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Issue 1
ID 4122433

COMMUNITY INFRASTRUCTURE LEVY – CHARGING SCHEDULE EXAMINATION

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

(i) Infrastructure planning evidence

(a) Appropriate available evidence

1. I don't consider that the Charging Schedule is consistent with the advice in the Harman Report.

2. The Harman Report indicates that, where practical, CIL Charges should be worked up and tested alongside Local Plans. Also CIL should support and incentivise new development by placing control over a meaningful proportion of the funds raised with the neighbourhoods where development takes place.

3. BNP Paribas CIL Viability Report, benchmark land value scenarios, indicated that the Yeovil Urban Extension would not be viable at 35% affordable housing level or even at 15%. BNP also said CIL was a modest cost and would not be an overriding factor regarding site viability, as some schemes would not be viable even if no CIL were to be applied.

4. SSDC must have doubted the 2013 BNP benchmark land value evidence as it submitted main modifications to the Local Plan in 2014, which included a minimum 30% AH provision for the YSUE. In time line this was after BNP submitted their report to SSDC.

(c) Funding Gap (£124M)

The Planning Advisory Service estimates that CIL should account for 10-30% of infrastructure costs. The SSDC estimate of CIL revenue, at about £14M, is just 11% of the funding gap. SSDC has not demonstrated how the remainder of the gap would be met. Applying a zero CIL to the Yeovil UE reduces funding opportunity and SSDC has not demonstrated that the delivery of the UE would be jeopardised if a positive CIL Levy were to be applied.

(ii) Economic Viability Evidence

(b) **Assumptions used**

1. Housing Mix - The Tym & Partners January 2012 viability study assessed the housing mix shown at Table 1 this was also used by BNP Paribas.

Table 1

1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
15%	33%	32%	17%	3%

The consultant clearly indicated this mix might not be the mix used in development. Paragraph 2.5 of the report states the consultant used the SHMA housing mix figures. The consultant's figures appear at variance to the data in pages 94/95 of the SHMA. Local Plan Policy HG5 provides the policy on housing mix for development, using the SHMA.

Using the SHMA data and applying the same principle used by the consultants (of merging Private and Affordable Housing) a different figure below emerges which I indicate in Table 2. **I would like SSDC to show the calculation for their housing mix shown in Table 1 above, in order to understand why there is a difference.**

Table 2

1 bed	2 Bed	3 Bed	4+ bed
12%	31%	40%	17%

The high percentage ratio of 1 and 2 bedroom dwellings has a strong potential to reduce the average sales value per dwelling and the subsequent gross sales value of the site

2. Profit Levels Yeovil UE – The Appraisal Summaries of May 2013 and updated in July 2015 indicate profit against GDV of 21.82% and 21.34% respectively. These levels of profit are significantly higher than any other appraised sample sites. There is contradicting evidence when comparing profit levels and BLV data. Sites considered viable for CIL under the BLV are then shown as less profitable than the Yeovil UE, which is deemed not viable.

3. Affordable Housing (AH) provision at the Yeovil UE – The Local Plan policy YV2 identifies a minimum 30% and aspires to 35% yet BNP Paribas considered the site as not viable even at 15% while at the same time identifying high profit on GDV. These two extremes in position in the same report questions the validity of the conclusion to have a zero CIL rate. If the AH requirement was to be set towards the 15% level then the profit on GDV would be even more significant.

4. Code for Sustainable Homes - The Council has not provided the evidence that underpins the addition of a 4% allowance for CSH

considering that the Government had previously removed this requirement in 2015, which was recognised by SSDC.

5. The BNP report states between 2013 and 2015 sales values grew at a faster rate than build costs and therefore sites would be more viable not less.

(c) Real world conditions in South Somerset

1. The unit price of £190,232 for private housing at the Yeovil UE is based on the calculation of the square metre unit price multiplied by the square metres per unit. The size of a private house in square metres has been assessed as the same as that of affordable houses. The SHMA recognises affordable homes are generally smaller than private homes and therefore it would have been reasonable to indicate the differential between Private and Affordable.

2. The BNP Viability Report May 2013 paragraph 4.3 indicates that they used an average of 85m^2 average per dwelling however the Appraisal Summaries (May 2013, July 2015 and the 800 Dwellings) for the Yeovil UE when calculated the average is just 82.84m^2. There is no indication why BNP Paribas uses a different figure than stated. This has the effect of lowering the gross sales value of the site. BNP Paribas clearly about their average figure.

3. Looking at the average selling price of properties on the Home.co.uk website which is referred to by BNP Paribas it shows that for the BA22 postcode area (part of the Keyford location) the average July 2015 selling price was £264,798 while at March 2016 it was £274,292. Taking a wider and view (March 2016) the BA postcode area shows the average selling price as £278,821. It is not feasible that the average selling price at the Keyford location is as little as £190,232.

(d) Sampling

1. PPG (ID 25-019-20140612) indicates that Charging Authorities may use a range of data including property prices and house price indices; it appears that they haven't given proper consideration to these.

2. The PPG goes on to say that they should focus on strategic sites on which the relevant Local Plan relies. It further states viability testing should be consistent with the viability assessment undertaken during plan making. SSDC referred to core document CD35 re: CIL levy as part of Local Plan evidence as part of the viability during plan making. This document indicated the Yeovil UE would attract a CIL Levy of £32 pm$^{2.}$