormals etc			10%	£541,581	Abnormals etc			10%	£390,415
Contingency			5%	£297,869	Contingency			5%	£214,728
Professional fees			10%	£595,739	Professional fees			10%	£429,457
Sales			2.5%	£256,227	Sales			2.5%	£162,126
Finance			6.75%	£208,660	Finance			6.75%	£159,231
Profit			20%	£2,069,140	Profit			20%	£1,342,097
Residue				**£1,267,390**	**Residue**				**£765,430**
Less site cost (inc fees)				£1,058,000	Less site cost (inc fees)				£634,800
Interest on site (1 year at 6.75%)				£71,415	Interest on site (1 year at 6.75%)				£42,849
Balance for CIL				£137,975	Balance for CIL				£87,781
CIL per m²		m²	4420	**£31.22**	**CIL per m²**		m²	2755	**£31.86**

Table 3

9.2 Table 3 shows the outcome is very similar in both cases and suggests a single rate of CIL **(£31.50/ m²)** could be applied to all development scenarios in the Borough.

10 Summary and Conclusion

10.1 I referred in 7.3 to a development in West Bergholt of four bedroom houses with average floor areas of 220m². In 2014, Vaughan & Blythe sold 10 houses on a Greenfield site in Tiptree. They had a mixture of 3, 4 and 5 bedrooms. The average floor sizes were 142m² and 197m² for the 3 and 4 bedroom units respectively.

10.2 I have reworked the figures used by BPS and although there are some I am cautious about I have made only one change - to sustain higher sales prices on lower density rural sites, unit sizes must be higher. Table 4 compares the areas I have used in Zone 2 with those BPS used for both Zones.

	Area m²	
	Zone 1	Zone 2
2 bed flat	65	65
2 bed house	80	85
3 bed house	95	110
4 bed house	120	150
3 bed AH	95	100

Table 4

The increases I have made are modest by comparison with some of the evidence although I am aware of other developments in Greenfield locations where unit sizes are smaller. Charles Church are currently building 3 bed houses in Stanway that are 93m² although with the addition of a garage the total will be closer to 110m²

10.3 Brownfield development often in urban areas can place greater pressure on already overloaded services and infrastructure. For this reason exempting it from CIL and placing all the burden on Greenfield sites seems inappropriate.

10.4 Comparing the surplus from each type of development as I have in Table 3 suggests that each can sustain a modest level of CIL without adversely affecting the viability or threatening the future release of land for development.

10.5 A uniform level of CIL avoids making a challenging definition of what is a Greenfield or Brownfield site. I use the word 'challenging' as a decision with adverse implications could well result in 'challenges' being made by an aggrieved party.

10.6 In 2014 a single house standing on a very large plot in The Avenue, Wivenhoe was demolished and replaced by five large detached houses. Nearby, Cooks Shipyard was redeveloped to provide a wide range of housing (approximately 100 units) and some commercial floor space. Both schemes are in Zone 2. The redevelopment of Cooks Shipyard clearly was on a Brownfield site. If the BPS proposal is taken at face value (see paragraph 2.3 of their review) the scheme today would not attract CIL. The site in the Avenue was built on previously garden land and would presumably be regarded as Greenfield. The five houses (with an aggregate area of 1255 m²) would today attract a CIL of £188,250 based on the BPS proposal. Its impact on local services however, will have been minimal compared to Cooks. This is just one example of how the BPS proposal can lead to highly anomalous results.

10.7 If CIL is imposed at a rate that threatens the viability of a development it increases the likelihood of a successful challenge against the Affordable Housing (AH) allocation. The figures used in Table 3 adopt the same AH allocations as BPS and assumes CIL will not be applied to that element of the floor space. If CIL is imposed at a higher level the reduced viability implies the level of AH will be reduced.

10.8 High rates of CIL encourage the construction of the smallest possible unit sizes. This will tend to favour larger schemes where high volume delivery solutions tend to take precedence. The small and medium size builders will be discouraged from promoting bespoke house designs thereby restricting consumer choice.

10.9 The CIL proposed appears very high compared to these towns

a) Southend on Sea (non-core but including Westcliffe, Leigh on Sea and Shoeburyness) - £20/m^2
b) Chelmsford - £125/m^2
c) Babergh District - £50/m^2 (£90/m^2 for 1-2 dwellings)
d) Hadleigh, Sudbury, Needham Market and Stowmarket - £115/m^2
e) Mid-Suffolk - £50/m^2 (£75/m^2 for 1-14 dwellings)
f) Leiston and Felixstowe - £50/m^2 (£70/m^2 for 1-5 dwellings)
g) Woodbridge, Saxmundham, Kesgrave and Marltesham - £90/m^2 (£115/m^2 for 1-5 dwellings
h) Suffolk Coastal (Villages) - £150/m^2

None of the adjoining districts have adopted CIL free areas as proposed for Colchester. Some districts have adopted lower rates in the town whilst others have done the opposite. Chelmsford makes no distinction. Both Babergh and Mid-Suffolk are charging more in their urban centres than the rest of the districts; the opposite of the approach proposed by BPS.

What circumstances in Colchester mean a CIL at £150/m^2 can be sustained compared to Chelmsford (which is closer to London and supports higher sales prices) only charges £125/m^2? The CIL proposed by BPS is higher than all of adjoining centres. Does this not make Colchester a less appealing location for new development?

10.10 In the face of obvious demand, why has CBC dropped the proposal to introduce CIL for retail development when none of the neighbouring districts have done this?

10.11 Finally, there are a number of assumptions that BPS have made that are unsupported. I have highlighted those that are material to their conclusion. They should be asked to provide evidence or verification where possible.

P D Riches BSc (Hons) FRICS
RICS Registered Valuer

15th April 2016
CADV366533/AJ

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Dear Mr Cameron

Colchester Borough Council CIL Report Update to Review of Evidence Base

Representation submitted on behalf of Redrow Homes

This representation is submitted by Savills (UK) Limited (hereafter known as "Savills") in respect of Colchester Borough Council's (''CBC'') request for feedback on their updated Community Infrastructure Levy (''CIL'') viability evidence base, on behalf of our client Redrow Homes Limited ("Redrow").

Background

1.1 CBC undertook initial consultation on a Preliminary Draft Charging Schedule (''PDCS'') in September 2011 and a Draft Charging Schedule (''DCS'') in December 2011. We understand that consultation was then put on hold and Savills was invited to meet with CBC in July 2014 to provide advice in regards to the implementation of CIL.

1.2 The previous CIL viability work (undertaken by Robert Tym & Partners) was reviewed and updated at this stage by BPS Chartered Surveyors[1]. Savills provided commentary on this review in our letter dated 4th September 2014. CBC has now released a Report Update to Review of Evidence Base[2] for consultation from 7th March to 15th April 2016.

Purpose

1.3 The purpose of this representation is to set out Redrow's response to CBC's updated viability evidence base, which has been undertaken with a view to introducing CIL alongside the new Local

[1] CBC CIL: Review of Evidence Base, September 2012
[2] BPS Chartered Surveyors, October 2015

plan. Redrow's particular comments in regards to the residential viability evidence base and suggested rates can be summarised as follows:

- **Revised Draft Charging Schedule** - We note that CBC is yet to devise a revised Draft Charging Schedule for consultation. It is therefore unclear whether CBC are proposing the suggested rates contained with the BPS Report Update or alternative rates;

- **Planning Uncertainty** – At this stage in the Local Plan process there is a high level of uncertainty around future development sites and locations for growth. This makes it difficult to determine whether the updated Viability Assessment correctly tests the future housing supply; and

- **Unviable Rates** – It is unclear how BSP have formulated their suggested CIL rates from the viability evidence and testing. A number of the key viability inputs adopted by BPS are incorrect, which in our opinion results in an over-estimation of the potential for CIL in the Borough.

1.4 These points are discussed in greater detail in the following sections.

Legislation

1.5 It should be noted that this representation is made in the context of the Community Infrastructure Levy Regulations 2010 (as amended) ("the Regulations") and relevant statutory guidance[3]. The most recent amendments to the Regulations and associated guidance came in to force on 1st April 2015. The CIL consultation will therefore be subject to the requirements of these latest set of Regulations and Guidance.

Overview

1.6 Savills has been asked on behalf of Redrow to scrutinise the available evidence, viability testing and the proposed CIL rates. The objective is therefore to ensure a reasonable rate of CIL, which allows for the policy requirements for sustainability and affordable housing, anticipated residual Section 106/ 278 and other site specific infrastructure.

1.7 The objective of this representation is therefore not to oppose CIL; it merely seeks to ensure a reasonable rate is proposed, which will enable the planned development in the area to come forward. We have therefore split our response in to the following Sections:

[3] April 2014 (as amended)

- **Part 1 -** Planning Overview;
- **Part 2 -** Viability Testing;
- **Part 3** - Interpretation of Results;
- **Conclusions -** Overview of key concerns and proposed CIL rates.

1.8 In submitting this representation, we are only commenting on particular key areas of the evidence base. The lack of reference to other parts of the evidence base cannot be taken as agreement with them and we reserve the right to make further comments upon the evidence base at the Examination stage.

Part 1 – Planning Overview and Housing Land Supply

1.9 The adopted Development Plan for CBC comprises the Core Strategy (adopted December 2008, selected policies revised July 2014), the Site Allocations Development Plan Document (DPD) (2010) and the Development Policies DPD (2014). The Core Strategy Review did not include any amendments to the spatial strategy, housing and employment targets, or allocations. It is therefore not considered that Colchester has an up-to-date NPPF compliant Local Plan.

1.10 CBC is in the process of preparing a new Local Plan and Strategic Growth DPD. Consultation on the Local Plan Issues and Options Local Plan took place in early 2015. In support of the new Local Plan, Strategic Growth Development Plan Document(s) will be prepared to include policies and allocations to support strategic allocations for new development. The quantum and location of new housing within the Borough is therefore unknown.

1.11 The timetable for the production of the new Local Plan, as set out in the Local Development Scheme (December 2015), is as follows:

- **Preferred Options** – June/July 2016
- **Publication of the Submission Local Plan** – December 2016
- **Submission to Secretary of State** – March 2017
- **Examination** – June 2017
- **Adoption** – October 2017

1.12 This is considered an overly ambitious timetable to adoption with the Council giving itself very little time to review comments, collate any additional evidence and revise the plan publication. The examination time period is also considered unrealistic. The duration of the examination will depend on the availability of an appropriate Inspector, the scope and complexity of issues raised and the need for further consultation on modifications arising out of the examination. The average duration of examination for local planning authorities whose plan was found sound in 2015 was 18 months. A more realistic adoption date is considered to be late 2018-19.

Housing Land Supply and Affordable Housing

1.13 As set out in the Council's Annual Monitoring Report (December 2015), the Council considers that it has a five year housing land supply of 5.3 years. This is calculated from a housing target of 920 dwellings per annum.

1.14 The target of 920 dwellings per annum is derived from the Objectively Assessed Housing Need Study[4] (July 2015) which provides the most recent assessment of the Council's OAN. As noted in the NPPG[5], the weight attributed to such studies should take account of the fact they have not been tested or moderated against relevant constraints. Indeed, as noted at paragraph 9.27 of the Study, the suggested housing targets may need to be adjusted to take account of cross-boundary unmet need and affordable housing need.

1.15 The neighbouring authorities of Tendring and Braintree are both unable to demonstrate a five year supplies of housing which suggests that Colchester may need to increase its target to help accommodate their unmet need.

1.16 In regards to affordable housing, the Council has failed to meet its affordable housing targets in 6 of the last 8 years (see table 1 below). The 2008 Core Strategy sets an affordable housing target of 35% which was subsequently amended to 20% in the Core Strategy Review (July 2014). 20% was considered to be a more realistic target in maintaining a balance between housing need and viability.

1.17 **Table 1** also indicates how the percentage of affordable housing delivery fluctuates each year, making it difficult to identify any trends in affordable housing delivery. Furthermore, it should be noted that the delivery percentage includes affordable housing exception schemes and thus the percentage of delivery on market housing schemes is likely to be lower.

[4] Study undertaken by PBA on behalf of Braintree, Chelmsford, Colchester and Tendring Councils.
[5] NPPG, Paragraph 030, Reference ID 3-030-20140306

Table 1: Affordable Housing Delivery 2007-2015

Year	% of affordable housing delivery	Local Plan Target
2014/15	26.2%	20%
2013/14	14.2%	35%
2012/13	21.6%	35%
2011/12	35.3%	35%
2010/11	28.5%	35%
2009/10	30.1%	35%
2008-09	11.5%	35%
2007-08	21.3%	25%

Source: Colchester AMR's 2007-15

1.18 The above illustrates the following:

i) CBC does not currently have an up-to-date plan;

ii) CBC has a five year housing land supply but does not appear to have taken into account cross-boundary unmet targets; and

iii) Affordable housing in the Borough fluctuates and historically has struggled to meet Local Plan targets.

1.19 The planning context of the Borough is incredibly important when assessing and reviewing the evidence base for appropriate CIL rates. It is therefore unclear at this stage how CBC can demonstrate that the rates will not threaten the delivery of development in the Borough (in particular the affordable housing delivery rates), when the content and adoption of the development plan is unclear and sites to come forward for development are not yet identified.

1.20 In light of the above, we strongly advise that the CIL process is suspended (or suitable buffers incorporated) until such time that future development sites are identified and can be adequately tested through the CIL viability evidence. This will ensure that the proposed development can support the suggested level of CIL and the delivery of development (both private and affordable) across the Borough is not threatened.

Part 2 – The Viability Testing

1.21 CBC have reviewed and updated their viability analysis of residential development (undertaken by BPS, October 2015). We welcome that CBC has acknowledged that residential build costs and sales values have changed since the previous viability testing (although please note further comments below). The result is that a £0 psm CIL charge is proposed for development falling within the boundary of 'Zone 1- Brownfield'. For the purpose of our representation we have therefore focused on the assumptions that have been adopted for residential development within 'Zone 2 – Rural Greenfield Areas', which currently have a proposed CIL rate of £150 psm.

Previous Response – September 2014

1.22 Please note that we previously set out our concerns in relation to the assumptions adopted in the Viability Study[6] and the Review of Evidence Base[7] in our letter (September 2014). Our comments in relation to the following appraisal assumptions still stand:

Developer's Profit

1.23 We welcome that BPS have increased the developer's profit margin to 20% of GDV however remain concerned that a 6% profit margin remains for the affordable housing and would advocate a blended rate of 20% on GDV. This approach has recently been supported by an Inspector in relation to two residential development sites in Southend-on-Sea –

"Most of the risk of development remains and so, although I am aware that in some parts of the country developers are prepared to accept a return of 15%, for this appeal I accept the assertion of both parties' experts...that a risk reward return of between 20% and 25% is a reasonable expectation for profits whether calculated on GDV or on costs, with expectations for profits calculated on the latter basis being sometimes higher still"[8] (Paragraph 6).

1.24 The Inspector also acknowledged the outcomes of the following appeal decisions, which supported a higher blended profit rate than currently reflected in BPS's viability testing for Colchester:

- **Land at the Manor, Shin field**[9] – accepted evidence submitted by six national housebuilders on their targets and supported a blended rate of 20% on GDV;

[6] Roger Tym & Partners, 2011
[7] BPS Chartered Surveyors, September 2012
[8] Paragraph 6, APP/D1590/Q/14/2228062, P W Clark MA MRTPI MCMI, 7th January 2015 and Paragraph 6, APP/D1590/Q/14/2228065
[9] APP/X0360/A/12/2179141, Paragraph 44

- **Land at Lowfield Road, Rotherham**[10] – supported a rate of 22%, made up of 15% profit and 7% overheads; and

- **Former Holsworthy Showground, Holsworthy**[11].

1.25 We would therefore ask that the viability evidence is re-run to include a blended profit rate of 20% on GDV.

Build Costs

1.26 We are pleased to note that BPS has reviewed their build cost assumptions and highlighted that there were significant cost increases between July 2012 and September 2014. However, Redrow are concerned that the updated figures used in the viability modelling are taken from the BCIS All In Tender Prices for September 2014 and are therefore now 18 months out of date.

1.27 We appreciate that CIL viability modelling cannot be continuously updated throughout the process; however, build costs have increased rapidly over this period and we would therefore expect BPS to have updated these figures in the latest update to viability testing to current values. Failure to do so increases the potential for the viability modelling assumptions to be challenged at examination. [l1]We would therefore strongly advise that these figures (along with Sales Values) are updated ahead of the revised DCS being published for consultation / submitted for examination.

Updated Viability Assessment

1.28 In addition to the above, we would like to draw attention to the following appraisal assumptions:

Residential Development Scenarios

1.29 Our client is concerned that only two residential development scenarios have been tested within the BPS viability testing. Both of these scenarios are of the same scale of development (1 Hectare), with one Brownfield and one Greenfield residential scheme. This is particularly concerning given the fact that CBC does not have an identified five year housing land supply and / or up-to-date Local Plan. We are therefore concerned that the development scenarios tested are not reflective of the sites that will come forward during the plan period.

[10] APP/R4408/Q/14/2216976, Paragraph 33
[11] APP/W1145/Q/13/2204429, Paragraph 14

1.30 In light of this, we would have expected CBC to test a variety of residential development scenarios ranging in scale, number of units and type of development to ensure that the viability of all potential sites coming forward over the plan period is tested. We would also highlight we do not believe that the resultant “Brownfield”/ “Greenfield “differential CIL rates are in accordance with the CIL Regulations and / or supported by this viability testing (please see paragraphs 1.41 - 1.55 below).

Section 106 Assumptions

1.31 We are concerned that the BPS viability appraisals for Section 106 and 278 obligations (£1,500 per unit)[12] are too low. Furthermore, no allowance for Section 106 and 278 obligations has been made within some of the Zone 2 typology viability testing. It is unclear what, if any, justification exists for this assumption.

1.32 Given the potential for larger sites to be allocated as part of the Local Plan we would argue that this allowance is too low. We would also highlight that as a Regulation 123 List has not been publicised for review, it is unclear which infrastructure items will be excluded from being paid for by CIL and will therefore remain payable by way of Section 106 Agreements. At this stage, it is therefore impossible to determine whether or not £1,500 per unit for Section 106 / 278 is sufficient for a generic 1 ha greenfield / brownfield site in the Borough.

1.33 We would therefore recommend that CBC demonstrate that accurate allowances have been made in their viability testing to reflect adopted policy within the Borough when formulating their CIL rates. We would therefore ask that CBC review historic Section 106 obligations in light of their proposed Regulation 123 List to determine whether or not the above assumptions are reasonable.

Part 3 - Interpretation of Results

1.34 It has not been made clear within BPS's updated evidence testing how the recommended CIL rates have been calculated from the viability testing.

1.35 At present only two ‘Sample Appraisals’ are contained within the study at Appendix 6. We would therefore request that BPS clarify how the proposed CIL rates have been calculated, how any buffer has been provided and that they make all of the viability appraisals used in reaching their conclusions available for sense checking.

[12] Section 4.2.51, Ibid, July 2014

Sensitivity Testing CIL Levels

1.36 Affordable housing is a key component of the CIL viability testing. It is therefore of paramount importance that the affordable housing assumptions are realistic and reflective of current market conditions.

1.37 The applicable affordable housing policy for the Borough was amended in the 2014 Core Strategy Review. The affordable housing target in the Borough is currently 20%. The Viability Study[13] has tested the two development scenarios with varying levels of affordable housing, as per **Table 2** below.

Table 2: BPS Sensitivity Testing CIL Levels – Zone 2

% Affordable	S106	CIL (£ per Sq M)	Net Residual against Land Cost
10%	£1,500	£185	£250,417
15%	£1,500	£185	£197,474
20%	**£1,500**	**£185**	**£8,921**
10%	£0	£200	£254,473
15%	£0	£200	£201,453
20%	£0	£200	£12,430

Source: BPS (October 2015)

1.38 Whilst sensitivity testing is a useful tool, the CIL Regulations and PPG require CIL testing to take account of current policy requirements. The sensitivity testing of the typology at non-policy compliant levels of affordable housing must therefore be disregarded for the purposes of setting CIL rates in Colchester. From the table above, it is clear that when the adopted affordable housing policy (20%) and £1,500 per unit Section 106 is applied to the Zone 2 typology that the viability reduces significantly. It is therefore questionable how the proposed CIL rate of £150 psm was reached, as this only reflects a 19% buffer.

[13] Three Dragons, March 2015

Application of Buffer

1.39 Our client welcomes that a viability 'buffer' has been included within the BSP testing; however, we have concerns over the methodology and the application of this buffer to calculate the suggested CIL rates.

1.40 As already discussed there are a number of risks and uncertainties associated with the housing supply in the Borough for the following reasons:

i) Significant history of under delivery of affordable housing in CBC and surrounding Local Planning Authorities; and

ii) Lack of an adopted Development and Site Allocations Development Plan Document, making it unclear which sites will come forward during the Plan Period.

1.41 It is therefore of paramount importance that a **minimum** viability cushion of **30%** should be adopted to minimise risk. We would therefore ask that the suggested CIL rates are reviewed to include an appropriate viability cushion once the above recommendations are taken in to account.

Differential Rates by Geography and Site Classification

1.42 The CIL Regulations and PPG make it clear that differential CIL rates may be appropriate in relation to the following:

i) Geographical zones within the Charging Authority's boundary;

ii) Types of development; and/or

iii) Scales of development.

1.43 We therefore welcome the fact that CBC has recognised the varying site characteristics across the Borough in terms of value and have proposed differential rates. However, we have the following concerns:

- **Zones** - looking at the proposed geographical zones within CBC, we are concerned that these boundaries do not reflect the market value areas within the Borough. In light of the uncertainty of the location of future housing sites, it is essential that the CIL rates are applied correctly across the Borough in accordance with the identified value areas.

- **Greenfield / Brownfield differentiation** – a number of examiner's reports have looked at this differentiation recently to determine whether or not this qualifies as a "type" of development under the CIL Regulations. Our interpretation of their findings is that a generic "type" (i.e. greenfield / brownfield) cannot be applied to a whole area.

- **Supporting viability evidence -** we do not believe that sufficient evidence and viability testing has been undertaken in order to justify these differential rates. The fact that only two generic 1ha sites for each "type" of development have been tested provides limited supporting evidence that the proposed differential CIL rates are justifiable.

1.44 Further detail on these points is set out below.

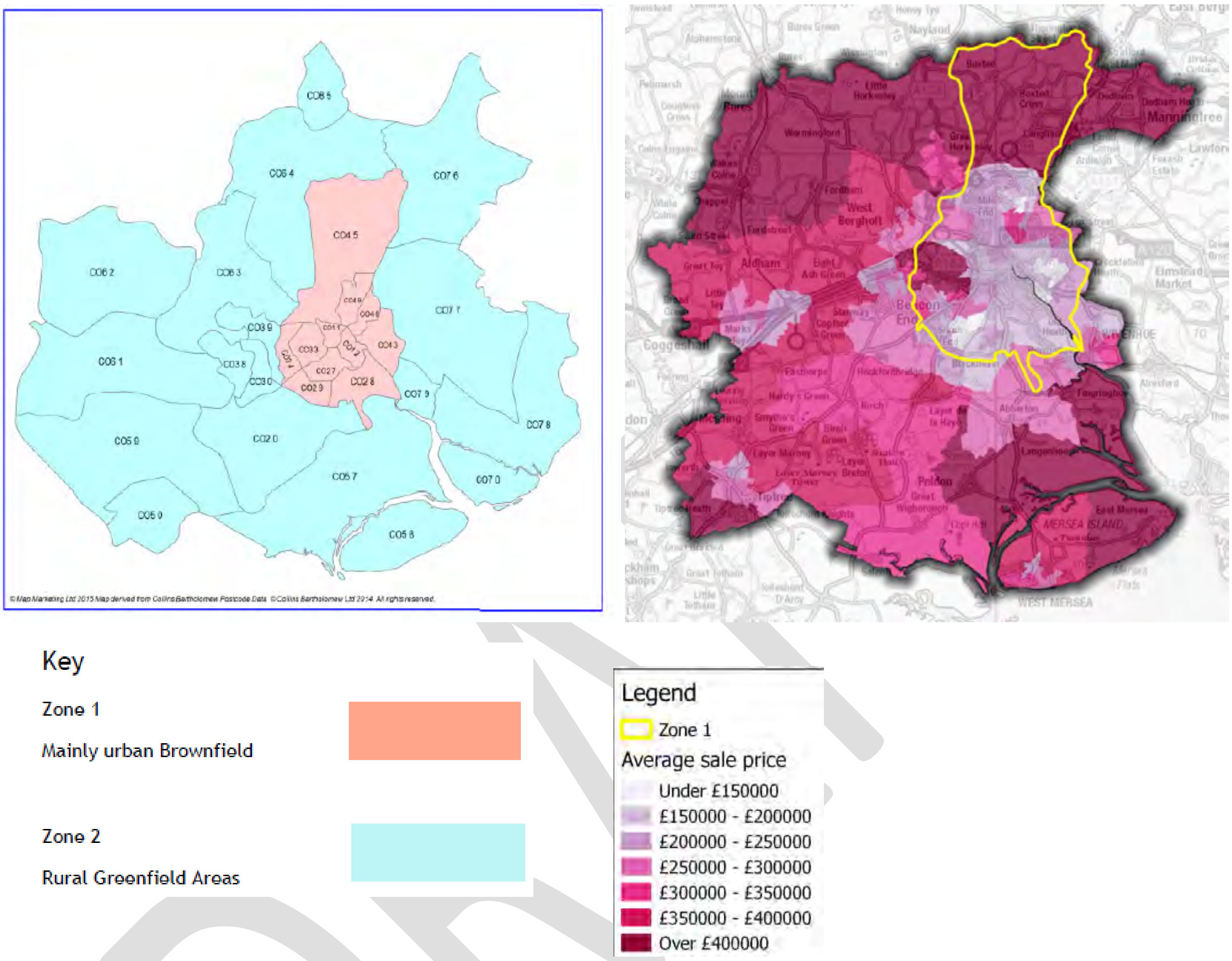
Value Zones

1.45 We understand that BPS revisited the house price data by obtaining information on residential transactions (second hand and new build sales) from the Land Registry for all relevant postcodes within the Colchester administrative area. This was then compared to the sales values from 2012, 2013 and Q1, 2, and 3 2014. However, it is not clear how BPS has then interpreted their analysis of these sales values in order to justify the proposed geographical boundaries (high and low value).

1.46 As discussed, we are also concerned that the most recent house price data obtained and analysed is from September 2014 and is therefore out of date by over 18 months. We would also highlight that BPS has stated that the house price data obtained was separated into areas where new development was seen as being typified by Greenfield development or Brownfield development. However, it has not been made clear or justified how this categorisation has been made. We would therefore ask that clarification on this point is provided.

1.47 Using their analysis, BSP have proposed the following zones based on post code and differentiated by 'mainly urban Brownfield' and 'rural Greenfield Areas' site classifications.

Figure 1 - Comparison of Sale Value analysis by Postcode



Source: BPS (October 2015) *Source: Savills*

1.48 We have compared the BPS boundaries (LH side) against Savills Average House Price heat map (April 2016, RH side). The Zone 1 boundary as outlined in the BPS report identified on the Savills analysis by the yellow line. This highlights that the Zone 1 delineation does not appear to follow the low value area analysis as demonstrated in the Savills analysis. From the analysis it would appear that a simplistic post code approach has been adopted. However, our analysis clearly illustrates that sales values across the Borough are not contained within post code boundaries.

1.49 This is concerning as parts of the lowest value areas as illustrated in the map above fall within Zone 2 with the suggested £150 psm rate. This entirely contradicts the purpose of adopting differential rates based on market value areas and risks rendering sites that fall within these areas unviable. We would therefore recommend that the zone boundaries are reviewed to ensure that they reflect the lower value areas clearly visible within the Borough.

Brownfield / Greenfield Differentiation

1.50 As discussed, it is currently unclear how the suggested CIL rates would be applied and our client seeks further clarification on their intended operation. For example, further clarification on which CIL rate would apply should a Brownfield site come forward within Zone 2 ("Greenfield zone") and vice versa.

1.51 We would also highlight the Rother District Council (RDC) Examiner's Report[14] that recommended that the proposed Greenfield/ Brownfield differentiation in Rother's proposed CIL Charging Schedule be removed. The Examiner justified this recommendation by initially outlining Regulation 13 of the CIL Regulations which allow charging authorities to set differential rates, as follows:

"(1) A charging authority may set differential rates –

- *(a) For different zones in which development would be situated;*
- *(b) For reference to intended uses of development;*
- *(c) By reference to the intended gross internal floor area of development;*
- *(d) By reference to the intended number of dwellings or units to be constructed or provided under a planning permission."*

1.52 The Examiner went on to highlight that where charges are to be differentiated by zones, Regulation 12(2) has to be followed. This states:

"(2) A draft charging schedule submitted for examination in accordance with section 212 of PA 2008 must contain –

(a) Where a charging authority sets differential rates in accordance with regulation 13(1)(a), a map which –

- *(i) Identifies the location and boundaries of the zones,*
- *(ii) Is reproduced from, or based on, an Ordnance Survey map,*
- *(iii) Shows National Grid lines and reference numbers, and*
- *(iv) Includes an explanation of any symbol or notation which it uses;"*

1.50 The Examiner then concludes that in light of Regulation 12 and 13;

[14] Kemmann-Lane, Terrence JP DipTP FRTPO MCMI, September 2015, File Ref: PINS/U1430/429/5

"It can be seen that differentiation by Brownfield and Greenfield does not fall within regulation 13(1) (b), (c) or (d). The only basis on which the distinction could be made would be in Brownfield and Greenfield areas were able to be defined by zones. The Council has confirmed that it would be impractical to identify all the sites within the two descriptions by zonal mapping; it had been the Council's intention that individual sites would be identified assessing which category the site fitted, at the time of imposing the Levy."

1.53 In light of the RDC Examiner's removal of the differentiated CIL rates by Brownfield and Greenfield zones, we would strongly recommend that CBC reconsiders whether proposing a CIL rate of this nature in the Borough would be practical. We would also suggest that legal advice be obtained on whether or not the Council's proposed CIL rates comply with the CIL Regulations.

Viability Evidence

1.54 Based on the above analysis, we are of the opinion that the Council **cannot** demonstrate that the suggested CIL rates are supported by the current viability evidence. It is therefore essential that additional testing is undertaken (in light of the above) and the CIL rates are reviewed.

Effective Operation of CIL

1.55 We note that CBC previously published an Instalments Policy for consultation however it is not currently clear whether an alternative instalments policy is being proposed. We would strongly advocate that CBC considers adopting a similar approach to Chichester District Council's who implemented the following Instalments Policy:

Table 3 – Alternative Instalments Policy

CIL Liability	Number of Instalments	Payments
Amounts up to £49,000	None	Full payment within 90 days of commencement
Amounts from £50,000 to £249,999	2	£50,000 payable within 90 days of commencement Balance payable within 180 days of commencement
Amounts from £250,000 to £499,999	3	£100,000 payable within 90 days of commencement 50% balance payable within 180 days 50% balance payable within 270 days

CIL Liability	Number of Instalments	Payments
Amounts from £500,000 to £999,999	4	£250,000 payable within 90 days of commencement 33% balance payable within 180 days 33% balance payable within 270 days 33% balance payable within 360 days
Amounts over £1,000,000	4	In principle, as set out above for amounts over £500,001, but instalments for this scale of development will be open to negotiation on an individual basis.

Source: Chichester District Council's Adopted Instalments Policy (Implemented 1st February 2016)

Relief

1.56 It has not been made clear within the updated evidence base whether CBC would be proposing to offer to Discretionary Relief and Exceptional Circumstances Relief. We do not consider there to be any detriment arising from the Council making available such reliefs within policies as part of its Charging Schedule, as the Council will still retain control over the application of the policies.

1.57 We therefore consider it imperative that CBC make both Discretionary and Exceptional Circumstances Relief available from the adoption of CIL.

<u>Conclusion</u>

The assessment of planned development and its viability is an inherent test of the CIL Examination, making the following points significant:

- **Planning Uncertainty** – In light of the uncertainty of the planning context we strongly advise that the CIL process is suspended until such time that future development sites are identified and can be adequately tested through the CIL viability evidence;

- **Incorrect Assumptions** - A number of the key viability inputs adopted by BPS are <u>incorrect</u>. This results in an over-estimation of the maximum CIL rates that can be supported;

- **Unviable Rates** – It is unclear how BSP have formulated their suggested CIL rates from the viability evidence and testing. There has been limited viability testing with only two typologies both of 1 hectare. Based on the limited testing, and policy compliant assumptions, it is clear that the viability of this typology is marginal;

- **Application of Buffer** - It is fundamental that a **minimum** viability cushion of **30%** should be adopted within the proposed CIL rates to minimise risk to the housing supply, particularly when CBC and its' neighbouring authorities have a history of under delivery of affordable housing; and

- **Charging Zones** - CBC have proposed differential CIL rates by 'Area' (or geography) and by Site Classification. Whilst the principle of applying differential rates is not questioned, it is unclear how the zones have been decided. By comparing our house price evidence heat map it is clear that these boundaries and suggested differential CIL rates cannot be justified in terms of value areas and risks preventing some potential development sites from being viable and therefore deliverable across the plan period.

We would therefore strongly advise that additional viability testing be undertaken in light of the points raised above.

Moving forward, Redrow and Savills are open to a meeting with CBC and its advisors to discuss the approach taken and to discuss common ground in advance of a revised Draft Charging Schedule being proposed.

Yours faithfully
For and on behalf of Savills (UK) Ltd

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15 April 2016

OUR REFENCE: 15/224
BY POST/EMAIL

Dear Mr Cameron,

COMMUNITY INFRASTRUCTURE LEVY VIABILITY UPDATE CONSULTATION

We write further to the invitation to provide representations in response to the Community Infrastructure Levy Viability Evidence Base Update for Colchester Borough Council ("the Council").

We write on behalf of our clients, Cirrus Land LLP and L&Q, working in collaboration with G120 landowner consortium. The land under the control of our clients will make a significant contribution to the future sustainable growth of the Borough.

a. Background

Our clients are committed to bring forward a sustainable new settlement to the west of Colchester, based around Marks Tey. Following the principles of Locally-Led Garden Towns and Cities, there is potential to provide a form of development that will support the aspirations of the Council to deliver a sustainable new community and contribute to meeting the goals of central Government to deliver a new wave of garden cities and towns.

Working in close collaboration with delivery partners, the land is capable of delivering a comprehensive development to include infrastructure to support approximately 15,000 homes as a new settlement making efficient use of existing services and infrastructure.

b. Community Infrastructure Levy

Cirrus Land LLP and L&Q are supportive in principle of the provision of CIL within the Borough in order to ensure that funding can be provided towards infrastructure improvements to facilitate growth.

It is critical that any CIL adopted by the Council is sufficiently flexible, evidently based and proportionate to allow development with the Borough as a whole to remain deliverable. Significantly, any proposed CIL charging schedule should ensure the Borough remains an attractive location for investment whilst simultaneously being able to make suitable provision of infrastructure to support the assessed planned growth. In this context the CIL charging schedule must clearly identify requirements, set clear rates and identify exclusions.

Identifying Infrastructure Requirements

The Council should identify key infrastructure requirements that would facilitate economic and social growth within the Borough, and ensure the level of CIL apportioned is appropriate to ensure its delivery. The spatial strategy of the emerging Local Plan will require adequate support from CIL receipts in order to be an achievable, deliverable plan. The objectively assessed needs for housing and employment shouldn't be compromised by a failure to deliver essential infrastructure.

The Council should set out a draft list of the projects or types of infrastructure that are to be funded in whole or in part by the levy. The Local Plan Issues and Options document recognises essential infrastructure that is required over the lifetime of the Plan. The inter-urban road network is a recognised priority for significant improvements. The Council's Route Based Strategy (2013) identified the A12 and A120 for targeted investment and the Council should utilise CIL to prioritise the delivery of these improvements.

Setting Charge Rates

In order to ensure that Council's future CIL is sufficiently flexible, evidentially based and proportionate to ensure development within Colchester remains deliverable, we have identified a number of key considerations:

1. The need to ensure maximum flexibility is built into the charging schedule in order to ensure abnormal costs associated with development do not harm its viability;

2. The need to ensure that appropriate exemptions/relief are embedded within the charging schedule, particularly at strategic sites where significant infrastructure is to be provided as part of a comprehensive scheme; and

3. The need to ensure the level of CIL apportioned to various infrastructure projects is appropriate.

Additionally, it is imperative that any proposals for development that are brought forward through a Local Delivery Vehicle (LDV) mechanism must be exempt from CIL.

c. Conclusions

Thank you once again for the opportunity to respond to the consultation on the draft Charging Schedule. The provision of CIL within the Borough is supported in principle; however, as outlined above further work is required to bring forward a viable levy, this includes:

- Identifying infrastructure essential to the emerging plan delivery to be funded in part or wholly by the levy; and

- Provide for a zero CIL charge, where a Local Delivery Vehicle arrangement is in place to bring forward strategic infrastructure that would other be funded by CIL.

We would be very grateful for confirmation that these representations have been received and confirm that we would like to be involved in any future stages of the process.

Yours sincerely

PP. C Hutchison

David Churchill
DIRECTOR

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14th April 2016

Colchester Borough Council: Community Infrastructure Levy October 2015

Colchester Borough Council is seeking feedback on an update to the Community Infrastructure Levy (CIL) viability evidence base (BPS Report, 2015) with a view to introducing CIL within the Colchester Borough administrative area in step with its emerging new Local Plan that will guide development until 2032. According to the LDS, the next steps for the new Local Plan are as follows:

- Local preferred options consultation June/July 2016
- Submission draft consultation Jan/Feb 2017
- Examination June 2017
- Adoption Oct 2017

The Council has undertaken an 'Issues and Options consultation' in early 2015. The replacement plan is therefore still at an early stage. At this stage, the preferred spatial allocation of planned growth has not been set out.

Persimmon Homes welcomes the opportunity to comment on Colchester's Updated Community Infrastructure Report.

The document seeks to update the assessment of viability in relation to the residential costs and values adopted in the viability testing set out in the 'Community Infrastructure Levy:

evidence base Final report' (Roger Tym & Partners, 2011) and the BPS report (October 2012). It also seeks to review possible CIL charging levels.

It is noted that the work undertaken is to update the evidence base used to test the generic viability of development in the Colchester. Given the stage the emerging Local Plan has reached, the work on CIL to date does not have regard to the planned spatial distribution of growth up to 2032 and beyond and an assessment of infrastructure that will be required to support such growth. It is considered that the CIL charge rate should be informed by an up to date assessment of infrastructure, informed by the spatial distribution of planned growth. It is considered that Community Infrastructure Levy (CIL) viability evidence base (BPS Report, 2015) is out of step with the preparation of the new emerging Local Plan and as such the proposed CIL charge rate will need to be re-assessed and consulted upon once the emerging Local Plan is at a more advanced stage.

The 2012 report considered 2 zones (rural and urban). Since this time the Council have decided that these terminologies could fail to reflect the division between Brownfield sites and development on previously undeveloped and Greenfield land. Therefore the zones have been reworded as Zone 1 broadly equating to Brownfield sites and Zone 2 equating to previously undeveloped Greenfield sites.

The decision to change the terminology responds to Colchester's commitment to promote development on Brownfield sites. Whilst Persimmon Homes supports the need to redevelop Brownfield sites, we would urge the Council to be cautious with this approach, not seek to wholly rely on Brownfield sites to meet their OAN requirements or unduly constrain the ability of other sites to come forward. It is anticipated that the approach adopted within the Core Strategy's spatial strategy of prioritised the redevelopment of Brownfield sites will not be possible for the emerging Local Plan. This is due to the need to meet housing needs and the availability of sites. The majority of the borough falls within Zone 2 and therefore under the emerging CIL most development would be required to pay a rate of £150 sqm.

Zone 1

The report concludes that a zero CIL charge for development falling within the boundary of Zone 1. This focuses on Colchester Town Centre and the surrounding urban areas. The report states that "*the Council and developers would be better served through individual assessments of viability and focussing on the potential of sites to deliver affordable housing and sites specific S106 contributions rather than risk making development none viable*".

Persimmon Homes supports a zero CiL charge for brownfield sites. Brownfield sites face additional costs, complexities and delays. They can also be subject to existing use values which need to be exceeded in order to make site disposal attractive for the landowner. The Council need to be mindful that site specific contributions sought in lieu of CIL should (a) be clearly set out and transparent (b) equitable, (c) not jeopardize the delivery of development.

CIL charging authorities should set out how their Section 106 policies will be varied upon the adoption of a CIL Charging Schedule, and the extent to which they have met their Section 106 targets. The Council should set out how their current s106 policies and SPD's will be varied upon adoption of the CIL.

Zone 2

The report concludes that "*a CIL of £185 per sqm could be supported whilst still delivering a policy compliant level of affordable housing at 20%".* The report seeks to reduce the rate to £150 per sqm as this is deemed to be more appropriate in terms of existing contributions being sought by developers, equating to approximately £13,750 per unit.

Persimmon Homes notes that the requirement to deliver 20% affordable housing as assessed in the CIL report derives from policy H4 in the adopted Local Plan Focussed Review (2014). Colchester Borough Council are currently progressing a new Local Plan which will supersede the adopted one. The emerging plan has not yet identified the Council's target for affordable housing provision and therefore Persimmon Homes would question the assumption that this will remain at 20%.

The provision of a higher percentage of affordable housing or a change in the tenure mix sought would impact on development viability. The proposed CIL rate within this report is based upon an assumption that the Council's Policy on affordable housing will not change. This is not known at this stage.

Should a higher percentage of affordable housing provision or a change in tenure be sought as part of the emerging Local Plan then affordable housing requirement and the proposed CIL rate could to render some Greenfield sites unviable.

Paragraph 2.76 of the report states that "*We have further sought to contrast the cost per unit represented by CIL at £150 sqm which averages across all unit types at a figure of £13,750. We take the view that this total compares well with the level of S106 contributions typically achieved by the Council on recent consents for rural development*". This is an important statement, seeking to justify the level of charging on the basis of a benchmark against what has historically been secured via s106 agreement. There is little evidence presented within the report to back up this statement. The evidence base should be made available. The Council will have records of what has been delivered by way of s106 that can be interrogated and presented.

Persimmon Homes has delivered a larger number of sites in the borough and in our opinion, the Council's figure of £13, 750 per unit does not represent comparable level to S106 contributions secured. For instance, a 2015 approval for c.300 dwellings secured a financial contribution of c.£11,900 per unit. A contribution of c.£6,500 was sought from a development of c.100 dwellings. It is evident that the sums secured via s106 have not been comparable to that sought in the draft CIL charging schedule.

Evidence base on infrastructure and other matters;

The Roger Tym report (2011) contains an assessment of infrastructure needs. The 2011 report states '*In this instance it is considered appropriate to focus on the items that CBC considers to be essential to support the proposed growth. Of these items, those that must be delivered in the first five years are considered to have highest priority so should be included in the infrastructure assessment'*.

This report is now 5 years old. Infrastructure will have been delivered in the five year period post its publication. Furthermore, decisions on investment priorities may have changed (in light of public and private sector funding programs). It is considered that the assessment of infrastructure needs is now too old and cannot be relied upon.

Given the stage the emerging Local Plan has reached, the work on CIL to date does not have regard to the planned spatial distribution of growth up to 2032 and beyond and an assessment of infrastructure that will be required to support such growth. It is considered that the CIL charge rate should be informed by an up to date assessment of infrastructure, informed by the spatial distribution of planned growth. It is considered that Community Infrastructure Levy (CIL) viability evidence base (BPS Report, 2015) is out of step with the preparation of the new emerging Local Plan and as such will need to be re-assessed once the emerging Local Plan is at a more advanced stage.

The Council do not appear to have undertaken an exercise to identify what infrastructure gap there is in the Borough, reviewed funding programs and the extent to which the planned growth will contribute. This exercise should be carried out ahead of any Preliminary Draft Charging Schedule.

The Council should publish an up to date draft Regulation 123 List. The list should highlight what infrastructure will form a priority for funding through CIL and be based upon evidence in this regard. In light of the above, it will therefore be necessary for the Council to review, refine and further detail the infrastructure items on the Regulation 123 List.

It is unclear whether the Council intends to publish a statement (i.e. a policy) for permitting claims for relief from CIL in exceptional circumstances. It is also unclear if the Council will prepared and published a draft Instalment Policy for consultation.

Conclusion

As previously stated, the majority of the borough falls within Zone 2. The scale of development likely to be considered acceptable by Colchester will differ depending on the sites location and proximity to the more 'urban' areas of the borough. The proposed terminology does not have any regard for this and it is likely that some sites will be deemed unviable as a consequence.

This response has also demonstrated that a CIL rate of £150 sqm is not comparable with the S106 contributions being achieved by the Council on recent applications. If a rate of £150 sqm is adopted then this will result in an increase in financial contributions being sought by the Council and could render sites unviable.

Persimmon Homes suggest that subject to addressing the flaws in the assessment and the lack of an up to date evidence base on infrastructure, a reduced rate for Zone 2 should be adopted by Colchester Borough Council to ensure that the planned growth can be delivered. The PPG states;

> *'A charging authority's proposed rate or rates should be reasonable, given the available evidence, but there is no requirement for a proposed rate to exactly mirror the evidence. For example, this might not be appropriate if the evidence pointed to setting a charge right at the margins of viability. There is room for some pragmatism. It would be appropriate to ensure that a 'buffer' or margin is included, so that the levy rate is able to support development when economic circumstances adjust. In all cases, the charging authority should be able to explain its approach clearly'.*

This will ensure an appropriate buffer and ensure that CIL does not jeopardise delivery of much needed housing, the emerging Local Plan allocations and the maintenance of a 5 year housing land supply over the emerging plan period.

For Zone 1, it is presently unclear and the Council should set out how their current s106 policies and SPD's will be varied upon adoption of the CIL. Some of these SPD's pre-date the CIL regulations and seek pooling of contributions towards single items of infrastructure and as such are not up to date.

Given the stage the emerging new Local Plan has reached, the Council are not in a position at present to have a clear understanding of the spatial distribution of growth and the infrastructure necessary to support it. Before taking forward CIL, the Council must undertaken an up to date assessment of infrastructure needs arising from the planned growth in the emerging new Local Plan and use this evidence to inform CIL. The Council also needs to publish an up to date draft Regulation 123 List informed by such work.

Please keep me informed regarding future progress of the development plan and CIL (email: anna.davies@persimmonhomes.com).

Yours sincerely

Anna Davies
Persimmon Homes Essex

Response to Community Infrastructure Levy Viability Update Consultation

Author: Councillor J E Dickinson FRICS on behalf of Myland Community Council

Summary of main recommendations for new policies for Colchester Borough Council, addressing perceived inadequacies in current Sec 106 and likely CIL (if implemented) protocols.

Both the Roger Tym & BPS reports make it clear that meeting modest Community Infrastructure Costs and an adequate amount of affordable housing cannot be achieved under the present S106 or CIL approaches, which seek financial contributions after some 25-30% of the total development cost, just for developers' profit, risk, interest and finance & fees.

1. The Roger Tym 2011 report is correct in that lower, serviced land values, and self help by communities are two key factors which will help to actually build new affordable homes anywhere in the Borough.
2. We recommend CBC reduce their attempts to procure through the current developers and the affordable homes processes and instead derive a simpler procurement process where the 25% profit & risk money is used to support individual communities on a need basis. This could bring forward public sector, cheaper, leasehold land, and use Neighbourhood Plans and/or Community Interest Companies to undertake the infrastructure and local building process to Shell & Core standard, with local labour and apprenticeships.
3. As communities are seeing so little in community infrastructure, it is reasonable in the short term that a portion of New Homes Bonus credits be returned in part to communities affected by major development, and with so many NHPs now in advanced stages, we would suggest that CBC change their consultative procedures to include NHP leaders as full members on all Sec 106/CIL funding and resources negotiations.
4. Roger Tym 2011 Cl 4.58 report illustrates that contributing the New Homes Bonus received by the Council from the Government could make a £90m contribution towards the funding gap for affordable housing & Community facilities on many of the Section 106 negotiations.
5. BPS's 2012-2014 economic environment data (immediate post recession) appears not to have been considered in the context of Zone 2 for rural areas. We suggest this point along with the very small sample size is an anomaly, and we would recommend CIL is NOT applied to rural areas at this time. (ref)

Detailed Commentary on BPS Reports, 2012 & 2015

Clause	BPS Report Statement	Response/ Suggestions
General 3.12	Analysis of house sales Jan 2012 to Sept 2014, reported October 2015.consultaion April 2016	Query if Data is no longer as relevant as it should be, as it is now 18 months out of date No forecasts/ latest summary update provided
	Sample Sizes, & relevance to today?	Not in Rural areas
	Report presented as just an update on methodology used on 2012 original report,	Little attempt to widen discussion on interim quality of performance and modern relevance of CIL methodology
	Seems to be a confirmation of the status quo. Does not address one of the main reasons for implementing CIL which was to compensate affected communities by the impact of development	The lack of CIL processes where 18% of CIL award, (25% to areas having a Neighbourhood Plans), currently deprives local areas of both money and influence
	Funding Gap means very limited social facilities and affordable housing ,or skill upgrading needs are met	Lots of local evidence
2.4	NPPF requirement; Council wishes to promote use of Brownfield sites	CBC recently declared most brownfield sites are identified and non contaminated ones are all in development process
	Major increase in sales value and profits of rural rather than urban housing determined	Disagree: retired richer people buying rural properties post-recession. No thought of supply needs of rural existing population
2.11	"CIL could limit the ability of schemes to deliver other planning obligations such as affordable housing. Because CIL is a fixed development cost we are of the view that given the very low levels indicated by our modelling the Council and developers would be better served through individual assessments of viability and focussing on the potential of sites to deliver affordable housing and site specific S106 contributions rather than risk making development none viable"	Current position of CBC in regard to CIL, and its preference to use Sec 106 negotiations. However the evident danger is that public needs at the bottom of every negotiation list, like Community Facilities, will never be addressed fairly. An alternative approach for community facilities and social housing altogether could/should be introduced.

2.14-2.16	Proposals for CIL only for rural properties at rate of £185/m2 –or 150/m2	Do not agree, see attached commentary
4.8 4.9	There is also clearly an impact on the potential ability of schemes to deliver affordable housing as it can be seen that even with a relatively modest CIL charge a 10% affordable housing quantum would be undeliverable. 10% CIL would be insufficient to allow for more than minimal affordable housing	See supplementary commentary para SA 2
4.11	Recognising that the NPPF requires that the scale of planning obligations should not be a factor adversely affecting viability to the point where a scheme would not be y it would seem appropriate that any imposition of a CIL levy could potentially adversely affect viability.	Makes economic sense, but does not help at all in resolving the funding gap.
	Assumptions throughout document that only Developers/Private Landowners will bring forward sites	And ensure their 20%+ profit, finance charges and other fees on top of the total development value, are secured before any construction works are undertaken or Sec 106 money released.
4.29	NPPF assumes CIL will be included	Colchester unable to expedite commitment to communities' interests under CIL
4.32	*MCC Opinion* *Schemes go too far in commercial commitment & development before all liabilities and priorities from public & private sector are determined*	Should be "An independent development risk assessment before the lodging of any outline planning application must allocate appropriate categories of expenditure and risk. A planning condition should be included for CBC to include & rely on this data in any development agreement .
PAR 1	http://www.publications.parliament.uk/pa/cm201415/cmselect/cmcomloc/190/190.pdf We recommend that the Government take appropriate steps to impress publicly upon both the Planning Inspectorate and Local Authorities the importance of giving equal weight to each of the three dimensions of sustainable development, as required by the NPPF. Both the Planning Inspectorate and Local Authorities, when they make their decisions on planning applications, should set out clearly how all three factors have been considered as part of the decision-making process**.**	Parliamentary Statement, Reflecting need to LPA to include statements in application responses of how each approval equally addresses the 3 bases of the NPPF.

PAR 2	http://www.publications.parliament.uk/pa/cm201415/cmselect/cmcomloc/190/190.pdf 49 We are concerned that parish and town councils might not receive infrastructure funding when the principal authority has decided not to charge CIL. This problem is likely to be particularly acute in neighbourhood planning areas. It would be unfair if a parish council or neighbourhood forum found it had no way of funding the infrastructure allocated in its neighbourhood plan. Local authorities should be particularly mindful of the need to support infrastructure requirements identified in adopted neighbourhood plans. We strongly encourage parish and town councils and neighbourhood forums that have an adopted neighbourhood plan to request from their local planning authorities a share of infrastructure proceeds from section 106 agreements, where the Community Infrastructure Levy is not in place. We encourage local planning authorities to give full consideration to such requests.	Parliamentary recommendation That where NHPs are in place (or close to being so) careful consideration to providing " a share of the Section 106 agreement, equivalent to a 25% CIL payments". Recommendations, With so many NHPS now in advanced stages, CBC is requested to change their consultative procedures to include NHP leaders as full members on all the Sec 106/ CIL funding and resources negotiations
Roger Tym 2011 Cl 4.58	This £203m figure represents the higher end of the likely gap because, over the lifetime of the Core Strategy, it is expected that additional funding from mainstream and other non-developer sources will be available. Some of this – through sources such as the New Homes Bonus – could be considerable and will serve to significantly address the funding gap, Applying the CLG's New Homes Bonus calculator to the 12,711 dwellings with planning permission or additionally required to deliver the Core Strategy creates a total value of £89.9m3. The difference between this and CIL is that CIL monies come in upfront in the development process whereas New Homes Bonus funding does not come until the properties in question are completed.	Roger Tym 2011 illustrates that contributing the New Homes Bonus received by the Council from the Government could make a £90 million contribution towards the funding gap for Affordable housing & Community facilities on many of the Section 106 negotiations, over this period. CBC are requested by our disadvantaged communities with NHPs to implement this proposal.

Supplementary Analysis / Report

SA 1 The original paper in 2012 by BPS appears to have been produced in response to the imminent introduction of CIL (within the new NPPF 2012 Planning Legislation) as a community benefit support method (on Building Developments). This second paper reviews the potential application and values for CIL from 2016 across the Colchester Borough in profitability money values only.

It is disappointing this report has not been required to address the actual effectiveness of present and future delivery of Community benefit over the period 2012-2015, as required by the NPPF.

SA 2 The Roger Tym report of 2011m (not updated) provided, as background, context for the future demand for CIL spending to 2021 and is most illuminating in today's context. This report had one of its conclusions that CIL would not provide even 10% of the necessary affordable housing over the period.

No Social Housing appears to have been included in the summary to the Roger Tym 2011 report. However from a major community point of view the following amended table shows the suggested and reliable values for future Community facilities for the Mile End & Highwoods wards in contrast to Mr Tym's forecasts for borough-wide community facilities, and the total demand anticipated in 2011.

Roger Tym 2011 Report Clause 4.56
Amended Table 4.1 Infrastructure funding gap for 'necessary projects'

Infrastructure type	**Cost (£m)**	**Developer Funding secured (£m**	**Non developer Funding (£m)**	**Funding gap (£m)** **CBC, Community**	North Colchester identified Community needs
Community, 2011	21.43	0.00	0.00	21.43	10.5m
Total Community, Leisure, open space & outdoor sports, Education Transport, Health **Total 2011**	**278.93**	**32.55**	**43.7**	**206.68** **22.5 m**	10.5m
Total Community, Leisure, open space & outdoor sports, Education Transport, Health **Total 2016(+25%)**	**348.66**	**40.69**	**54**	**258.35** **28m**	13m
Total 2021(+25%)	**435.83**	**50.86**	**68.28**	**322.94** **35**	**£16.5 m**

The obvious s question here is that if the if the Borough-wide figures produced by Roger Tym are at such variance with the financial reality of community demand for just for one area, then how big is the actual community facilities' deficit across the whole Borough?

Also what is the effectiveness of either CIL or Sec106 agreements in ever meeting any of the reasonable social needs of all existing and new communities in the future? How can this be addressed in another way?

COMMENTARY ON BPS REPORT IN MORE DETAIL

SA3 PROFITABLITY (BPS 2015).

The whole NPPF concept of CIL (& Sec 106) claims is based on an assumption that development profits can reasonably meet most Highways and Social infrastructure plus Affordable Housing needs in both new and existing affected areas, but this concept is flawed.

Both the Consultants' reports continue to support the opinion that CIL cannot be relied on as a basis for negotiating social benefit funding in urban areas, because of inadequate surpluses over developers' required profit margins (currently quoted at 20% +10% risk on total development value).

SA4 PROFIT MARGINS (**BPS 2015)**

The post-2000 means of procuring housing and all these appropriate community services from the profit is now demonstrated to be highly flawed and has proved to be economically non-viable, with affordable housing and Community facilities at the bottom of any priority list over recent years.

Fundamental policies for the provisions of all types of commercial and/or local community services, childcare, elderly persons care, accessible and affordable cultural spaces such as plazas or outdoor theatre, social, Arts and business venues for all ages just have not been included in any of the huge developments in Mile End over the last 20 years.

For example, the Severalls development, recent Sec 106, just 3 OAP bungalows, < 4000 m2 land and £1m, as facilities contribution for high quality 1000 new dwellings in an area of 4500 existing dwellings.

The general breakdown for major housing developments include a Developers direct costs + profit of 20% of total value plus a 10% risk & inflation contingency (ref). It is these very high but non-contributing factors (in a built environment sense) which currently deprive all local communities of the new facilities they need for their total population including a degree of recompense for the existing community for the inconvenience, disruption and adaption at local level to absorb thousands of new residents (NPPF intention ref)

Taking the Roger Tym 2011 suggestion, a more local and hands-on procurement method utilising land held in public ownership, a Not for Profit company of Developers, co -ordinated with local labour, tradesmen, apprenticeships, possibly to shell & core status only, then it may be possible to deliver the same amount of new housing, but also provide a good proportion of the social infrastructure and affordable housing.

Note: This option is particularly relevant to local facilities or house building which are the stated goals of all the Neighbourhood Plans which are emerging across the Borough. We would like to make a policy proposal for CBC to agree in principle to protect sites in their ownership, possibly to sell on a leasehold basis at discounted prices specifically to meet the affordable housing and reasonable community facilities demand. This method was one of many used by East London businesses, organisations & the public in raising the quality of the environment, funding and local business activity to the degree that the proposals for the London Olympics could be realistically supported (ref).

SA5 PROFITABILITY CONCEPT RURAL AREAS? BDS 2015

My recommendation is not to introduce CIL at this time in Colchester's rural areas.

The x report recommends CIL may be used in the Rural areas where housing development margins are greater. I beg to differ with this conclusion. This Rural Area proposal is based on the present figures which may be factually correct but logically may be misleading because:

- The sample size is very small (acknowledged by author)
- Most of Colchester's rural areas have good transport links to main routes which maintains increasing commuter demand and normally similar house prices
- The period evaluated 1Q2012 to 3Q2015 was during the "hangover" from the main recession when urban building was just beginning to recover, and there was massive planning, funding and skills and materials shortages. There was little normal housing building going on, and what there was was generally aimed at affluent new residents, retiring early from City areas.

The need for increased rural housing for less affluent people is well known, and if as expected new Neighbourhood Plans come forward are supported to address this need, there may be further downward pressure on profitability in the rural areas

I therefore do not support the notion the much higher profitability factor, identified in the report can be relied on over the next 5 years, to justify CIL for all Colchester Rural areas under normal demand & trading conditions. .