South Somerset District Council

Community Infrastructure Levy
Charging Schedule Examination

Key Issues Discussion Paper

Issue 1 – Is the charging schedule supported by background documents containing appropriate available evidence?

(i) Infrastructure planning evidence

(a) Is the Charging Schedule justified by the **appropriate available evidence**, having regard to the CIL 2010 Regulations (as amended), CIL Guidance (2014), NPPF (*the Framework*), national Planning Practice Guidance (PPG), the local economic context and infrastructure needs, including in relation to the South Somerset Local Plan (LP) and the Infrastructure Delivery Plan (IDP)? Is it consistent with the advice in the Harman Report?

(b) The main **infrastructure needs** that the Council intends to fund through the Levy are contained in the Regulation 123 List. Should this list be lengthened in response to several requests from representations?

(c) The **funding gap** for South Somerset is shown in Table 3 of the IDP Update 2015/16, which shows an indicative cumulative gap of £124.1 million, presumably over the remainder of the Local Plan period (to 2028). Would the proposed CIL charge make a significant contribution towards filling the likely funding gap? Can the Council point to other funding sources which will make good or at least significantly reduce this funding gap, for example New Homes Bonus, remaining Section 106 receipts, and any other relevant considerations?

(d) Would the proposed CIL rates result in a significantly higher **overall charge for each new house**, once account is taken of the revised approach to S106 (and S278 highways) agreements that will apply once CIL is adopted?

(e) Do the figures demonstrate the **need to levy CIL**?

(ii) Economic viability evidence

- Is the **CIL Viability Study** (VS) and the **methodology** it uses, robust and suitable for the purpose of setting an effective CIL charging rate for South Somerset? In particular:
  - (a) Is the standard **residual valuation approach** used in the VS appropriate?
  - (b) Are the **assumptions used** for the range of factors included in the VS, such as benchmark land values, building costs, Code for Sustainable Homes (or Building Regulations equivalent) and profit levels, in addition to the percentage of affordable housing (AH) provision, reasonable?
  - (c) How effectively has the VS methodology adapted itself to **'real world' conditions in South Somerset**? [For example, how effectively does it pick up on relevant local

data on existing land values; likely sales prices based on a range of sites across the area; housing densities; and gross to net ratios?]

(d) Is the **sampling**, both in its size and range, sufficient to ensure a robust VS? Does the VS reflect the advice of the PPG (ID 25-019-20140612) to sample on an appropriate range of sites reflecting a selection of the different types of site included in the Local Plan?

(e) How realistic is the **sensitivity testing** in the VS, for example in relation to alternative AH targets and tenure splits, and higher and lower sales values and build costs?

(f) In the **changed economic circumstances** since the latest Viability Study was published in July 2015, is there now a case for extending the categories of development which are subject to CIL in South Somerset, for example in employment areas, hotels, and leisure?

(g) Is the **CIL zoning map** appropriate, or does it result in anomalies and a perception of unfairness?

(iii) Conclusion

- Is the draft charging schedule supported by detailed evidence of community infrastructure needs? Is the evidence which has been used to inform the charging schedule robust, proportionate and appropriate?

Issue 2 – Is the residential charging rate informed by and consistent with the evidence?

(i) Is the **rate for residential development** (£40 psm outside the Yeovil SUEs and Chard Eastern Extension Area) reasonable and realistic in relation to achieving an appropriate balance between helping to fund new infrastructure and the potential impacts on economic viability?

(ii) Is the **zero charge for the two SUEs in Yeovil and the Chard Eastern Development Area** justified? In particular, what is the justification for the reduction from £32 psm for the Keyford SUE in the earlier version of the draft CIL Charging Scheme when the proposal was for 2,500 dwellings, down to zero charge for the scheme in the adopted Local Plan of 800 dwellings? [It would appear from some representations that Keyford has few ownership, access or ground condition problems, with the implication that a positive CIL charge is reasonable.]

(iii) How does the CIL rate relate to the S106 tariff based approach on **affordable housing** (AH)? If the CIL rate is higher than the existing Section 106 tariff, is this likely to reduce the yield of AH likely to come forward from new sites? If the answer is 'yes', how many AH units is the District likely to lose in a typical year? How does the CIL relate to the Local Plan AH provision? In view of the impending broadening of the definition of AH, is there a case for updating the VS to consider its impact?

(iv) Is there a case for a CIL rate for certain forms of **older peoples' housing** (e.g. Use Class C2) bearing in mind the growing importance of

this sector and some evidence that viability considerations are not significantly different from mainstream housing?

Issue 3 – Levy rates for other uses

(i) Are the **rates for the other uses** listed in the schedule reasonable and realistic in relation to an appropriate balance between helping to fund new infrastructure and the potential impacts on economic viability?

(ii) Is there sufficient evidence to demonstrate that a **zero charge is appropriate in relation to all uses other than housing and retail**? (Many CILs cover uses such as offices, research and development and light industry (Use Classes B1a, b and c); general industry (Use Class B2); storage and distribution education (Use Class B8); hotels and guest houses (Use Class C1). For example, is the Council confident that all the necessary increased water supply and waste water treatment capacity can be secured through S106 Agreements or other means?

(iii) In relation to **retail development**, is there sufficient evidence to justify a differential rate between out-of-centre retail development (£100 per square metre for convenience-based supermarkets and retail warehouse parks, outside defined town centres and primary shopping areas), and a zero charge for all other retail development, for example in town centres, based on reasonable assumptions about development values and likely costs?

Issue 4 Does the evidence demonstrate that the proposed charge rate would not put the overall development of the area at serious risk?

(i) Has the **appropriate balance** been struck in the following key areas:

- An appropriate balance between **maximising revenue** to invest in infrastructure as against the need to minimise the impact of **development viability**; and
- An appropriate balance between prioritising **infrastructure funding** and **affordable housing** provision?

(ii) **Development at risk:** Is it the case that only if development sales values are at the lowest end of the predicted spectrum would the development in some parts of the District be at risk?

Issue 5 – Other matters

(i) What criteria will the Council use to determine whether **exceptional circumstances** are appropriate?

(ii) What criteria should be included within a policy covering **instalment rates**?

(iii) Is the proportion of CIL expenditure **allocated to the Parish Councils** at the appropriate level, bearing in mind the corporate and spatial priorities of the Council?

(iv) In terms of the overall costs of the scheme, broadly what would be the **impact of CIL** in percentage terms for the various land uses?

(v) What is the rationale behind sticking to the **S106 method for providing the necessary infrastructure for the major expansion areas** in the District? Is there not a danger that the limitations of S 106 funding for multiple developments in the major residential expansion areas will restrict the potential for funding for necessary infrastructure?

Mike Fox

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