

**CHICHESTER COMMUNITY INFRASTRUCTURE LEVY
CHARGING SCHEDULE EXAMINATION**

A. Has the Charging Authority complied with the procedural requirements in the 2008 Act (Part 11 and section 221) and the 2010 Community Infrastructure Regulations (as amended)?

Response

- A.1. Yes, The Council has produced a Statement of Compliance (CIL-05) which details how the Charging Authority has complied with the procedural requirements in the 2008 Act (Part 11 and section 221) and the 2010 Community Infrastructure Levy Regulations (as amended).
- A.2. Since submission and publication of the Statement of Compliance, the Council has complied with Regulation 19 and has submitted the documents listed therein to the Examiner, and published a Notice in the local newspaper (Observer series) and has informed all persons who submitted responses to the CIL Draft Charging Schedule.
- A.3. The Council has also complied with Regulation 21, by publishing a Notice on the Council's website, and in the local newspaper (Observer series) on 7 May 2015. The CIL Programme Officer has also sent a copy of this to the representors.

B. Is the CIL charging schedule supported by appropriate available evidence on infrastructure planning and economic viability?

Response

- B.1. Yes, Chichester District Council believes that the CIL DCS is supported by appropriate available evidence on infrastructure planning and economic viability as it has been prepared using the following background evidence:
- Chichester Local Plan Key Policies Pre-Submission 2014 – 2029 (CIL-21), with modifications (CIL-22) and modifications to maps (CIL-23).
 - An Infrastructure Delivery Plan (October 2014) (CIL-06);
 - CIL viability for the Draft Charging Schedule Chichester Plan Viability, September 2014 (CIL-02);
 - District Council Plan Viability November 2013 (CIL-18);
 - Preliminary Draft Charging Schedule (March 2014) (CIL- 15)
 - Information on monies received from planning obligations over the past five years (CIL-14).
- B.2. The Council developed its CIL alongside its new Local Plan and work on infrastructure planning. The initial Infrastructure Delivery Plan (October 2013)(CIL-17) showed there was a significant infrastructure funding gap

which the CIL could go some way towards bridging along with other funding sources. The Council therefore appointed PBA to undertake a whole plan viability study in order to inform:

- The Local Plan policy on the level of affordable housing;
- The maximum level of CIL, and the recommended level of CIL; and
- The cumulative viability of these together with other policy costs.

B.3. The resulting study was the District Council Plan Viability (November 2013) (CIL-18). This study informed both the draft Local Plan and the Preliminary Draft Charging Schedule.

B.4. The Preliminary Draft Charging schedule was subject to public consultation from 17 March 2014 – 23 April 2014. As a result of the consultation representations received, the Council asked PBA to undertake further work to undertake an updated study to address some of the concerns raised through the consultation and using information provided by respondents, particularly Savills and the University of Chichester. The updated study is the CIL viability for the Draft Charging Schedule Chichester Plan Viability September 2014 (CIL-02) (Page 5 of the updated study highlights the main changes made). As a result of the updated study the Council reduced the rate of levy proposed for purpose built student housing down from £60m² to £30m². All other charges remain as originally proposed.

B.5. The viability study tested affordable housing provision at both 40% and 30%, and recommended 30% in order to enable a sufficient surplus to introduce the CIL and for the CIL to make a reasonable contribution towards the cost of infrastructure required to support the growth identified in the new Local Plan.

B.6. The viability study took all new Local Plan policy costs into account and used the residual land value approach adopted by RICS and Harman. The residual land value was compared with the 'land cost' (the minimum value the landowner would be prepared to sell). The CIL charges in the DCS have been set for development types where the residual land value is above the threshold level (based on net developable areas, assuming sites are fully serviced without the benefit of planning permission, but with an assumption that permission is likely to be granted). Where the residual land value is below the threshold level the Council has set a zero CIL rate.

B.7. The viability testing included a number of assumptions summarised on page 20 of the revised viability report. Local agents, landowners and developers were interviewed and their experience in the local housing market was built into the viability assumptions. The viability testing was based on 30% affordable housing (as set out in the draft Local Plan). This differs from the 40% affordable housing currently being sought. The reduction in the requirement for affordable housing creates more surplus to pay the CIL.

B.8. The updated viability testing considered the Strategic Development Locations for finer-grained testing at West of Chichester; Tangmere; Shopwyke; and Westhampnett. This assumed a higher figure for servicing and planning obligations using the most up to date available information

from Savills and other sources. The testing confirmed that the development of the Strategic Development Locations would still remain viable with the CIL charges applied.

C. Are the proposed CIL charging rates informed by and consistent with the evidence?

Response

C.1. Yes, The Council has produced a CIL viability for the Draft Charging Schedule September 2014 (CIL-02). The rates detailed as being viable on pages 1 & 2 are identical to those included in the Draft Charging Schedule submitted for examination.

D. Does the evidence show that the proposed CIL charging rates would not put at risk the overall development of the area? Has an appropriate balance been struck between helping to fund the new infrastructure required and the potential effects of the levy on the economic viability of development across the borough?

Response

D.1. Yes. Please see CIL “Storyboard” (CIL-09) & CIL viability for the Draft Charging Schedule Chichester Plan Viability, September 2014 pages 82 to 84 (CIL-02). The Storyboard explains how the proposed levy rate will contribute to the implementation of the Local Plan & support development across the area. It shows that the CIL for residential development is only between 3.35% – 4.8% of the sale value in £m², for purpose built student housing it is only 1% of the sale value in £m², for convenience retail it is only 2.45% of the sale value in £m², and for comparison retail it is only 0.55% of the sale value in £m².

D.2. The IDP (CIL-06) provides evidence on page 11 that there is a considerable quantum of strategic infrastructure that could be funded by CIL in Chichester, and the updated information in the Council’s answer to Examiner’s Preliminary question 13(CDC-CIL-ED-1) shows that there is a substantial funding gap. The funding gap is explained below:

Infrastructure Category	Draft Total Cost
Transport	£24,244,000
Education	£48,000,000
Health	£3,300,000
Social Infrastructure	£3,100,000+
Green Infrastructure	£10,000+
Habitats Regulations Mitigation	£577,980
Public Services	Unknown at present
Utility Services	Unknown at present
Draft Infrastructure Total	£79,231,980
Less existing S106 funding available*	£808,097
Less anticipated S106 funding (estimate)**	£7,110,349
Less other known funding	Unknown at present
Draft gap in infrastructure funding	£71,313,534

*The amount of S106 received and available to use from development that has commenced

** The amount of S106 that has been agreed but not yet received from development that has planning permission but has not yet commenced.

It is anticipated that the CIL receipts will contribute approximately £26,933,760 which will reduce the gap to £44,379,774. This gap will be further reduced due to future S106/S278 receipts. Future S106/S278 receipts from the growth of the wider area are expected to be around £13,158,780 which will reduce the gap to £31,220,994. This will be further reduced by future S106/S278 receipts from the SDLs estimated to be around £24,981,200 which will reduce the gap to around **£6,239,794**, which will have to be bridged by other funding sources.

- D.3. The Charging Authority therefore believes that it has struck an appropriate balance between helping to fund the new infrastructure required and the potential effects of the levy on the economic viability of development across the Plan area, particularly as it has made a conscious policy decision to reduce the affordable housing provision from 40% to 30% to facilitate this.
- D.4. The Local Plan area is extremely attractive to developers, particularly for residential development. There is evidence that house prices were robust even during the recession and that they have increased by around 3% since the initial viability testing was undertaken (The Land Registry House Price Index, July 2014). Therefore the Council is confident that CIL will not prejudice development being brought forward across the plan area.
- D.5. In summary, it is considered that the proposed rates strike the appropriate balance for the Chichester Local Plan area between securing additional investment for infrastructure to support development and the potential economic effect of imposing CIL upon retail and residential development across the plan area. The charges, which have been developed in consultation with key stakeholders, are in line with guidance and legislation. They are reasonable and it has been shown that they are not at a level that would impact on the viability of the majority of future development in the plan area.