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Issue 2
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COMMUNITY INFRASTRUCTURE LEVY – CHARGING SCHEDULE EXAMINATION

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

(ii) is zero charge for the two SUEs in Yeovil and the Chard Eastern Development Area justified?

1. I've been unable to identify specific evidence or justification for reducing the CIL rate from £32 pm^2 figure. It is not clear what changed between the Tym & Partners report and the BNP Paribas Report in May 2013 just 15 months later.

2. The Keyford Developers and Council agreed Statements of Common Ground that the Local Plan Inspector accepted. It is these statements that allude to the fact of few ownership, access or ground condition problems. Local Plan Core Document evidence (CD35) supporting the CIL Levy of £32 pm^2 at the Yeovil UE was part of the evidence when these two parties produced their statement.

3. SSDC had not carried out an appraisal for 800 dwellings until after the CIL DCS Consultation. There had been no opportunity to respond to this new appraisal as the SSDC consultation had ended. I welcome an appraisal being belatedly completed for an 800 dwelling Yeovil UE but I challenge the SSDC conclusion that it would also not be viable. The main (but not only reason) for challenging the Council's conclusion is as follows:

(a) SSDC 800 dwelling appraisal indicated a 16.08% profit on GDV using the same methodology for the 2,500 dwelling UE (actually 3,000 dwellings). Unfortunately SSDC failed to amend the "Marketing & Letting (M&L)" costs and used the same figure as the 3,000 dwelling appraisal as follows:

- 3,000 Dwelling Appraisal M&L cost: £12,127,290
- 800 Dwelling Appraisal M&L cost: £12,127,290

Paragraph 4.21 of the May 2013 BNP Paribas report clearly indicates market costs of 3% of Private Housing GDV. The 3,000 dwelling appraisal is 3% but the 800 dwelling appraisal is in excess of 12%.

A M&L cost of 3% for the 800 dwelling development would be: £2,968,619

The net reduction in cost and net increase in profit would be: £9,159,671

Total Cost would reduce from £102,218,597 to £93,058,926
Profit would increase from £19,568,178 to £28,745, 849

Potential Revised Profit on GDV%	23.60%
Potential Revised Profit on Cost	30.88%

It can be seen that the development would generate a high percentage profit and rather than being unviable the Yeovil UE would be extremely viable.

If CIL was applied @ £40 pm^2 CIL would generate:

£1,723,072 for an 800 dwelling Yeovil UE based on 520 Open Market homes.

The % cost of a £40 CIL Levy against GDV would be about 1.4%

(b) The calculations are based on 35% Affordable Housing and also a questionable housing mix, which has the potential to under estimate gross sales value. Therefore profit is likely to be even higher.