

15 August 2016

Report of	Head of Commercial Services	Author	Daniel Cameron 506025
Title	Community Infrastructure Levy – Consultation on Viability Evidence Base		
Wards Affected	All		

The Local Plan Committee is asked to note the responses received following the conclusion of the recent consultation exercise carried out on the latest update to the Community Infrastructure Levy Viability Evidence Base.

1. Decision Required

- 1.1 That members note the responses received following the Community Infrastructure Levy (CIL) consultation exercise which ran over six weeks in March and April 2016.
- 1.2 Members are further asked to note the areas identified for further investigation as a result of both consultation responses and officer recommendation.

2. Reasons for Decisions

- 2.1 To ensure the Committee is aware of the results of consultation on CIL

3. Alternative Options

- 3.1 There are no alternative options – the report is for information only.

4.0 Supporting Information

- 4.1 In 2011 Colchester Borough Council commenced work on implementing a CIL. Two stages of consultation were undertaken. A Preliminary Draft Charging Schedule was published in July 2011 and following this a Draft Charging Schedule was published in November 2011.
- 4.2 At the point of submission a number of Inspector decisions which had a direct bearing on how the Levy was to be applied were released. The most relevant required CIL to be viable at the same time as delivering policy compliant affordable housing; this led to this policy being reviewed as part of the Core Strategy Focussed review in 2014. At the same time Local Plan Committee concerns over the impact of CIL on development viability for small housebuilders lead to a review of the CIL viability evidence base. These two processes have taken time to complete.

- 4.3 An item was brought before Local Plan Committee earlier this year to outline the updated CIL viability evidence base conclusions. This report advocated the following CIL charges:
- Residential development outside of Colchester - £150/m²;
 - Residential development within Colchester - £0/ m²;
 - All other uses would be CIL exempt.
- 4.4 Over the six week consultation period running through March and April 2016 eight formal consultation responses were received. These came mainly from Planning Agents and Housing Developers as detailed below:
- Terence O'Rourke;
 - Mersea Homes;
 - Pomery Planning Consultants on behalf of a number of local companies;
 - Savills on behalf of Redrow;
 - Cirrus Land LLP;
 - Persimmon;
 - Myland Community Council; and
 - Natural England.
- 4.5 The response from Natural England made no comment on the updated CIL Viability Evidence Base as they felt it would have no impact upon their statutory purpose and will therefore not be considered in summation of the responses. The other consultation responses will be examined in more detail below.

Consultation Responses

- 4.6 The response from Terence O'Rourke was critical of the methodology employed by our consultants with regard to the drawing up of the charging zones. They act as agent to the main developer of the Lakelands site in Stanway and have recommended that this site be removed from any CIL charge.
- 4.7 Mersea Homes were supportive of some form of CIL being levied within Colchester and of the desire to promote the development of brownfield land but have made a number of suggestions. Particularly they suggest re-examining the viability of a retail charge and examining whether a lower CIL could be supported across the entirety of the borough. Further they have suggested a more detailed analysis of the charging zones to more fully reflect the realities of Colchester's housing market and that this should be used as a basis for altering the charging zones. They have also suggested that allowances for strategically important sites be made within any subsequent documents.
- 4.8 Pomery Planning Consultants have put forward a response on behalf of a number of small and medium housebuilders listed below:
- Vaughn & Blyth;
 - Lexden Restorations Ltd;
 - East Anglian Group;
 - Mansfield Developments Ltd;
 - Barkely Projects LLP;
 - Harding Homes Ltd;
 - Glenmoor Developments;
 - Land Residential Ltd;
 - RF West Ltd;
 - Oak Home Developments Ltd;
 - South East Developments Ltd; and
 - C & K Developments Ltd.

- 4.9 They also accept that some level of CIL charge is appropriate but have engaged an independent quantity surveyor to assess the report produced by BPS. Their report is critical of the zone map as they feel it is unclear. They object to the lack of a brownfield CIL as they feel this is an attempt to direct development away from certain areas in favour of others. They suggest that there is scope for a CIL charge to target retail development. With regards to the methodology of the BPS report they have concerns regarding how average house sale prices and average land values have been reached. They also note that the information on build costs is out of date and cannot be relied upon. Of particular note is their conclusion that a blended £30/m² CIL charge may be supportable across the borough for residential development.
- 4.10 The response from Savills is made on behalf of Redrow. They note that the emergent Local Plan is yet to be adopted and that some of the figures used by BPS in their report are now out of date. They note that the post code analysis of house prices within the BPS report is too simplistic and that more detailed analysis would yield a more definitive picture of house prices within the borough. They recommend adoption of an instalment policy should CIL be adopted and finally would welcome the opportunity to meet directly with the Council to discuss the issues further.
- 4.11 Cirrus Land LLP have not commented in too much detail, they note that no infrastructure list detailing what will be funded through CIL has been included within the evidence base document and recommend that a zero CIL rate should be applied to strategic sites.
- 4.12 Persimmon's response notes that when coming to publish a Draft Charging Schedule attention will have to be paid to a number of items including having full regard to the emergent Local Plan and any identified growth options, and revised viability assessments making use of up to date figures. Again there is support for focussing development onto brownfield sites although it is noted that further viability evidence may be required.
- 4.13 Myland Community Council has commented that they have concerns over whether development in Colchester will be able to support CIL and deliver affordable housing. To combat this they suggest that developers profit be directly diverted to procure affordable housing on a community need basis and that New Homes Bonus money is given directly to those communities affected by development as any CIL receipts passed to parish, town or community councils is likely to be low.
- 4.14 They have further suggested that local councillors be invited to join any panel set up to direct CIL spending and that given the small sample sizes involved, any CIL charge for Zone 2 should be abandoned.

Analysis of Responses

- 4.15 The consultation responses received highlight a number of issues that should be addressed before progressing further with a CIL strategy. Given that CIL should be adopted following approval of an NPPF compliant Local Plan, this leaves sufficient time to investigate these issues and make any necessary amendments before publishing a Draft CIL Charging Schedule.
- 4.16 In particular it is worth addressing the following items:
- The approach to CIL charges for strategic sites;
 - Whether a retail CIL can be supported;
 - Reviewing the work behind the charging zones map;
 - Investigating whether a lower blanket CIL across the entire borough is achievable;
 - Review of the assumptions and methodologies sitting behind the calculations within the BPS evidence base document;

- What the CIL infrastructure list will contain;
- The nature of any instalment policy utilised; and
- Whether CIL will affect the delivery of affordable housing.

4.17 With regards to charges on strategic sites, an infrastructure list and an instalment policy, these are all items which will be considered as part of a Draft Charging Schedule. Strategic sites will be identified through the Local Plan site allocation process. Once the Local Plan is further progressed it will be possible to determine an appropriate response. An infrastructure list as required by the CIL regulations and an instalment policy will also be brought forward in line with the Draft Charging Schedule. With regards to the instalment policy, allowing for large CIL contributions to be paid over a period of time will give developers of large sites the confidence to more accurately manage the cash flow of a given project and approach any CIL due with greater confidence.

4.18 Further work into the blanket CIL, a possible retail CIL, the charging zones map and the background assumptions within the BPS report can all be taken forward as a matter of course and discussed with our consultants, of particular interest is the approach outlined within Savills response as this allows for a very nuanced understanding of house prices within the borough to be created. Given the time lag between completion of the BPS report and the consultation exercise, it stands to reason that some assumed costs will have changed in the intervening period. These will be updated within any Draft Charging Schedule.

4.19 Regarding the delivery of affordable housing all viability calculations for determining potential CIL charges have been calculated to ensure that 20% affordable housing is still deliverable on site; therefore there is would be no issue with a site delivering both CIL and affordable housing. This will be reviewed as part of the Local Plan process and will reflect updated viability evidence.

5. Recommendations

5.1 It is recommended that Committee agree the additional work detailed at 4.16 and 4.18.

6.0 Financial Implications

6.1 There are no financial implications for the Council which may arise as a result of this decision. There is an existing budget to update the evidence base for CIL and the Local Plan.

7. Equality, Diversity and Human Rights Implications

7.1 An Equality Impact Assessment has been prepared for the Local Plan and is available to view on the Colchester Borough Council website by following this pathway from the homepage: Council and Democracy > Policies, Strategies and Performance > Diversity and Equality > Equality Impact Assessments > Commercial Services > Local Plan.

8. Consultation and Publicity Considerations

8.1 No consultation or publicity considerations are required as a result of this paper.

9. Risk Consideration

9.1 There are no inherent risks for the Council as a result of taking this decision.

10. Strategic Plan References

- 10.1 The Strategic Plan has four headline themes. Through the collection of CIL the Council would generate funding to support many forms of infrastructure within the borough.
- 10.2 Under the 'Prosperous' theme, this would support:
- Provide opportunities to increase the number of homes available including those that are affordable for local people.
 - Ensure transport infrastructure keeps pace with housing growth to keep the Borough moving.
- 10.3 Under the 'Thriving' theme, this would support:
- Cultivate Colchester's green spaces and opportunities for health, wellbeing and enjoyment of all.
- 10.4 Under the 'Welcoming' theme, this would support:
- Improve sustainability, cleanliness and health of the place by supporting events that promote fun and wellbeing.

11. Community Safety Implications

- 11.1 There are no community safety implications raised as a result of this report.

12. Appendices

- 12.1 The following documents are appended for member's information:
- Consultation response from Terence O'Rourke;
 - Consultation response from Mersea Homes;
 - Consultation response from Pomery Planning Consultants;
 - Consultation response from Savills on behalf of Redrow;
 - Consultation response from Cirrus Land LLP;
 - Consultation response from Persimmon; and
 - Consultation response from Myland Community Council.