

**CHICHESTER COMMUNITY INFRASTRUCTURE LEVY
CHARGING SCHEDULE EXAMINATION**

RESIDENTIAL RATES

Strategic development locations

2. Are the appraisals of the strategic development locations (SDLs) at Shopwyke, Tangmere, West of Chichester and Westhampnett/North East Chichester in the Viability Study appropriate, in particular in respect of their assumptions for:

- a. Residual S106 costs?**
- b. Site servicing and enabling costs?**
- c. Code for Sustainable Homes costs?**
- d. Benchmark land values?**

Response

2.1 Yes, the appraisals and cost assumptions are based on readily available evidence in the context of the strategic sites and in consultation with officers and the site owners or promoters. Although further work needs to be done on the specific delivery strategies, they are sufficiently advanced enough to define planning policy requirements including CIL.

Response (a)

2.2 The section 106 packages and the eventual costs are still to be finalised for three of the four strategic sites. It is dependent upon inputs and requirements for a wider range of public sector bodies and agencies including the County Council, The NHS, Highways England and several others.

2.3 As outlined in the VS, the £8,000 per unit is based on historic S106 payments achieved in Chichester against a background of 40% affordable housing provision which was regularly achieved on the majority of sites. Please refer to the Peter Brett Viability study 8.39 p46 (CIL-02) for details of specific schemes.

2.4 Within the strategic site appraisals, a proportion of the IDP costs are included within strategic site infrastructure and other items within the budget for section 106. Therefore it is not appropriate to do an absolute like for like comparison.

2.4 We can confirm the total allowance for infrastructure per site against the known costs for the IDP is as follows:

Site	Total Infrastructure and S106 budget allowed for within appraisals	Known budgetary costs in IDP	Surplus budget after CIL
West of Chichester	£25,140m	£19,065m	£6,070m
Tangmere	£25,140m	£11,630m	£13,510m
Westhampnett	£13.990m	£0.261m	£13.72m

Source – preliminary examiners questions no 8 (CDC-CIL-ED-1).

2.5 The allowances are generous and have been created by the decision to reduce the affordable housing target from 40 to 30%.

Response (b)

2.6 The strategic servicing costs are based on the evidence submitted by Savills on behalf of the housebuilders consortium and also reflective of PBA's experience as a specialist Development and Infrastructure Consultancy. They reflect, where known, the costs attributed to connection costs to the Tangmere Wastewater Treatment Works and improvements to the A27 which are necessary to enable delivery of several of the strategic sites.

2.7 The Council intend to secure circa £10m from West of Chichester, Tangmere and Westhampnett. The exact proportion will be determined by feasibility work to be undertaken by the County Council. From the overage calculations in 2.4, it is clear that a fair proportion of this cost can be borne by the strategic sites.

Response (c)

2.8 CSH was revoked on the 15th March and will no longer apply. The government is in the process of re-assessing how some of the requirements and standards within CSG will progress in the future. It may be likely that some of the energy requirements within CSH could be incorporated into building regulations. The standards relating to the environment are more subjective and no firm decisions have been taken.

2.9 The net result is potentially a small reduction in build costs in the short term until the new requirements are known.

Response (d)

2.10 As all the strategic sites are in agricultural related use we have applied a gross rate of £310,000 per ha or £125,000 per acre. It is significantly in excess of the sites existing use values which are in the region of 12,500 to 25,000 per ha (£5-10,000 per acre).

2.11 This approach is in accordance with the guidance within the National Planning Policy Framework (NPPF) which states that:

“Plans should be deliverable. Therefore the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, local standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and on-site mitigation, provide acceptable returns to a willing land owner and willing developer to enable the development to be deliverable.”

2.12 Recent Homes and Communities Agency (HCA) guidance entitled ‘The HCA area wide viability model (Transparent Viability assumptions)’ refers to a figure of up to 20 times agricultural value. Essentially as DCLG recently referred to the uplift it needs to be a ‘life changing sum’ for the landowner/farmer to extinguish his business and move elsewhere.

2.13 We note there is increasing acceptance that a range of (£247,000 to £370,000 per ha (c £100,000 to £150,000 per gross acre) is an absolute minimum ‘benchmark’, above which there may be a likelihood of an agricultural site will be released for development.

2.14 At £125,000 per acre, the minimum threshold value satisfies the tests within the NPPF, the HCA multiplier of 10-20 times existing use value and is in line with generally accepted figures on the minimum threshold value. It is also a true reflection of the risk and expense required to release the strategic sites for development.