



BRISTOL CITY COUNCIL

COMMUNITY INFRASTRUCTURE LEVY

PRELIMINARY DRAFT CHARGING SCHEDULE

Schedule of Comments and Responses

February 2012

Response No.	Respondent Name	Summary of Comments	Council Response	Charging Schedule Amendments
1	Richard Irwin on behalf of the Hillfields Community Trust	Concern about the level and condition of community facilities in Hillfields	Revisions to the CIL Regulations will provide for a meaningful proportion of CIL receipts to be passed to local communities. When development occurs in the Hillfields area, a proportion of the CIL received from the development will be devolved to the Eastville, Frome Vale and Hillfields Neighbourhood Partnership Committee, who will be able to use the funding to deliver local infrastructure priorities	No Change
2	John Moran on behalf of Moran Architects	The Charging Schedule should exempt residential extensions and the rate should be halved for one off self build houses	Residential extensions will be exempt from CIL provided that they comprise less than 100m ² of new development. No evidence has been provided to show that single dwellings are unable to afford CIL at the proposed rates	No Change
3	Henning Tutz on behalf of Somerset County Council	Somerset County Council has no comment to make	No response required	No Change
4	Marine Management	The Marine Management Organisation has no comment to make	No response required	No Change
5	Robert O'Leary (O'Learygoss Architects Ltd)	<p>1. The Residential Inner Zone includes lower value areas such as St. Pauls, Easton and Lawrence Hill. Applying the Inner Zone Charge in these areas is at variance with Core Strategy BCS3, which encourages regeneration in such locations</p> <p>2. City Centre office development should shoulder some of the burden of CIL</p> <p>3. Student accommodation pays CIL yet office development does not. This is inconsistent with the fact that the infrastructure delivered using CIL is likely to benefit office development far more than student accommodation</p>	<p>No evidence has been provided by the respondent to show that residential schemes in the St. Pauls, Easton and Lawrence Hill parts of the Inner Zone, are unable to afford CIL at the proposed rates. CIL cannot be used as a tool to deliver policy as it must be predicated on economic viability</p> <p>Viability evidence shows that to levy a CIL charge against office development would put it in danger of becoming unviable and put the growth of the city at risk</p> <p>How CIL is spent does not have to be related to the type or location of the development that paid it. Indeed, it specifically breaks that relationship to enable local authorities to deliver infrastructure necessary to support the growth of their area</p>	<p>No Change (however see amendments relating to response no. 17)</p> <p>No Change</p> <p>No Change</p>

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		4. Query as to whether integral garages, bike and bin storage areas, and covered unheated circulation areas would be liable for CIL	Garages that were linked to a property and constructed as an integral part of a development would be liable for CIL. Bin and bike storage areas that are outside a property would not be liable for CIL. Covered unheated circulation areas would not be liable for CIL in cases where they were deemed external space for building regulations purposes	No Change
6	Aaron Davies Design Consultancy	1. The cost of infrastructure should be borne by the users (residents or occupants) of buildings and not the developer, as it is the users who benefit from it. Applying it to developers is a punitive tax that places an undue burden on businesses responding to a demand for housing 2. The application of CIL fails to take account of the negative impacts of such a levy and will result in a reduction in building standards 3. The commitment to ring-fence funds for infrastructure is too vague	The CIL regulations require a person or body to accept liability for paying CIL before development commences. This could be either the end user or the developer depending on the nature of the development being implemented. The CIL viability assessment takes account of the costs incurred in building residential dwellings to Code for Sustainable Homes Level 4. The CIL regulations require that CIL is spent on infrastructure. They also require that, prior to the introduction of CIL, the Council publish a list identifying what schemes may be delivered from CIL receipts, and then produce reports showing how CIL receipts have been spent	No Change No Change No Change
		4. CIL should be levied against existing non energy efficient buildings	The CIL regulations do not allow for this	No Change
7	Andrew Batchelor (Hartnell Taylor Cook)	Recent consents for a hotel scheme in Mitchell Lane and a Student accommodation / hotel scheme in Nelson Street have been accompanied by viability assessments and have been granted with reduced Section 106 obligations. Hotel and student accommodation will become unviable with CIL and a £0 rate should be set	Whilst there may be specific schemes that are unviable with or without CIL, CIL charges are based on a broad brush assessment of viability cross the city. No evidence has been provided to contradict the inputs used in the viability study	No Change
8	Barbara Morgan (Network Rail)	Identifies rail schemes that they would welcome CIL contributions being applied to	Comment noted.	No Change

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9	Jayne Harding (Aspect 360)	<p>1. The fact that CIL is non-negotiable (whereas Section 106 is) will impact on the viability of development as a lower level of CIL cannot be negotiated where the viability of a scheme is an issue</p> <p>2. The Residential Inner Zone covers too wide an area resulting in development in lower value areas paying the same CIL as City Centre development</p> <p>3. CIL will place a prohibitive burden on smaller developments as they will be required to make larger payments than under the Section 106 system</p> <p>4. The application of a CIL Charge of £120/m² for student accommodation and retail development is likely to render such schemes unviable</p> <p>5. CIL will marginalise profit levels, which will have a depressive effect on the development industry</p>	<p>CIL is intended to be a simple, transparent, upfront and modest charge, that enables developers to calculate their liability and take it into account in prior to submitting a planning application. Bristol's proposed CIL rate for residential development will, on average, account for less than 3% of total development costs.</p> <p>No evidence has been provided by the respondent to show that residential schemes in parts of the Inner Zone, are unable to afford CIL at the proposed rates.</p> <p>No evidence has been provided to show that smaller scale developments, are unable to afford CIL at the proposed rates.</p> <p>Bristol proposes to charge £100/m² for student accommodation, not £120/m². No evidence has been provided to show that retail development and student accommodation, are unable to afford CIL at the proposed rates.</p> <p>The CIL viability assessment assumes a 20% developer profit and (in respect of commercial uses) a 20% landowners premium to bring the site forward. Any impact of CIL should be on Residual Land Value and not developers profit</p>	<p>No Change</p> <p>No Change (however see amendments relating to response no. 17)</p> <p>No Change</p> <p>No Change</p> <p>No Change</p>
10	Robert Woolley (University Hospitals Bristol NHS Trust)	A £0 rate of CIL should be applied to hospitals, as they have similar characteristics to Use Class D1 development such as health centres. Additionally, hospitals are provided from public resources and are infrastructure required to support growth	It is agreed that the Charging Schedule should be modified so that a £0 rate applies for development falling within Use Classes C2, C2A and D1 of the Use Classes Order	Apply a £0 rate of CIL for all uses falling within Use Classes C2, C2A and D1 of the Use Classes Order

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11	Jeremy Blaydon (CSJ Planning - on behalf of Bristol University)	<p>1. The development of student accommodation by Bristol University should be exempt from CIL as the University is a charitable institution</p> <p>2. The University has concerns over the level of CIL proposed for student accommodation</p> <p>3. Development by the University should be specifically mentioned in the Charging Schedule</p> <p>4. Clarification is required regarding whether uses falling under Use Classes C2 and C2A should also be exempt from CIL, as these are institutional uses provided by the public sector in general</p> <p>5. The "Other Chargeable Development" charge provides uncertainty, and should specifically identify the types of development that will be subject to the charge</p>	<p>The CIL regulations require exemption for charities where "the chargeable development will be used wholly or mainly for charitable purposes". It is not considered that the housing of students falls within the charitable purposes of the University and therefore it is proposed to charge CIL on the development of student accommodation by Bristol University</p> <p>No evidence has been provided to show that student accommodation is unable to afford CIL at the proposed rates.</p> <p>It is not proposed to attempt to identify every development type falling under the D1 Use Class. It would not be reasonable to specifically mention Bristol University without listing all other D1 uses. As it stands, the schedule is clear that all development accepted by the Council as falling under Use Class D1 in validating planning applications, will be subject to a £0 CIL rate</p> <p>It is agreed that the Charging Schedule should be modified so that a £0 rate applies for development falling within Use Classes C2, C2A and D1 of the Use Classes Order</p> <p>The CIL regulations identify mandatory exemptions, but otherwise are clear that CIL is chargeable on all new development of buildings into which people go. Therefore any building into which people go, which is not covered in another category of the CIL Charging Schedule, will be subject to a CIL rate of £50/m²</p>	<p>No Change</p> <p>No Change</p> <p>No Change</p> <p>Apply a £0 rate of CIL for all uses falling within Use Classes C2, C2A and D1 of the Use Classes Order</p> <p>No Change</p>

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12	Jo Davis (GVA Grimley - on behalf of the Carlyle Group)	<p>1. CIL should be removed or reduced in the Temple Quarter Enterprise Zone</p> <p>2. There should be greater flexibility in the timing of CIL Payments</p> <p>3. Proposed rates for Retail are generic and broad brush in approach. There should be a sub category to deal with small scale retail development</p> <p>4. The "Other Chargeable Development" rate should be categorised to take account of the uses that may come forward</p>	<p>CIL must be predicated purely on economic viability and cannot be used as a mechanism for promoting policy. It must also not fall foul of State Aid rules. Applying a reduced or £0 CIL rate to an area just because it was an Enterprise Zone is not appropriate or allowed under the CIL regulations</p> <p>The CIL Regulations only allow phasing of payments based on time elapsed from commencement of development. No further flexibility is allowed.</p> <p>CIL rates are supposed to be set based on a broad brush assessment of economic viability. No evidence has been provided to show that smaller scale retail development cannot afford the proposed CIL rates</p> <p>The type of development that could come forward under "Other Chargeable Development" will be widely diverse and cover (for example) any sui generis development. It is neither practical or appropriate to attempt to list such uses, and as such uses (cinemas, car showrooms, bowling alleys etc) come forward on such an occasional basis it is not possible to undertake an area wide assessment of their viability. It is not considered that applying the levy to such uses will have an adverse impact on the overall development of Bristol.</p>	<p>No Change</p> <p>No Change</p> <p>No Change</p> <p>No Change</p>
13	Andrew Batchelor (Hartnell Taylor Cook)	CIL will render development unviable at the former Avon and Somerset Police site at New Bridewell, and therefore this specific site should be £0 rated	Statutory government guidance is very clear, stating that "Charging authorities should not seek to exempt individual development sites from CIL through setting a differential rate. CIL is based on broad assessments and it will not be appropriate to seek to draw zones on the basis of the individual sites".	No Change

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14	Stuart Rackham (Pegasus Planning Group)	<p>1. The two residential charging zones do not adequately reflect differences in development values and viability</p> <p>2. The Council should consider linking the CIL payment structure to property prices on a ward by ward basis.</p> <p>3. CIL will stop development in lower value areas coming forward.</p> <p>4. Landowners uplift for bringing sites forward should be 25% and not 20%</p>	<p>No evidence provided as to what the alternative zones should be. It should be noted that CIL is supposed to be based on a broad brush area wide viability appraisal and is designed to be simple, not overly complex</p> <p>This would be overly complex. Also property prices are only one component of a Residual Land Valuation, and the CIL viability is predicated on whether positive Residual Land Values are achieved and not on property prices.</p> <p>No evidence has been provided to suggest that development in lower value areas is unable to afford CIL.</p> <p>No evidence has been provided (from planning appeals or elsewhere) to suggest this is the case.</p>	<p>No Change</p> <p>No Change</p> <p>No Change</p> <p>No Change</p>
15	Chris Rumley (North Bristol NHS Trust)	A £0 rate of CIL should be applied to hospitals, as they have similar characteristics to Use Class D1 development such as health centres. Additionally, hospitals are provided from public resources and are infrastructure required to support growth	It is agreed that the Charging Schedule should be modified so that a £0 rate applies for development falling within Use Classes C2, C2A and D1 of the Use Classes Order	Apply a £0 rate of CIL for all uses falling within Use Classes C2, C2A and D1 of the Use Classes Order
16	Nick Seary (Jones Lang LaSalle)	<p>1. Landowners premium of at least 50% would be required to bring sites forward, as shown by the sale of the former St. Peters Hospice site in Knowle</p> <p>2. The residential assessments do not seem to take account of the costs of securing planning permission (consultation, application fee, consultants costs etc)</p>	<p>The example given is where a site was sold on the basis of its value as a C2 use. Consent for C3 residential development was obtained by the purchaser, who subsequently sold the site once consent was gained. This is not considered to be a landowners premium, as the original owner was not bringing the site forward for residential purposes but disposing of land that was no longer required by them.</p> <p>Comment noted. The costs are included in Professional Fees. The viability report will be updated to include a table of all inputs included in the residential assessments</p>	<p>No Change</p> <p>No Change</p>

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17	Marcus Leigh	Forwarded evidence of residential schemes in the Easton, Ashley and Lawrence Hill areas where sales values were significantly less than those set out in the CIL Viability Study. Suggests that these areas should be subject to a different CIL rate	Agreed that the evidence shows that Inner East contains areas where sales values are significantly lower than those set out in the CIL Viability Study	Amend the CIL Charging Schedule to move all of Ashley, and Easton Wards and the majority of Lawrence Hill ward into the Outer Zone, therefore reducing the rate in these areas to £50/m ²
18	Rebecca Collins (GVA Grimley - on behalf of TCN)	<p>1. There should be greater flexibility in the timing of CIL Payments, and evidence should be provided as to why phasing will only be allowed for CIL liabilities of above £35,000</p> <p>2. Question whether a single CIL rate can legitimately be applied across the city, as each development must account for its own impact. The CIL Schedule must recognise site specific factors</p> <p>3. The Charging Schedule should be clear that "double charging" i.e. requiring Section 106 contributions for infrastructure to be funded by CIL is not permitted by law</p> <p>4. The impact of CIL could cause development to stall and will reduce the amount of affordable housing achieved.</p>	<p>The CIL Regulations only allow phasing of payments based on time elapsed from commencement of development. No further flexibility is allowed. The trigger for phasing is at the Council's discretion, however it is based on the likely minimum CIL payment of a major (10 or more residential units) development in the Outer Zone</p> <p>The point of CIL is that it should be simple and easy to understand. It is not intended to be set on a site specific basis.</p> <p>It is not appropriate or necessary for the CIL Charging Schedule to repeat the CIL Regulations</p> <p>The CIL viability assessment builds in the provision of 30 or 40% affordable housing in assessing the level of CIL that could be afforded.</p>	<p>No Change</p> <p>No Change</p> <p>No Change</p> <p>No Change</p>

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		5. CIL should be removed or reduced in the Temple Quarter Enterprise Zone	CIL must be predicated purely on economic viability and cannot be used as a mechanism for promoting policy. It must also not fall foul of State Aid rules. Applying a reduced or £0 CIL rate to an area just because it was an Enterprise Zone is not appropriate or allowed under the CIL regulations	No Change
		6. Proposed rates for Retail are generic and broad brush in approach. There should be a sub category to deal with small scale retail development	CIL rates are supposed to be set based on a broad brush assessment of economic viability. No evidence has been provided to show that smaller scale retail development cannot afford the proposed CIL rates	No Change
		7. The "Other Chargeable Development" rate should be categorised to take account of the uses that may come forward	The type of development that could come forward under "Other Chargeable Development" will be widely diverse and cover (for example) any sui generis development. It is neither practical or appropriate to attempt to list such uses, and as such uses (cinemas, car showrooms, bowling alleys etc) come forward on such an occasional basis it is not possible to undertake an area wide assessment of their viability. It is not considered that applying the levy to such uses will have an adverse impact on the overall development of Bristol.	No Change
19	Rebecca Collins (GVA Grimley - on behalf of Royal London Asset Management)	1. There should be greater flexibility in the timing of CIL Payments, and evidence should be provided as to why phasing will only be allowed for CIL liabilities of above £35,000	The CIL Regulations only allow phasing of payments based on time elapsed from commencement of development. No further flexibility is allowed. The trigger for phasing is at the Council's discretion, however it is based on the likely minimum CIL payment of a major (10 or more residential units) development in the Outer Zone	No Change

Response No.	Respondent Name	Summary of Comments	Council Response	Charging Schedule Amendments
		2. Question whether a single CIL rate can legitimately be applied across the city, as each development must account for its own impact. The CIL Schedule must recognise site specific factors	The point of CIL is that it should be simple and easy to understand. It is not intended to be set on a site specific basis.	No Change
		3. The Charging Schedule should be clear that "double charging" i.e. requiring Section 106 contributions for infrastructure to be funded by CIL is not permitted by law	It is not appropriate or necessary for the CIL Charging Schedule to repeat the CIL Regulations	No Change
		4. The impact of CIL could cause development to stall and will reduce the amount of affordable housing achieved.	The CIL viability assessment builds in the provision of 30 or 40% affordable housing in assessing the level of CIL that could be afforded.	No Change
		5. CIL should be removed or reduced in the Temple Quarter Enterprise Zone	CIL must be predicated purely on economic viability and cannot be used as a mechanism for promoting policy. It must also not fall foul of State Aid rules. Applying a reduced or £0 CIL rate to an area just because it was an Enterprise Zone is not appropriate or allowed under the CIL regulations	No Change
		6. Proposed rates for Retail are generic and broad brush in approach. There should be a sub category to deal with small scale retail development	CIL rates are supposed to be set based on a broad brush assessment of economic viability. No evidence has been provided to show that smaller scale retail development cannot afford the proposed CIL rates	No Change
		7. Clarity is sought with respect of Section 73 Applications	As the regulations stand, Section 73 consents granted after a local authority implements CIL would be liable for CIL. Local authorities have no flexibility on this matter and CIL will be charged on Section 73 consents unless the regulations are amended	No Change

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		8. The "Other Chargeable Development" rate should be categorised to take account of the uses that may come forward	The type of development that could come forward under "Other Chargeable Development" will be widely diverse and cover (for example) any sui generis development. It is neither practical or appropriate to attempt to list such uses, and as such uses (cinemas, car showrooms, bowling alleys etc) come forward on such an occasional basis it is not possible to undertake an area wide assessment of their viability. It is not considered that applying the levy to such uses will have an adverse impact on the overall development of Bristol.	No Change
		9. What will Bristol's approach be if surrounding authorities come forward with lower CIL rates	CIL must be predicated purely on economic viability and if the viability of surrounding areas means that lower rates are appropriate then it is right and proper that lower rates are set	No Change
20	Pete Stockall (GVA Grimley - on behalf of the Great Western Ambulance Service	1. The Council should apply exceptional circumstances (as set out in CIL regulations 55 to 57) to development by the ambulance service	The Council does not propose to allow discretionary relief for exceptional circumstances. It should also be noted that this can only be allowed where the value of an the associated Section 106 Agreement is higher than the CIL liability	No Change
		2. Ambulance infrastructure such as a new ambulance station is essential publicly funded infrastructure, and should not be liable for CIL. Under the Charging Schedule it falls under "Other Chargeable Development" and would be required to pay CIL at £50/m ² . Development by essential emergency service providers should be exempt from CIL	Agreed	Apply a £0 rate of CIL for all service related development by the emergency services

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21	Rebecca Collins (GVA Grimley - on behalf of UWE)	<p>1. There should be greater flexibility in the timing of CIL Payments, and evidence should be provided as to why phasing will only be allowed for CIL liabilities of above £35,000</p> <p>2. Question whether a single CIL rate can legitimately be applied across the city, as each development must account for its own impact. The CIL Schedule must recognise site specific factors</p> <p>3. The Charging Schedule should be clear that "double charging" i.e. requiring Section 106 contributions for infrastructure to be funded by CIL is not permitted by law</p> <p>4. The impact of CIL could cause development to stall and will reduce the amount of affordable housing achieved.</p>	<p>The CIL Regulations only allow phasing of payments based on time elapsed from commencement of development. No further flexibility is allowed. The trigger for phasing is at the Council's discretion, however it is based on the likely minimum CIL payment of a major (10 or more residential units) development in the Outer Zone</p> <p>The point of CIL is that it should be simple and easy to understand. It is not intended to be set on a site specific basis.</p> <p>It is not appropriate or necessary for the CIL Charging Schedule to repeat the CIL Regulations</p> <p>The CIL viability assessment builds in the provision of 30 or 40% affordable housing in assessing the level of CIL that could be afforded.</p>	<p>No Change</p> <p>No Change</p> <p>No Change</p> <p>No Change</p>
22	Gary Parsons (Sport England)	It is not clear how the need for sports provision has been taken into account in developing the CIL charges	The CIL charges are solely informed by an area wide economic viability assessment, and not by the costs of infrastructure requirements	No Change
23	Bristol Parks Forum	<p>1.Concern that the level of funding available for Parks will reduce due to other demands for infrastructure funding</p> <p>2.CIL rates should be set at a higher level</p>	<p>Funding for Parks Schemes is intended to be included in the Council's Regulation 123 list of infrastructure to be funded from CIL, though apportionment of CIL receipts cannot be confirmed at this stage</p> <p>The proposed CIL charges are informed by viability evidence, and strike what the Council considers to be, an appropriate balance between the need to fund infrastructure and the ability of development to afford the CIL charge</p>	<p>No Change</p> <p>No Change</p>

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24	Anthony Jones (TPA)	<p>1. Not every CIL liable development will be relevant for the infrastructure to be funded from the CIL</p> <p>2. The costs of schemes identified in the Infrastructure Delivery Plan should be up to date</p>	<p>How CIL is spent does not have to be related to the type or location of the development that paid it. Indeed, it specifically breaks that relationship to enable local authorities to deliver infrastructure necessary to support the growth of their area</p> <p>The Infrastructure Delivery Programme will be updated prior to consultation on the Draft Charging Schedule to include the most up to date figures</p>	<p>No Change</p> <p>No Change</p>
25	Kevin Hunt (Jones Lang LaSalle)	<p>1. The Inner Zone should be split as the majority of the Inner East area (such as St. Pauls, Easton and St. Werburghs) will be unable to afford the same rates as Clifton, Redland etc</p> <p>2. Discretionary relief for exceptional circumstances should be applied to residential development</p> <p>3. The residential assessments do not seem to take account of the costs of securing planning permission (consultation, application fee, consultants costs etc)</p>	<p>No evidence has been provided by the respondent to show that residential schemes in the St. Pauls, Easton and Lawrence Hill parts of the Inner Zone, are unable to afford CIL at the proposed rates.</p> <p>We do not propose to offer discretionary relief, as it moves away from the point of CIL, which is to provide transparency and certainty to developers and landowners. We consider that the proposed residential charges are modest, and provide certainty to developers in that they will be aware of their CIL liability well in advance of submitting a planning application, and can take this into account in their purchase of land. Offering discretionary relief creates uncertainty.</p> <p>Comment noted. The viability report will be clarified to clearly show the costs that have been included in the assessments.</p>	<p>No Change (however see amendments relating to response no. 17)</p> <p>No Change</p> <p>No Change</p>
26	Nigel Hutchings (Business West)	<p>1. There is no certainty as to how CIL receipts are to be spent</p>	<p>The Council is required to produce a Regulation 123 List prior to implementing CIL to identify the infrastructure that may be funded from CIL receipts. It is intended that a first draft of this list will be produced as part of the Draft Charging Schedule</p>	<p>No Change</p>

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		2. The CIL Rate for Bristol should be co-ordinated alongside the proposed rates for Bath and South Gloucestershire	Each authority has to set CIL rates based on the economic viability of development in its area. If viability assessments show that surrounding areas could set a higher or lower rate than Bristol then it is right that they do so. There is currently no certainty as to the timetable that surrounding authorities have for the introduction of CIL and therefore Bristol considers it appropriate to progress with CIL to its proposed timetable. However, the West of England authorities are looking at how CIL might be applied to strategic projects.	No Change
		3. Clarification is required on how rates would be applied where developments change their use during construction	The CIL regulations require that Section 73 consents are required to pay CIL. Therefore if a developer wished to change the use of a building during construction to a use that incurred a higher rate of CIL then the higher rate would be charged. The regulations do not provide any flexibility on this	No Change
27	Jamie Sullivan (Tetlow King)	1.The inclusion of developments within Use Class C2 in the "Other Chargeable Development" rate will adversely impact on the viability of residential care homes	For the sake of simplicity it is considered appropriate to amend the CIL Charging Schedule to set a £0 rate for all C2 and C2A uses. This is to ensure that development that primarily comprises of socially necessary infrastructure in its own right (hospitals, prisons, care homes etc) and is normally provided from public funding, is not required to pay CIL	Apply a £0 rate of CIL for all uses falling within Use Classes C2, C2A and D1 of the Use Classes Order
		2.The Inner Zone should be split as significant proportions of the Inner East area (such as St. Pauls, Easton) will be unable to afford the same rates as the remainder of the Inner Zone	No evidence has been provided by the respondent to show that residential schemes in the St. Pauls and Easton parts of the Inner Zone, are unable to afford CIL at the proposed rates.	No Change (however see amendments relating to response no. 17)

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		3. Areas of South Bristol are in need of regeneration and these should have a £0 rate as their regeneration is considered a strategic objective of the Core Strategy	No evidence has been provided to show that residential schemes in South Bristol are unable to afford CIL at the proposed rates. Also, CIL must be predicated purely on economic viability and cannot be used as a mechanism for promoting policy	No Change
		4. Concern that because CIL is non negotiable it will reduce the level of affordable housing that can be achieved	The CIL viability assessment builds in the provision of 30 or 40% affordable housing in assessing the level of CIL that could be afforded.	No Change
		5. The Council needs to set out its exceptional circumstances policy and identify the proportion of CIL that will be retained for local communities	The Council does not propose to offer discretionary relief. The local component of CIL will be determined following the enactment of the 2012 amendment CIL regulations which will provide direction on this matter	No Change
28	Dan Templeton (Turley Associates - on behalf of the Bristol Alliance)	1. The CIL Rate for Bristol should be co-ordinated in conjunction with the proposed rates for neighbouring authorities	Each authority has to set CIL rates based on the economic viability of development in its area. If viability assessments show that surrounding areas could set a higher or lower rate than Bristol then it is right that they do so. There is currently no certainty as to the timetable that surrounding authorities have for the introduction of CIL and therefore Bristol considers it appropriate to progress with CIL to its proposed timetable. However, the West of England authorities are looking at how CIL might be applied to strategic projects	No Change
		2. Phased payment provision should be made for all development irrespective of its CIL liability	Offering phased payment of CIL liability is at the discretion of the Council. We propose to offer this on CIL liabilities of £35,000 or over. To offer phased payment on all CIL liabilities would be overly onerous on the Council, particularly given that a significant number of CIL liable developments will be for small scale development of one or two dwellings	No Change

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		3. The Council needs make provision for an exceptional circumstances policy to provide discretionary relief from CIL.	We do not propose to offer discretionary relief, as it moves away from the point of CIL, which is to provide transparency and certainty to developers and landowners. We consider that the proposed charges are modest, and provide certainty to developers in that they will be aware of their CIL liability well in advance of submitting a planning application, and can take this into account in their purchase of land. Offering discretionary relief creates uncertainty.	No Change
		4. A timetable needs to be provided in respect of the frequency of reviewing CIL	It is intended that Bristol's CIL charges would be reviewed on a five yearly basis, however earlier reviews can be undertaken is the economic climate changes significantly. The regulations do not specify a set frequency for reviewing CIL charges	No Change
		5. The adoption of only two-tiers of Residential CIL Charge does not provide a sufficiently fine grained approach	The regulations require that CIL charges are set based on an area wide assessment of viability, and guidance is that Council's should avoid overly complex charging regimes. The two-tiered approach is considered to adequately reflect the broad viability position across the city.	No Change
29	Nick Matthews (Savills - on behalf of the House Builder Consortium Group)	Forwarded a significant representation covering most assumptions made in determining the residential CIL charges and concluding that the CIL charging schedule should be amended (reduced significantly) by using the figures provided in their analysis as the basis for bringing forward CIL	Response provided in letter from BNP Paribas dated 30 January 2012, and contained below.	No Change
30	Ben Taylor (Savills)	Concerns with the methodology used to model the viability of student housing, and that the rents are not representative of the wider market	No evidence has been produced to contradict the inputs used in the viability study or to suggest that the rents are not representative of those being charged by new student accommodation schemes	No Change

Response No.	Respondent Name	Summary of Comments	Council Response	Charging Schedule Amendments
31	Andrew Beard (CSJ Planning)	<p>1. CIL was debated by government at a time of economic prosperity. The current economic circumstances are not the time to introduce CIL</p> <p>2. CIL will result in double charging by the Council</p>	<p>CIL was first consulted on by central government in 2008 and 2009 which was at a time when the economic peak had passed and the country was headed towards and subsequently in, a recession. CIL was introduced in 2010 and confirmed by the coalition in 2011. Government is encouraging local authorities to bring forward CIL.</p> <p>There will be no double charging. Once CIL is implemented the Council will not be able to secure Section 106 contributions for any infrastructure identified on the Council's "Regulation 123 List"</p>	<p>No Change</p> <p>No Change</p>
32	Andrew Beard (CSJ Planning - on behalf of Avon and Somerset Police)	CIL will render student and hotel development unviable	No evidence has been provided to show that student accommodation and hotel developments are unable to afford CIL at the proposed rates.	No Change
33	Bristol Civic Society	<p>1. The Council should set a higher CIL rate and accept lower levels of planning obligations</p> <p>2. CIL charges of £80/m² and £100/m² should be applied to residential development</p> <p>3. CIL charges of £20/m² should be applied to office development in the city centre</p>	<p>Planning obligations are required to mitigate the direct impact of development and to ensure that it is acceptable in planning terms. Therefore it is neither appropriate or desirable to have a blanket approach to the level of planning obligations as each site has its own characteristics, that will require different levels of mitigation</p> <p>The viability assessment shows that for major residential sites, the maximum level of CIL that can be afforded is £90/m² and £130/m². Setting the CIL levy at the levels proposed by the Civic Society would be very close to the maximum and would leave no flexibility should there be a downturn in the housing market - this would put the development of the city at risk</p> <p>The viability assessment concludes that anything other than a £0 CIL rate for office development would put the development office buildings in the city at risk</p>	<p>No Change</p> <p>No Change</p> <p>No Change</p>

Response No.	Respondent Name	Summary of Comments	Council Response	Charging Schedule Amendments
		3. CIL charges of £80/m ² should be applied to hotel development	In setting the level at £70/m ² (the lower end of the range), the Council has taken a balanced judgement based on the fact that there is limited evidence on which to value the viability of hotel development in Bristol. This approach should ensure that the viability of hotel development is unaffected by the imposition of CIL	No Change
		4. CIL charges for retail development should be sub divided based on either size or location	CIL rates are supposed to be set based on a broad brush assessment of economic viability. No evidence has been provided to show that smaller scale retail development or retail development in different areas across the city cannot afford the proposed CIL rates	No Change
34	Ed Purnell (White Young Green - on behalf of Sainsburys)	1. Greater clarity needs to be provided in respect of the frequency of reviewing CIL	It is intended that Bristol's CIL charges would be reviewed on a five yearly basis, however earlier reviews can be undertaken if the economic climate changes significantly. The regulations do not specify a set frequency for reviewing CIL charges	No Change
		2. There is no evidence that the Council has considered compliance with State Aid requirements	The CIL Charging Schedule is informed solely by viability evidence, and not by a wish to implement policy objectives or unreasonably support or disadvantage certain operators or types of development. Therefore we consider that our CIL charges are State Aid Compliant	No Change
35	Liz Summers (GVA Grimley - on behalf of Unite Group)	1. It is unreasonable that Student Accommodation is required to make a higher CIL contribution than C3 residential schemes	CIL is predicated on economic viability, and the viability assessment undertaken identifies that student accommodation can afford a higher rate of CIL than C3 residential schemes	No Change
		2. Student accommodation would be paying for infrastructure schemes that students would not benefit from	How CIL is spent does not have to be related to the type or location of the development that paid it. Indeed, it specifically breaks that relationship to enable local authorities to deliver infrastructure necessary to support the growth of their area	No Change

Response No.	Respondent Name	Summary of Comments	Council Response	Charging Schedule Amendments
		<p>3. Question whether a single CIL rate can legitimately be applied across the city, as each development must account for its own impact. The CIL Schedule must recognise site specific factors</p> <p>4. What will Bristol's approach be if surrounding authorities come forward with lower CIL rates</p> <p>5. There should be greater flexibility in the timing of CIL Payments.</p> <p>6. The Charging Schedule should be clear that "double charging" i.e. requiring Section 106 contributions for infrastructure to be funded by CIL is not permitted by law</p>	<p>The point of CIL is that it should be simple and easy to understand. It is not intended to be set on a site specific basis.</p> <p>CIL must be predicated purely on economic viability and if the viability of surrounding areas means that lower rates are appropriate then it is right and proper that lower rates are set</p> <p>The CIL Regulations only allow phasing of payments based on time elapsed from commencement of development. No further flexibility is allowed</p> <p>It is not appropriate or necessary for the CIL Charging Schedule to repeat the CIL Regulations</p>	<p>No Change</p> <p>No Change</p> <p>No Change</p> <p>No Change</p>
36	Sally Miles (RPS - on behalf of IKEA Properties)	<p>1. CIL charges for retail development should be sub divided based on either size or type (eg supermarkets compared to retail warehousing). Consideration should also be given to setting a maximum contribution cap on CIL contributions</p> <p>2. IKEA stores often require substantial highway works and improvements that are controlled through Section 106 Agreements. These should be offset against CIL requirements</p> <p>3. Very large individual operators should be considered as exceptional circumstances and be eligible for discretionary relief from CIL</p>	<p>CIL rates are supposed to be set based on a broad brush assessment of economic viability. No evidence has been provided to show that different types of Use Class A1 retail development cannot afford the proposed CIL rates. The CIL regulations do not allow the setting of a cap on the level of CIL contribution</p> <p>The CIL regulations do not allow for the offsetting of Section 106 requirements against CIL receipts. If highway works are required to mitigate the impact of an IKEA store then it is right and proper that they are secured through planning obligations</p> <p>The Council does not propose to allow discretionary relief for exceptional circumstances. It should also be noted that this can only be allowed where the value of an the associated Section 106 Agreement is higher than the CIL liability</p>	<p>No Change</p> <p>No Change</p> <p>No Change</p>

Response No.	Respondent Name	Summary of Comments	Council Response	Charging Schedule Amendments
37	David Westbrook (Natural England)	Considers that the Green Infrastructure Projects in the Infrastructure Delivery Plan should be identified as essential rather than desirable	Comment noted. Consideration will be given to this during the updating of the Infrastructure Delivery Programme	No Change
38	Bond Pearce LLP	<p>1. The Council should consider producing a "Regulation 123" list as soon as possible to provide clarity as to how it proposes to utilise CIL receipts</p> <p>2. The Council should allow exceptional circumstances relief from CIL</p> <p>3. The Council should provide details of its CIL implementation date as soon as possible in order to provide developers with certainty</p>	<p>Comment noted. It is proposed to produce a draft "Regulation 123" list to accompany the CIL Draft Charging Schedule</p> <p>We do not propose to offer discretionary relief, as it moves away from the point of CIL, which is to provide transparency and certainty to developers and landowners. We consider that the proposed residential charges are modest, and provide certainty to developers in that they will be aware of their CIL liability well in advance of submitting a planning application, and can take this into account in their purchase of land. Offering discretionary relief creates uncertainty.</p> <p>Comment noted. The Council will aim to provide clarity regarding the implementation date as soon as possible following approval of the CIL Charging Schedule by the independent examiner</p>	<p>No Change</p> <p>No Change</p> <p>No Change</p>



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30 January 2012

Dear Jim

**COMMUNITY INFRASTRUCTURE LEVY – RESPONSES TO CONSULTATION ON
PRELIMINARY DRAFT CHARGING SCHEDULE**

Thank you for forwarding the responses to the Council's consultation on its Preliminary Draft Charging Schedule. This letter focuses primarily on the analysis from Savills, which sweeps up the points also made by others. The introduction to Savills' submission notes that the response is submitted 'on behalf of the House Builder Consortium Group' comprising developers who are active in the Bristol area who have come together to provide a comprehensive response. Unfortunately, the Savills submission does not identify the individual members of this consortium.

While noting that the aim of the Savills submission is "*not to dismiss CIL but to ensure that the level set in the Charging Schedule is robust*", we would contend that there is a slight misunderstanding as to the nature of the regulations. The regulations make it clear that the judgement on an appropriate balance between raising income for infrastructure and the potential impact on development lies with the charging authority.

Savills suggest at the end of their introductory section that "*the implications of the work we propose are significant and we set out the next steps we consider appropriate in order to rectify the issues we have raised*". We do not agree that Savills' submission raises any particular issues that would give rise to major changes in the Council's proposed CIL rates. Many of the issues arise from Savills' interpretation of our approach and some of the inputs, which we address below.

1. "Impact of CIL on Viability and Housing Delivery" (Page 3)

We do not accept Savills' contention that the evidence in our report is fragile and that "*certain components of the methodology are so fundamentally flawed that the resultant CIL levels derived would have serious negative consequences for housing delivery*". We deal with the points that lead Savills to arrive at this conclusion in later sections.

2. "Viability of larger sites in the outer wards of Bristol" (Page 3)

In paragraphs 3 and 4 of on page 3, Savills suggest that our approach of disregarding unviable appraisal results when setting CIL rates is incorrect. The purpose of our assessment is to test the impact of CIL on developments that are *likely to come forward* during the life of the charging schedule. If a development of a certain type is unviable today, the imposition of any rate of CIL (including zero) will not make the development



viable. The Council's main focus must therefore be on the development types that are both policy compliant and viable in today's market, ensuring that the imposition of CIL would not adversely affect these developments.

The fifth paragraph contains a key point concerning the inevitable trade-off between affordable housing and other obligations (whether in the form of Section 106 obligations – as now – or CIL in the future. The key point that Savills do not acknowledge is that, while CIL may be a fixed charge, the Council will retain flexibility on the levels of affordable housing on individual sites. The contention in Savills paragraph 4 on page 4 that 98% of allocated sites would be lost would only hold true if the Council did not apply a flexible approach to its affordable housing requirements. This would run counter to its Core Strategy policies, which explicitly require that the affordable housing targets are applied flexibly, taking account of individual site viability.

3. “Validity of the theoretical findings”

The suggestion at paragraph 3 of page 5 is that the results have not been “validated” and that “the theoretical maximums do not reflect the reality of delivery development of delivering housing in Bristol”. Savills then point to the lack of viability of sites in the Inner East in two site types out of 7 tested. The CIL regulations require that in setting rates, charging authorities have regard to the impact of viability across their areas. Our appraisals indicate that a significant proportion of sites of different types are viable and can contribute towards CIL. It is not reasonable to rely on a partial reading of the results, as Savills have done.

4. “Landowner premium” (Page 8)

Savills somewhat misunderstand our approach to benchmark land values. For the *commercial* appraisals, we have assumed that there is an intensification of the same use on a site, with the owner requiring a 20% margin above current use value to incentivise a development. In many cases, a 20% margin far exceeds the amount that would incentivise an owner to release a site for development. If a building is vacant, with limited prospects of securing a letting, any margin above current use value would incentivise a release of the site (as there would be savings in terms of securing and empty rates to factor into the equation). In contrast, a fully let building of a use for which there are alternative occupiers might attract a higher premium. On balance, our judgement is that a 20% margin strikes an appropriate balance between these two positions.

Savills quote the Princegate Estate appeal decision as suggesting that 25% is an appropriate premium. This is an unusual case which involved the purchase of owner occupied residential properties for redevelopment, rather than landowners who hold land as an investment.

Savills also quote a range of costs that they suggest a landowner would consider. Many of these apply only to businesses who occupy a site (i.e. stamp duty on replacement property; redundancy costs; relocation costs including loss of stock; double overhead; and marketing material including client change of location notifications). This type of landowner is unlikely to make up a significant proportion of land supply in the City. Furthermore, businesses relocate for a range of factors, not limited to the return they might achieve on the land disposal.

A further point to consider is that we test schemes against the Residential Land Value in the VOA Property Market Report (January 2011). This value reflects the value at which land with residential consent has been traded and it would be inappropriate to apply a premium above this value.

Savills suggest that the uplift between the VOA residential land value and the industrial land value in our report is 50%. However, we would draw your attention to the status of the



VOA Residential Land Value, which is based on *consented* sites with servicing. Sites that are traded without planning will be purchased at a discount to reflect planning risk, with a discount of 30% being typical. This would reduce the residential land value benchmark from £2.1 million per hectare to £1.68 million per hectare, removing all the uplift above the industrial land benchmark.

Our conclusion is that the 20% uplift above current use value (where applied) is entirely appropriate and balances those sites where very modest uplifts are required with those where a more significant uplift would be needed.

5. “Residential sales values” (Page 9)

Savills have queried the sales values used to support the assumptions in our appraisals. We confirm that the comparables are achieved values and not asking prices. Savills provide their own view of values, but this is not at this stage supported by any evidence (this is withheld on the basis of commercial confidentiality, so it is difficult for us to form a view on the proposed values).

Despite the lack of supporting evidence, we have re-tested a sample of our schemes to explore the impact of adopting Savills’ view of values. This sample includes all seven site types tested in the original study, with sites that are required to provide affordable housing tested with 30% and 40%.

Amended appraisals with Savills’ sales values – maximum viable CIL rates

Site type	Inner West	Inner East	South	North West	North	East
1	£280	£280	£280	£280	£280	£280
2	£280	£280	£280	£280	£280	£280
3	£280	£280	£280	£280	£280	£280
4	£280	£70 to £250 ¹	£130	£280	NV	NV
5	£130 to £280	NV	NV	£70 to £190	NV	NV
6	£70 to £250 ²	NV	NV	£80	NV	NV
7	NV	NV	NV	NV	NV	NV

We have also taken the opportunity of re-running the appraisals to make two further adjustments. The first is to deal with the point noted at paragraph 1.6 of our report, namely that our appraisals make no adjustment for existing floor space, which will be discounted from the CIL calculation. Our new appraisals incorporate a modest 40% discount for existing floor space. The second adjustment is to reconsider the ‘Residential Land Value’ and ‘Industrial’ benchmarks. The Residential Land Value benchmark is overstated, as we did not include any discount for planning risk (the VOA values assume consented sites). This benchmark value is reduced by 20% to account for this risk. The industrial land values are overstated by some margin, so we have reduced these to reflect the VOA Property Market Report January 2011 (£800,000 per hectare) plus a £200,000 additional allowance for decontamination (in addition to the allowances already incorporated into the appraisals).

¹ At 30% affordable housing. Scheme becomes unviable at 40% and would otherwise therefore be discounted from analysis.

² At 30% affordable housing. Scheme becomes unviable at 40%.



The results (in terms of viable CIL rates) is broadly similar to the original study. There have been some improvements, for example in the East zone (where the value differential was only 1.72% and other changes outweigh the reduction) and North West (where Savills' values are higher than those used in our appraisals).

These results do not lead us to conclude that the Council's proposed rates are unreasonable. Reducing rates of CIL (even to zero) will not make schemes that are currently unviable become viable.

6. "Apartment efficiency" (Page 10)

Savills suggest that an 85% gross to net ratio is unreasonable and an efficiency of 80% is suggested. While 80% might be appropriate for very high density schemes, it is unlikely to be appropriate for the forms of development that predominate in Bristol.

7. "Site coverage" (Page 11)

Savills make some observations regarding gross and net site areas, although their overall conclusion is that this is unlikely to be a significant factor and no change is proposed. Savills, do however suggest that assuming 100% site efficiency is a "risk factor".

This is something of a red herring. Sites that have open space that cannot be developed on (eg due to protected trees) will normally be able to over-compensate for this by increasing densities on the developable area, with the resulting average density across the site preserved at the required level. Land that cannot be developed (e.g. woodland, protected metropolitan open land) would be valued at that value, not residential land value and there would be a neutral impact. If a site contains a significant amount of non-developable space, it would be reflected in the value of the overall site.

8. "Abnormal/exceptional costs" (Page 11)

Savills confuse external works (which are not included in BCIS costs) with abnormal costs. Contrary to Savills suggestion, we have included an allowance for these costs, as noted at paragraph 4.25 of our report.

Savills have helpfully provided details of external works in a number of schemes and conclude that the average cost is £12,069 per unit. The corresponding amount in our appraisals is £13,230. We have therefore fully accounted for these costs in our appraisals.

Furthermore, our industrial land benchmark of £1.679 million per hectare is considerably higher than the VOA January 2011 Property Market Report to account of potential contamination issues.

9. "Use of BCIS build costs" (Page 12)

The sample will include schemes that meet the Core Strategy requirement for 20% renewable energy. Savills note this issue as difficult to quantify and do not propose an alternative assumption. We would argue that this cost is already reflected in the base costs.

With regards to Code for Sustainable Homes, we should clarify that our assessments overstate the costs of meeting CSH level 4. This is because we inflate base costs by 5% to meet CSH level 3 and then a further 6% to meet CSH level 4 (an aggregate enhancement of 11%). However, CSH level 3 is now firmly embedded in Building Regulations and a current requirement that will be reflected in base BCIS costs.

The issue of future CSH levels has been considered at other CIL examinations. The Examiner's report into Newark's Draft Charging Schedule considered the issue of future CSH levels and concluded as follows:



“28. In relation to residential build costs, the Construction Costs Study (DCS 6A) has taken into account compliance with Level 3 of the Code for Sustainable Homes. Moreover, there is nothing in the CS or other Council policy that seeks compliance with any level higher than that specified in the national Building Regulations.”

Bristol's Core Strategy requires compliance with CSH level 4, the costs of which are included in our appraisals. We do not accept that it is reasonable to include the costs of meeting CSH level 5 so far in advance of its introduction as a mandatory requirement. Furthermore, the cost uplift identified by Savills (25%) is based on implementing CSH level 5 *today*, rather than at a time when adoption is imminent. It is reasonable to expect that technology will adapt to reduce costs of compliant. However, investment is unlikely to occur until the timetable for introduction is made clearer. Notwithstanding these uncertainties, the Council has an opportunity to review its CIL charging schedule when there is more certainty.

10. “Sensitivity testing” (page 14)

The additional analyses were included for information only and did not feature in the maximum and recommended rates of CIL in our report. We do not claim to place any particular weight on the results of these analyses.

Our analyses include inflation of 10% on sales values and 5% on costs. While Savills agree that our inflation on values accords with their own forecast, they point to forecasts from BCIS and several firms of cost consultants that suggest higher levels of inflation on costs. Savills then go on to suggest that *“viability will be more challenging in five years time than it is at present”*.

We would, however, point out that the proportional impact of a 10% increase in build costs does not outweigh the beneficial impact of a 10% increase in sales value (build costs are a fraction of scheme value, so a 10% increase is a smaller amount of money than a 10% increase in scheme value). Savills acknowledge that they have not tested their assertions on a financial appraisal. To test the point, we re-ran one of our appraisals (site type 1), with £280 CIL and varying levels of sales and cost inflation. The results are summarised in the table below.

Sensitivity analyses

Increase in sales values	Increase in build costs	Residual land value
Current values	Current costs	£96,393
+10%	+5%	£120,833
+10%	+10%	£111,325
+10%	+12.4% (average)	£106,761
+10%	+20%	£92,308

These results clearly indicate that the combined effect of using Savills' forecast for house price inflation and increased build cost at the average of the forecasts (12.4%) would *improve* viability compared to the current position. Even using the BCIS forecast (which by reasonable judgment appears to be an outlier by some margin) results in only a very marginal fall in residual value compared to the current position.

Furthermore, a key point that Savills do not consider is that when appraisal inputs change, land values will adjust to ensure that developers achieve a risk adjusted level of profit. This was a key point in the Examiner's recent report on the Mayoral CIL in London (paragraph 32):



“Finally the price paid for development land may be reduced. As with profit levels there may be cries that this is unrealistic, but a reduction in development land value is an inherent part of the CIL concept. It may be argued that such a reduction may be all very well in the medium to long term but it is impossible in the short term because of the price already paid/agreed for development land. The difficulty with that argument is that if accepted the prospect of raising funds for infrastructure would be forever receding into the future. In any event in some instances it may be possible for contracts and options to be re-negotiated in the light of the changed circumstances arising from the imposition of CIL charges”.

11. “Phasing of payments” (Page 15)

This section proposes an amendment to the instalments policy that the Council proposes to adopt. We do not have any particular views on this, although it is certainly correct that deferring payments will improve cashflow. The Council will need to consider the balance between the benefit to the developer and delays in receiving income. The Council would also need to consider how different approaches can be framed within the auspices of the regulations.

12. “Viability buffer” (Page 15)

Advice from examiners on an appropriate ‘buffer’ below maximum rates ranges from 20% to 50%, with the level determined by the judgment of the charging authority. The rates we recommend take account of this range.

13. Savills conclusions (Page 17)

Savills’ overall conclusion is that the proposed rates would have a *“detrimental impact...on viability...and the delivery of the strategic housing requirement”*. Savills also suggest that the Council should *“consider alternative affordable housing assumptions in order to find the right balance in viability between affordable housing and infrastructure delivery”*. They suggest that rates should be reduced *“across the city”*.

We do not agree with Savills conclusions.

With regards to affordable housing, the Council’s Core Strategy has been examined and found sound. The evidence base that supported the affordable housing policy was undertaken in 2009, at a time when market conditions were arguably worse than they are in 2012. Neither Savills nor the House Builder Consortium Group attended the Core Strategy Examination to raise any objections to the policy or the evidence base that supported it. Furthermore, the Council’s policy explicitly takes account of individual scheme financial viability, so a reduced affordable housing quantum will be accepted where viability issues emerge. There is already an ability for the Council to balance their requirements for affordable housing and infrastructure funding. After the adoption of CIL, this ability to balance the requirements remains, with CIL being a fixed amount, while affordable housing levels and tenures can be flexed where necessary.

Savills have noted their support for the Council’s indication that the CIL charging schedule will be reviewed on a 5 year cycle. However, should market conditions change (for better or worse), the Council has an ability to review the charging schedule at any point in time. Many of the issues that Savills raise in their representation can be dealt with if and when they arise, rather than attempting to second guess future conditions at a time of uncertainty.

Whilst Savills suggest that their representations have been produced *“to assist the City Council”* (and the introduction that it is not their intention *“to dismiss CIL”*) we have concerns regarding many of their suggested inputs. Adopting Savills inputs would render development across the City unviable and therefore in themselves lack credibility. For



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example, including costs of meeting CSH level 5 at the current time is not logical as the timescale for introduction is being reviewed by the government to avoid further impeding development. If current market conditions persist, it is very likely that there will be a further delay.

As noted earlier in this letter, we have considered the impact of the reduced sales values that Savills considers appropriate (although no evidence has been produced) and the results of our revised appraisals are broadly similar to those in our original report. Clearly residual values have decreased, but not to such an extent that the proposed rates would have any significant impact on viability across the Council's area as a whole. It is important to recognise that the regulations state that it is acceptable for rates to make some schemes unviable, as noted by the Examiner at the Mayor CIL examination (para 27):

"...the charging authority is entitled to set a charge that strikes an appropriate balance between the desirability of funding infrastructure to help support the development of the area and the potential effects of the CIL on the economic viability of development across the area – in this case London. Hence the law recognises that the rate set may put some development at risk."

In striking this balance, it is worthwhile considering the relative importance of CIL in the context of an overall development. A £70 per square metre CIL in the Inner Area is typically between 2% and 3% of development costs, considerably less than the 5% contingency that developers typically include in their appraisals. The imposition of CIL will *not* be a critical factor in ensuring the viability and deliverability of schemes, as Savills suggest. The relationship between sales values and build costs are the critical factors that will determine whether or not development proceeds. Furthermore, setting a nil or low rate, as Savills appear to suggest is their preferred option will result in a lack of funding for infrastructure which will be counterproductive in two ways. Firstly, local communities will see limited prospects for additional supporting infrastructure and resist development in their areas. Secondly, housing markets will be adversely affected if the Council cannot provide the facilities that potential purchasers look for in an area where they wish to purchase property.

I trust you will find the points above helpful in considering responses to the consultation. Should you wish to discuss the contents of this letter, or have any further queries, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A. Lee'.

Anthony Lee
Director