

LDF PMB

CIL Progress Meeting

Report on Consultation Responses received on PDCS Report by Jean Marshall CIL Co-ordinator

Purpose of Report: To make Members aware of the initial feedback following the consultation on the Preliminary Draft Charging Schedule (PDCS)

Recommendation: That Members note the report and initial tasks arising as an outcome from the consultation.

Background: Following approval of Full Council, consultation on the PDCS took place between 6th March and 4th April 2012 with a targeted consultation to over 200 agents, developers, architects and builders regularly working with the Council together with all Town and Parish Councils. In view of the fact that a number of agents and developers subsequently decided to work collaboratively, headed by Abbey Manor Developments, the consultation was extended until 18th April to the consortium to allow their evidence to be forwarded.

Report: The consultation resulted in 34 representations being received, 12 from Parish and Town Councils and 22 from agents and developers including two from consortia, one on behalf of a group of developers and the other on behalf of the South West Housing Associations and Registered Providers (HARP). In excess of 200 comments have been received ranging from full support for the proposals set out in the PDCS to total objection to CIL being introduced at all. An overall summary of the comments is set out below under group headings

Affordability

The biggest issue raised is the timing of introduction of any proposed CIL and the need to achieve the right charge for CIL to ensure that development continues. Most of the representations cited this as the single most important element as the majority accept that CIL will be needed but several suggest either keeping the cost low whilst the recession is still ongoing or that CIL be phased in with a low initial charge and raising in annually to allow the cost of CIL to be reflected in land prices. It was generally felt that land values will not adjust quickly and those that have already purchased land would be adversely affected if a high rate of CIL was charged with immediate effect. Several of the PC/TCs felt that the CIL level as proposed would prevent any development in the rural areas and make affordability for those wishing to buy in rural locations even harder.

Some respondents did feel that CIL was a fairer charge, with all development having to pay towards infrastructure whilst some felt that as small developments and single houses didn't put any additional strain on infrastructure such schemes should be exempt. There was considerable concern that any additional cost to the development industry would have far reaching impact on the subsidiary companies who rely on the house building industry.

Economic factors

Comments were made that the country is still in recession and this is not the time to introduce CIL when land values show little sign of returning to past levels. The ability to gain finance was also noted

Evidence base

The comments on the evidence base fall into 2 distinct areas, the viability analysis underpinning the PDCS consultation charges and the infrastructure database. There was some concern that the level of infrastructure that needs funding is inaccurate and includes both shortfalls in existing infrastructure and items which are likely to be

delivered through continuing S106 agreements. Whilst both of these factors may be correct there is no doubt that there is a significant gap in funds available for the infrastructure identified in the database and therefore a move to CIL is possible (if there were no funding gap the Council cannot seek to move to adopt a CIL). Several of the TC/PCs wanted further clarification of the types of infrastructure proposed in their areas and questioned how the element of CIL which would be returned to parishes would work. Such governance arrangements will be needed prior to collection of CIL but as yet the further government guidance is still awaited on this.

In terms of the viability analysis several comments were made regarding the underlying assumptions made by the consultants and many questioned the figures used. However, there was a lack of consistency even between those responding which demonstrates that this is not a precise science. There is going to be a need to further consider the comments made and given that there has been both changes in the market and in the scale and type of likely development further viability testing will be needed to determine the viability of different rates of CIL. Some of the evidence submitted is extremely detailed and it would be of benefit to work alongside the development industry in this further testing to ensure their input into the process.

Process

Several comments received related to process, many from TC/PCs in particular relating to how and when they needed to identify infrastructure and how the governance of spend, and how much they would get would work. Some comments also related to parts of the legislation with concerns raised that previous similar attempt to tax land had failed. Somerset County Council also made comments about the need for close working arrangements with them over CIL expenditure in the longer term.

Impact

Most of those who commented referred to the likely impacts of setting the wrong rates of CIL, ranging from a complete halt to the development industry to a lack of money for infrastructure. It is accepted that getting the balance right is critical. Concern in particular was raised by the affordable housing providers that any impact on market housing would also affect delivery of affordable housing and given that CIL is a fixed cost, the variable factor is likely to be the amount of money which remains available for affordable housing provision, given there is only one "pot" of money.

Payment

In addition to concerns generally about the rate of CIL, several commented that the payment should be staggered or even deferred until building are occupied. The legislation will not allow for such flexibility but there is support for introducing phasing for payments and this will need to be considered further.

Retail and other uses

Only one comments was received to the proposed charge for large format retailing (Sainsburys) objecting the levels proposed and that only large format retailing was to be charged rather than all retail. There is an anomaly in the legislation which will need to be investigated and clarified that they have raised. Extra care residential houses will also need to be considered further as these currently fall within the general residential use class although do provide for additional care functions such as restaurants and libraries.

Conclusion:

Despite the number of issues raised there was some support for the introduction of CIL in terms of the clarity and transparency of the future funding of infrastructure and certainty that this can give developers and the fact that, in time, the cost of CIL will come from land values. The greatest overall concerns were to ensure that the timing of CIL is appropriate and that the levels of charge are also sufficiently low to allow development to continue given the high numbers of people employed within the industry and also the benefits of NHB and CIL monies that would come from further development.