

cd3e0ccd-6168-ce59-e77f-08d2ee7fa979

John-Rhys Davies  
001  
Good afternoon,

Please find attached, on behalf of our client Hallam Land Management Ltd, representations on the draft Community Infrastructure Levy.

We would be grateful if you can confirm receipt of the representations by return, if possible please.

Thank you and please give me a call with any queries.

John-Rhys Davies

Planner Boyer Cardiff

T 02921 670 589 E JohnRhysDavies@boyerplanning.co.uk

HYPERLINK

"http://boyerplanning.co.uk/"http://www.romans.co.uk/downloads/signatures/Marketing/boyer/BoyerBanner30.jpg

HYPERLINK

"http://boyerplanning.co.uk/"http://www.romans.co.uk/downloads/signatures/Marketing/boyer/newboyerlogo.jpg

1B Oak Tree Ct, Mulberry Dr, Cardiff Gate Business Pk, Cardiff, CF23 8RS.

W HYPERLINK "http://boyerplanning.co.uk"boyerplanning.co.uk

Registered Address: Crowthorne House, Nine Mile Ride, Wokingham, Berkshire, RG40 3GZ.

Registered in England 2529151.

To see full disclaimer that applies to this email please HYPERLINK

"http://www.boyerplanning.co.uk/disclaimer"click here.

To see our Standard Terms and Conditions of Contract please HYPERLINK

"http://www.boyerplanning.co.uk/terms.pdf"click here.

HYPERLINK

"http://www.maggiescentres.org/swansea"http://www.romans.co.uk/downloads/signatures/Marketing/boyer/NewCharityCAR1.jpg

Boyer Cardiff is proud  
to support Maggies

---

This e-mail has been scanned for all viruses by Claranet. The service is powered by MessageLabs. For more information on a proactive anti-virus service working around the clock, around the globe, visit: <http://www.claranet.co.uk>

---

# Community Infrastructure Levy Submission Charging Schedule Comment Form



The Community Infrastructure Levy (CIL) - Submission Charging Schedule Consultation is available at [www.stratford.gov.uk/CIL2015](http://www.stratford.gov.uk/CIL2015)

**Please use the form to make comments on any part of the consultation document.**

**Please read the consultation document carefully before commenting on this form.**

You can respond to this consultation electronically via the above web address.

Please complete this form using black ink. If you require more space please continue on a separate sheet.

Put your contact details in the box(es) below – please use BLOCK CAPITALS

Person(s) or Organisation Submitting Comments		Agent (if applicable)	
Name		Name	Owen Jones
Organisation (if applicable)	Hallam Land Management Ltd	Organisation	Boyer
Address	C/O Agent	Address	Oak Tree Court, Mulberry Drive, Cardiff Gate Business Park, Cardiff, CF23 8RS.
Tel No.		Tel No.	02920 736747
Email		Email	owenjones@boyerplanning.co.uk

If you are using an Agent, future correspondence will be sent to them unless informed otherwise.

Please note that responses cannot be treated as confidential.

Date

Forms should be returned by **5.00pm on Friday 13 November 2015**

By email to [planning.policy@stratford-dc.gov.uk](mailto:planning.policy@stratford-dc.gov.uk) or,

post to FREEPOST RSLH – ZYKJ – TYAZ, Stratford on Avon DC, PO BOX 5341, Stratford upon Avon, CV37 1LE

Please note that your response will be published on the District Council's website. However, this will exclude the postal address, telephone number and email address of individual respondents. The details of respondents will only be retained by the District Council for the purposes of Core Strategy/CIL preparation and consultation and will not be used for any other purpose.

**Please note that only the CIL Submission Charging Schedule itself will be submitted to an independent examiner following this consultation.**

**Notification of subsequent stages of the Community Infrastructure Levy (CIL)**

Please specify if you wish to be notified of any of the following:

Submission of the CIL Submission Charging Schedule for independent examination	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Publication of the recommendations of the person appointed to carry out an independent examination of the Submission Charging Schedule	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Adoption of the Community Infrastructure Levy	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

**Please make comments on the CIL Submission Charging Schedule consultation document below stating (if applicable) which section you are commenting on:**

**Introduction**

Boyer is instructed by Hallam Land Management (HLM) who is current promoting development at Rush Brook, south east Stratford-on-Avon (SoA) for up to 650 homes delivered across several phases. The spread of new housing would serve to integrate existing disparate areas of development, integrating the now dislocated Business and Technology Park with the rest of SoA urban areas. The site is controlled by HLM and could be brought forward independently or as an early phase to any wider and strategic proposal in this location.

Boyer on behalf of HLM has been advocating the sites allocation as part of the Core Strategy process. Following an examination of SoA's emerging Core Strategy, the Inspector found that increased housing numbers were required and that alternative sites should be considered (Interim Report, March 2015). Stratford-on-Avon District Council (SoADC) have responded (Cabinet Report, July 2015) by significantly increasing the housing need figure in the emerging Core Strategy, with the largest proportion of this additional growth to be located in and around SoA. While the Rush Brook site was included in the assessment of potential options the land has not been followed through as a proposed allocation mainly due to lack of capacity on the highway network.

A Western Relief Road, Eastern Relief Road and Town Centre Improvements are being considered by the SoADC following the Strategic Transport Assessment produced in October 2012. It is planned that the proposed construction of the Western Relief Road, will re-route much of Stratford's through-traffic away from the town centre and via the junction of the A46 and A422 instead. The development of housing in this south east corner of Stratford, along with the highways improvements, will relieve congestion in the town centre and speed up journey times around the periphery. SOA Planning Committee on the 5<sup>th</sup> of November approved the construction of the Western Relief Road with works scheduled to start in next year. We feel this commitment to the Western Relief Road further emphasizes the suitability of the HLM sites as being appropriate for residential development within the Local Plan period as it meets the NPPF's (paragraph 47) 3 tests of being deliverable – available; suitable and achievable.

**Areas of concern**

Putting the consideration of our client's site in the emerging Core Strategy aside, this submission focuses primarily on the 'Rest of District' residential rate of £150 psqm. We remain concerned about this proposed residential CIL rate covering the majority of the District given much of the viability evidence demonstrates considerable differences in sales values and Threshold Land Values (TLVs) exists across the District. It is also felt a number of the viability inputs are considered too optimistic for high level appraisals such as those included in PBA's Economic Viability Study. To support these overall conclusions we focus below on the following issues –

- Balancing of CIL rate setting against future housing delivery;
- Absence of Sensitivity Testing;

- Affordable Housing values;
- Density and Site Coverage assumptions;
- External Works and Contingency assumptions;
- S106 and s278 assumptions; and
- Development periods used to calculate finance costs.

### **Balancing of CIL rate setting against future housing delivery**

SoA, like many areas in the country, is faced with a significant challenge in terms of ensuring actual housing delivery keeps pace with housing demand. The proposed modifications to the Core Strategy (August 2015) increases the average annual housing target from 566 to 724; a level PBA's Economic Viability Study (September 2015) confirms the Council has not achieved in the recent past (Table 3.1 of the Economic Viability Study).

Related to overall housing delivery is increasing pressure to maximise affordable housing provision. Paragraph's 5.3.2 to 5.3.4 of the proposed Core Strategy describe this challenge in no uncertain terms by noting that high house prices and private rents exclude many working and non-working households from the housing market. For example the District house price to income ratio in 2012 was 13.1 to 1 compared to a ratio across the West Midlands of 8.8 to 1 (National Housing Federation, 2014). Other research by the National Housing Federation using Valuation Office Agency data shows that in the year to September 2013 private rents in the District averaged £835 per calendar month and were the highest in the West Midlands. The proposed Core Strategy goes on to acknowledge that affordable housing supply has continued to not meet demand as confirmed by the SoADC's own evidence base studies.

We feel the charging regime proposed in the Submission Charging Schedule (SCS) does not responding to these difficulties around housing delivery effectively. By proposing a 'Rest of District' rate of £150 psqm the Council appear to be ignoring their own evidence outlined in PBA's Economic Viability Study (September 2015) which demonstrates at Table 5.2 and Figure 5.2 that significant differences in sales values exist across the District. Focusing on the Central area for example the difference in value between average house prices paid in Henley-in-Arden compared to Shipton-on-Stour is approximately 15%. By proposing a 'Rest of District' rate outside of allocated strategic sites; small sites; and specialist residential housing the proposed charging regime ignores these sales value differences which have a significant impact on scheme GDV and the ability of schemes to absorb the CIL rates proposed.

While we appreciate the argument around ensuring the charging schedule not being too complex with multiple charging zones, the Economic Viability Study and wider delivery of the Local Plan for that matter do not appear to support the decisions made. Therefore Boyer do not agree with PBA's typology assessment that the District can be split into three distinct areas – Central; West and East with respect to sales values.

### **Sensitivity Testing**

We note in the sections below that further sensitivity testing should be applied to specific variables such as density and site coverage to ensure as many different types of development are captured as possible. This is vitally important for variables that have a direct and proportionate impact on GDV.

Other variables which have a direct impact on scheme value are sales values and build costs which themselves should be sensitivity tested to ascertain what impact assumption changes could have on the ability of schemes to absorb a CIL Charge. Sensitivity testing key viability assumptions is vital in recognising the inherent uncertainty and larger margins for error in undertaking high level development appraisals such as those undertaken by PBA.

The RICS guidance document "Financial Viability in Planning (2012) recognises the importance of sensitivity testing in stating: *'It is strongly recommended that financial appraisals are sensitivity tested as a minimum, and with more complex schemes further scenario / simulation analysis should also be undertaken. This is to ensure that sound judgement can be formulated on viability.'*

While the future trajectory of the housing market is inherently uncertain sensitivity testing will assist the Council in understanding the impact the movement in sales values and costs have on the maximum CIL rates.

### **Affordable Housing values**

PBA have appraised the viability on variable levels of affordable housing which will then be transferred to a

registered provided (RP) at the following discounts to market value –

- Social Rented – 45%;
- Affordable Rent – 55%; and
- Intermediate – 65%.

Again little evidence is provided in the Economic Viability Report to support these assumptions. Boyer are aware of lower rates being accepted in other CIL examinations. For instance the viability work supporting the South Oxfordshire CIL Charging Schedule noted RP's locally where offering circa £1,100 psqm for completed social rented units representing 36% of market value in the lower value areas and 26% of market value in the highest value areas. Similarly lower values were used for shared ownership (intermediate housing) at 60% market value. Given these are important viability inputs we would expect to see further local evidence to justify the above assumptions.

### **Density and Site Coverage Assumptions**

Other than for strategic sites critical to a Local Plan's delivery, it's accepted that testing every site is not possible. The most effective way around this is to test a range of generic but representative schemes across the charging area. What we have difficulty with are the generic schemes chosen particularly the limited density ranges used. With reference to Table 5.4 of the Economic Viability Study, the majority of the residential schemes modelled are at a narrow density range of 30 to 42 dwellings per hectare. With regard to larger sites such as our clients an even narrower range is applied of between 32 to 39 dwellings per hectare as follows –

- West Brownfield (100 homes) – 36 dwellings per hectare;
- Central Large Brownfield (120 homes) – 39 dwellings per hectare;
- East Urban Extension (200 homes) – 35 dwellings per hectare;
- Central Urban Extension (500 homes) – 37 dwellings per hectare;
- East Urban Extension (500 homes) – 37 dwellings per hectare; and
- Central Urban Extension (2000 homes) – 32 dwellings per hectare.

Why has no greater variation been tested to ascertain any impact this would have on viable CIL rates? For example our client has a 45 ha site which it is promoting for delivery of up to 650 homes yielding an approximate density of 25-35 dwellings per hectare (taking into account green infrastructure). While we are not saying this is a standard case it helps demonstrate that density ranges can be much lower than the very narrow density ranges tested. In essence lower site densities will reduce the GDV of schemes which could have an impact on their ability to absorb CIL at certain levels.

Linked to the issue of density is site coverage. Again we feel the range of assumptions used is not representative of the range of site development opportunities that exist in SoA. Similar with density, Table 5.4 of the Viability Study includes too narrow a range with respect to site coverage. For instance significant sites of 100 plus homes outside of the allocated strategic sites are tested at the following site coverage thresholds –

- West Brownfield (100 homes) 69%;
- Central Large Brownfield (120 homes) – 68%;
- East Urban Extension (200 homes) – 65%;
- Central Urban Extension (500 homes) – 61%;
- East Urban Extension (500 homes) – 61%; and
- Central Urban Extension (2000 homes) – 54%.

Again no justification is provided for the ranges used. In reality site coverage can be much lower as acknowledged by the publication 'Viability Testing Local Plans,' Local Housing Delivery Group (p36) which states –

*"The net area can account for less than half of the site to be acquired (that is, the size of the site with planning permission) once you take into account on-site requirements such as formal and informal open space, sustainable urban drainage systems, community facilities and strategic on site infrastructure etc. On larger sites, sometimes the net area can be as little as 30%."*

Some further sensitive testing at lower site coverage particularly for larger sized sites such as our clients should be undertaken to assess any impact on viable CIL rates. Again with reference to our client's site the

proposed site coverage is likely to be less than 50% meaning it again is not represented in the assumptions tested.

### **External Works and Contingency assumptions**

PBA have applied 10% of build costs to cover external works which we feel is low for high level viability testing. Considering external works needs to cover roads; pavements; street lighting etc and potentially ground works and other costs we feel 15% to 20% is more appropriate especially for larger sites. Similar assumptions have been accepted in other CIL examinations such as LB of Hackney; South Oxfordshire; and LB Lambeth.

In terms of a contingency factor PBA have applied 5% to its viability appraisals. Whilst we agree this is the industry standard used by developers this is in respect of specific schemes where site specific costs have been analysed in detail. Given these are generic high level appraisals covering a wider geographical area we feel a more conservative assumption is warranted to help ensure CIL is not set at the margins of viability as required by CIL Regulation 14. For this reason we feel 10% is more appropriate which has been accepted at other CIL examinations for example South Oxfordshire.

### **S106 and s278 assumptions**

In terms of s106 assumptions, the Economic Viability Study does not test any s106 / s278 costs as part of the appraisals other than for allocated sites where specific s106 and s278 inputs have been included. Instead for non-allocated sites a zero s106 assumption has been assumed in the typology testing in favour of the study seeking to identify the broad financial headroom (residual balance) to inform likely future developer contributions to afford CIL with a buffer which may possibly afford a s106 charge. We find this approach wholly inadequate.

Instead we would expect the Council to make an assessment of likely s106 costs once CIL is in place having regard to its proposed Regulation 123 List and in revising its S106 policies and supplementary planning guidance. In reality appraisals accompanying development proposals generally include an assumed s106 / s278 costs along with other costs to ascertain if a scheme is viable. To reflect this fact many other CIL charging schedules include appraisal assumptions for s106 / s278 as a cost input based on local experience and judgement ranging from £1,000 per residential unit as a minimum up to £10,000 per unit or higher for larger sites.

We note that site and abnormal costs have been included for brownfield, mixed and greenfield sites. Again we are unsure as to the evidence which substantiate the assumptions used here particularly in relation to the following –

- Greenfield with less than 200 units - £5,000 per unit;
- Greenfield with 201 to 500 units - £10,000 per unit; and
- Greenfield with more than 500 units - £18,000 per unit.

In the absence of local evidence we again believe these costs are on the low side. The Viability Testing of Local Plans (Local Housing Delivery Group 2012) suggests the costs associated with providing serviced housing parcels, i.e. strategic infrastructure costs are typically in the order of £17,000 - £23,000 per plot for larger scale schemes.

The Economic Viability Study at Table 3.4 outlines previous S106 receipts but provides little analysis of how past s106 receipts received are likely to compare to future CIL funds. The NPPG states a charging authorities approach to s106 should be based on evidence. Whilst the NPPF and NPPG note s106 obligations will be scaled back alongside CIL, we feel a nominal amount based on local experience and revised policy around s106 taking into account the proposed Regulation 123 List needs to be included in the appraisals. This nominal amount also needs to take account of likely s278 costs in addition to s106. This should be a lenient amount based on local evidence particularly given the CIL Regulations place no such restriction on Section 278 contributions (being scaled back) covering highways and transport costs. Again these important assumptions need to be further evidenced, potentially by benchmarking what charging authorities that have a CIL in place have secured in terms of s106 for CIL liable development. Obviously this should be in as comparable location(s) as possible with similar viability characteristics and by nature similar CIL charges. S106 assumptions should also be analysed in more detail for larger sites as discussed above.

Calculating what was previously negotiated under s106 is also useful for comparison against the proposed CIL charge to help ascertain any additional financial impact CIL will have on development in comparison to

historically achieved s106 payments. This should be done on a per unit basis rather than per year as currently outlined.

Finally the NPPG also requires the charging authority to set out its proposed approach to s106 contributions. Other than the Regulation 123 List little other detail is included as to what s106 mitigation will be sought and at what level. Other charging authorities have typically published their replacement draft Planning Obligations SPD alongside their Charging Schedule. The benefit of this approach is that it helps establish what types of site mitigation will typically be sought through s106 and how these are calculated i.e. based on standard formula or otherwise. This helps provide a useful cross check as to the assumptions being tested in the accompanying CIL viability studies which is currently absent from the PBA appraisals.

### **Finance**

While we accept the 7% cost of finance as appropriate we are unsure over what development period this applies in relation to the 25 residential typologies tested having regard to Appendix A of the Economic Viability Study (June 2014) specifically the build rate units/per annum assumptions. Development period can have a significant impact on cost particularly for larger sites built out over several phases over a long period of time.

### **Exceptions Policy**

Boyer supports the Council adopting an Exceptions Policy. While the CIL viability testing should establish the most typical viability position across the District; not the exceptional situations; there will always be variations in viability between individual sites. Given the Council have a relatively small number of strategic sites even a small number not coming forward based on viability could put the Council's overall housing delivery at risk. An Exceptions Policy would allow any site specific factors to be considered have regard to a robust assessment of site specific viability.

### **Conclusion**

We feel the above points demonstrate that the current viability assumptions are overly optimistic and if adjusted as suggested would result in a lower CIL rate; particularly the £150 psqm 'Rest of District' rate. We also feel clear and demonstrated differences across the District in terms of sales values and TLV have not been reflected in the appraisals which masks the true ability of different areas to absorb CIL at current proposed levels.

### **Do you wish to express an interest to participate in the Examination?**

**Yes**, I wish to participate at the oral Examination

**No**, I do not wish to participate at the oral Examination

### **Declaration**

I understand that all representations submitted will be made available for public inspection and will be identifiable to my name and organisation (if applicable).

Signature: Boyer

Date: 12 November 2015