

## KIRKLEES COUNCIL

### COMMUNITY INFRASTRUCTURE LEVY (CIL) CHARGING SCHEDULE

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#### EXAMINER'S MAIN ISSUES AND QUESTIONS (MIQs)

##### Council Response

#### **Issue 1 – Legal and procedural matters**

##### **a) Has the Charging Schedule been prepared in accordance with:**

- **the statutory procedures, and there are no fundamental procedural shortcomings?**
- **the Council's Local Plan (February 2019)?**
- **the consultation requirements set out in the CIL Regulations?**

- 1.1 The Council, as a CIL charging authority, has complied with all the procedural requirements in the relevant Planning Act and CIL regulations. A Statement of Procedural and Legal Compliance April 2017 (CIL 014) has been submitted which demonstrates that the Council has met these requirements.
- 1.2 An additional statement (Appendix 1) demonstrates the council's compliance with legislation, regulations and guidance relating to the preparation of the statement of modifications to the Community Infrastructure Levy (CIL) Draft Charging Schedule. This includes reference to the 2019 Draft Charging Schedule Charging rates and map.
- 1.3 The Council considers that in setting the levy rates it has struck an appropriate balance between<sup>1</sup>;
- a) the desirability of funding from CIL in whole or in part the actual and estimated total cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding, and;
  - b) the potential effects, taken as a whole, of the imposition of CIL on the economic viability of development across the Kirklees District
- 1.4 In reaching this conclusion<sup>2</sup> the council has taken into account:
- the growth ambitions and scale of development expected to come forward within Kirklees in the period to 2031;
  - the importance of the infrastructure identified in the IDP in supporting this development and the positive effect that infrastructure and development will have across Kirklees;
  - the responses by consultees to the consultations on the Draft Charging Schedule 2016; and
  - the impact (taken as a whole) of the imposition of CIL on the economic viability of development across Kirklees as examined in the updated viability evidence 2019 (taking into account likely residual S106 costs)
- 1.5 The Statement of Procedural and Legal Compliance April 2017 (CIL 014) and additional Statement of Procedural and Legal Compliance July 2019 (Appendix 1) demonstrate the Council has met the consultation requirements set out in the CIL regulations. Additional detail

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<sup>1</sup> Community Infrastructure Levy Draft Charging Schedule May 2019 (section 1) (CILSD/3)

<sup>2</sup> Community Infrastructure Levy Draft Charging schedule: Background Report May 2019 (Paragraph 6.3) (CILSD/5)

is provided in the Kirklees CIL Statement of consultation and summary of representations April 2017 (CIL 010) and the CIL Statement of consultation and summary of representations July 2019 (CILSD/8)

**b) Is the Draft Charging Schedule (as proposed to be modified) is in line with the CIL Regulations that are due to be enacted on 1<sup>st</sup> September 2019? Are any further modifications necessary?**

- 1.6 The Statement of Procedural and Legal Compliance 2019 Regulations (Appendix 2) demonstrates how the Draft Charging Schedule (as proposed to be modified) is in line with the CIL regulations to be enacted on 1<sup>st</sup> September 2019. Additional modifications are proposed to bring the Draft Charging Schedule (as proposed to be modified) into line with the CIL Regulations 2019.

**Issue 2 – Is the Charging Schedule supported by appropriate available evidence on infrastructure requirements?**

**a) Does the Council's updated infrastructure evidence in Appendix A of the Draft Charging Schedule Background Report (May 2019) provide a robust basis for demonstrating an aggregate funding gap? Are all strategic projects with funding gaps identified, and have all other possible sources of funding been taken into account? What are the main changes between the list in Appendix A and the Infrastructure Delivery Plan Addendum (2016)?**

- 1.7 The Council's updated infrastructure evidence (as set out in Appendix A of the Draft Charging Schedule Background Report, May 2019 CILSD/5) provides robust evidence of the aggregate funding gap. Taking account of updated evidence, the schedule of infrastructure requirements concludes that there is a funding gap of £102,270,000.<sup>3</sup>
- 1.8 Previously, the Council prepared an Infrastructure Delivery Plan Addendum November 2016 (CIL 006) as an update to the Infrastructure Delivery Plan 2015 (CIL 005) to refresh evidence on certain types of infrastructure where new information became available. This provided evidence of the infrastructure needed to support the development identified in the Local Plan (adopted February 2019), and was taken into account during the local plan examination.
- 1.9 These documents provide an Infrastructure Delivery Program that identifies specific projects and types of infrastructure that could be funded by the levy in whole or in part. This includes detail of other sources of funding, which will continue to be explored as additional funding sources become available.
- 1.10 Appendix A of the Draft Charging Schedule Background Report (May 2019) updates the known available funding information published in the Infrastructure Delivery Plan Addendum 2016 (CIL 006). The updated information should be read in conjunction with Appendix F of the IDP Addendum 2016 (CIL 006) where strategic projects with funding gaps and other sources of funding have been identified. As stated above, the delivery program now identifies a funding gap of £102,270,000.
- 1.11 The Council intends to review the Regulation 123 list and undertake a review of all infrastructure provision and funding availability on an annual basis in accordance with guidance published in NPPG and the new CIL Regulations<sup>4</sup>.

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<sup>3</sup> The Infrastructure Delivery Plan Addendum (November 2016) (CIL 006) originally identified an infrastructure funding gap of £90,954,000

<sup>4</sup> See proposed additional modifications in Appendix 2

- 1.12 The main changes between the list in Appendix A of the Draft Charging Schedule Background Report (May 2019) and the information in the Infrastructure Delivery Plan Addendum (Appendix F) are shown in Appendix 3.

**b) Does the Council's infrastructure evidence demonstrate a clear funding gap that justifies the implementation of CIL?**

- 1.13 The Council prepared an Infrastructure Delivery Plan October 2015 (CIL 005) and Infrastructure Delivery Plan Addendum November 2016 (CIL 006). This evidence informed the determination of what infrastructure is required to support development across the district throughout the plan period in consultation with infrastructure providers and other additional sources of funding available. This evidence underpinned the adopted Kirklees Local Plan (February 2019) in accordance with CIL NPPG (para:009 Reference ID: 25-009-20190315).
- 1.14 The CIL charge has been informed by this infrastructure evidence. The resulting Delivery Program (Appendix F of the Infrastructure Delivery Plan Addendum) (CIL 006) sets out a list of infrastructure, anticipated costs, other sources of funding and how it could be delivered. This program has helped to inform the CIL Draft Regulation 123 list which sets out the types of infrastructure the Council intends to fund, or may fund through the levy.
- 1.15 The IDP and associated delivery program in Appendix F is based on current information at a point in time and is designed to respond to changing infrastructure requirements throughout the Plan period. Consequently, the Council treats the IDP as a 'live' document and updates the document regularly to provide a realistic position with regard to infrastructure needs and delivery. As mentioned in the council's previous response (2a), Appendix A of the Draft Charging Schedule Background Report (May 2019) (CILSD/5) represents such an update from the 2016 publication to 2019.
- 1.16 In determining a clear funding gap, the IDP and updates have considered known and expected infrastructure costs and other possible sources of funding to meet these costs. The IDP and updates provide the most appropriate position based on the available evidence on the Districts infrastructure requirements and have been tested and found sound through the Local Plan examination (in line with NPPG paragraphs 016 and 017). As emphasised in NPPG paragraph 016 there will be difficulties in pin pointing other funding sources beyond the short term, charging authorities should therefore focus on providing evidence of an aggregate funding gap that demonstrates the need to put in place a levy. The Council have set out robust infrastructure evidence in the IDP and updates that satisfy the NPPG and CIL regulations in terms of demonstrating an aggregate funding gap and striking an appropriate balance. The estimated funding gap of £102,270,000 and an estimated CIL income of £33,482,160 over the Plan period, provide a clear justification for the implementation of the levy.

**c) Does the Regulation 123 list accurately and clearly list future infrastructure to be funded by CIL which reflects the identified gaps in funding?**

- 1.17 The 123 list refers to broad categories of infrastructure that can be funded by CIL. The Council is required to set out a list of those projects or types of infrastructure that it intends will be, or may be, wholly or partly funded through the CIL. The list does not identify priorities for spending within it, or any apportionment of the CIL funds across the district, and does not signify a commitment from the Council to fund the projects listed through the CIL.
- 1.18 The list is based on the infrastructure requirements for the Local Plan as set out in the Council's infrastructure planning evidence (IDP<sup>5</sup> & IDP Addendum<sup>6</sup>). The list takes into consideration the representations made and updates on infrastructure projects.

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<sup>5</sup> Infrastructure Delivery Plan October 2015 (CIL005)

<sup>6</sup> Infrastructure Delivery Plan Addendum November 2016 (CIL006)

1.19 Appendix F of the Infrastructure Delivery Plan Addendum November 2016 (CIL 006) provides further detail of the schemes as discussed above. It is noted the new regulations will require the Council to replace the 123 list with an Infrastructure Funding Statement<sup>7</sup> which clearly identifies priority infrastructure projects, projected costs and income raised via s.106 and CIL and associated spending. It is the intention of the Council to use Appendix F as the basis for the new Infrastructure Funding Statement.

**d) What contribution is CIL income likely to make to the identified gap? How much is estimated to be i) retained by the Council; and ii) distributed to neighbourhood areas?**

1.20 The Council's Background Report 2019 (Appendix D) (CILSD/5) specifically identifies that CIL is anticipated to contribute £33,482,160 towards the identified funding gap during the Plan period. The proportions to neighbourhoods is shown in Table 1, it sets out the position if the whole CIL zone is designated at either 15% (without neighbourhood plans) or 25% (with neighbourhood plans).

Allocation	CIL Zone	CIL Rate (per sqm)	Local Plan Housing Allocated in CIL Zone	CIL Net (minus affordable housing and other exemptions)	Without Neighbourhood Plans (15%)	With Neighbourhood Plans (25%)
Housing	1	£80	4318	£18,653,760	£2,798,064	£4,663,440
Housing	2	£20	12040	£13,003,200	£1,950,480	£3,250,800
Housing	3	£5	6760	£1,825,200	£273,780	£456,300
<b>Total</b>				<b>£33,482,160</b>	<b>£5,022,324</b>	<b>£8,370,540</b>

Table 1: CIL Income Estimate Calculation (Appendix D Draft Charging Schedule Background Report May 2019)

1.21 A number of neighbourhood plan areas have been formally designated within the Kirklees. Whilst most of these are at the early stages of preparation if these areas were to proceed to a successful outcome the proportion of CIL for each would be approximately:

- Without Neighbourhood Plans (15%) - £3,603,447
- With Neighbourhood Plans (25%) - £2,364,795
- Retained by the Council to spend on Infrastructure - £27,513,918

This information may change subject to the progress of each neighbourhood plan.

**Issue 3 – Is the Charging Schedule supported by appropriate available evidence on viability?**

**a) Are the average house price bands and Value Areas, as set out in section 2 in the Council's CIL Viability Update (2019), justified and supported by a suitable level of evidence and analysis? Why are postcode areas used as the basis for the assessment?**

1.22 The use of average house price bands and value areas is justified and supported by the evidence and analysis, using average house prices (i.e. blended and new build housing prices) is the only comprehensive and consistent means of documenting residential property values on an area-wide basis. However, whilst it is useful in informing geographical areas, it is the new build sales evidence which has been used to inform the value assumptions in the viability assessment which have been over-layered across the average house price data. The reason for this is that average house prices do not provide an accurate indication of new build values

<sup>7</sup> See proposed additional modifications in Appendix 2

which generally attain a significant premium over average prices. The approach to defining value areas has therefore involved:

- Identifying geographical differences in market strength using average house price data at postal district level (Land Registry data based on all house transactions new and second hand)
- Researching new build evidence to determine actual sales prices being achieved (through research of websites such as Nethouseprice, Zoopla and consultation with housebuilder sales agents)
- Devising value areas based on value bands that correspond closely with differences in new build evidence
- Calculating averages of new build evidence in each value area to determine sales revenue assumption to be applied in the viability model.

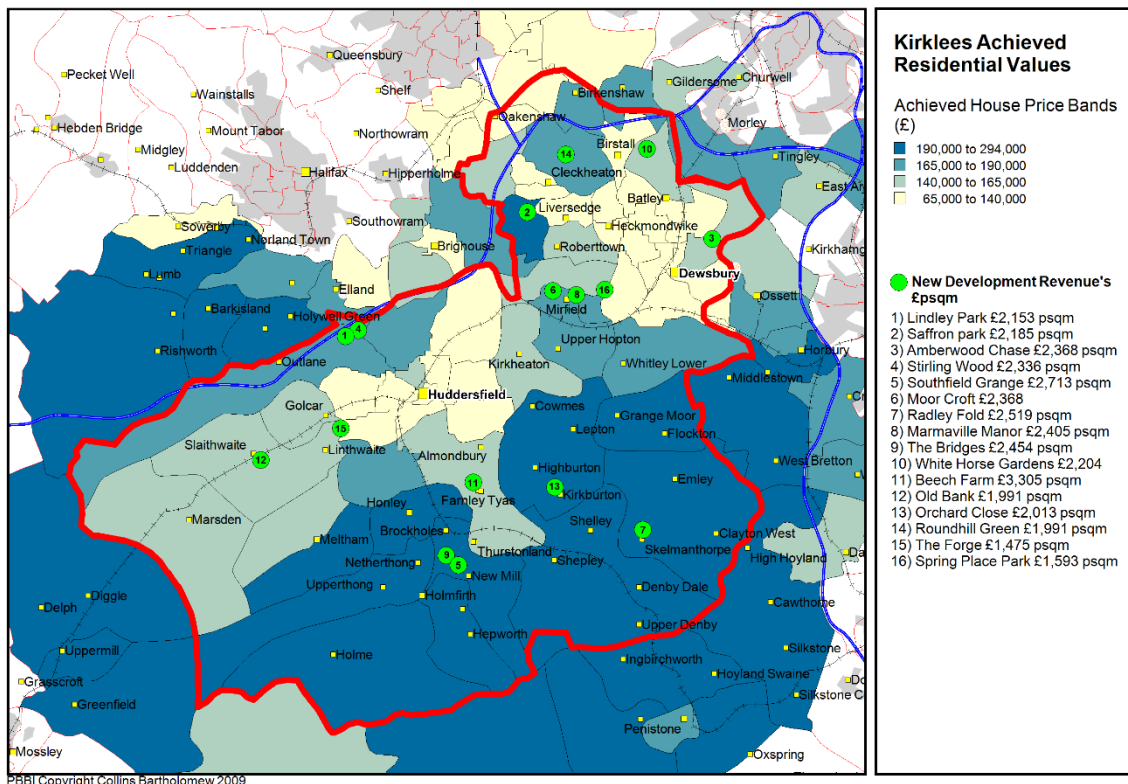
1.23 Taking into consideration the representations that were made through the CIL process, the following changes to average house price bands were made which allowed a more appropriate alignment with observed geographical differences in new build evidence:

Value area	October 2015 study	Revised
1	£200,000-£260,000	£190,000 -£294,000
2	£175,000-£200,000	
3	£125,000-£175,000	£165,000-£190,000
4	£100,000-£125,000	£140,000-£165,000
5	£75,000-£100,000	£65,000-£140,000

Table 2: Value areas and average house price bands

1.24 The five value areas presented in the viability study (CIL 003) were replaced with four value areas (CILSD/5), with the two highest value areas effectively being merged into one single band. Map 1 shows these average house price bands by postal area (shaded in blue) together with new build sales values (numbered 1 to 16).

**Map 1: Average house prices and average new build values**

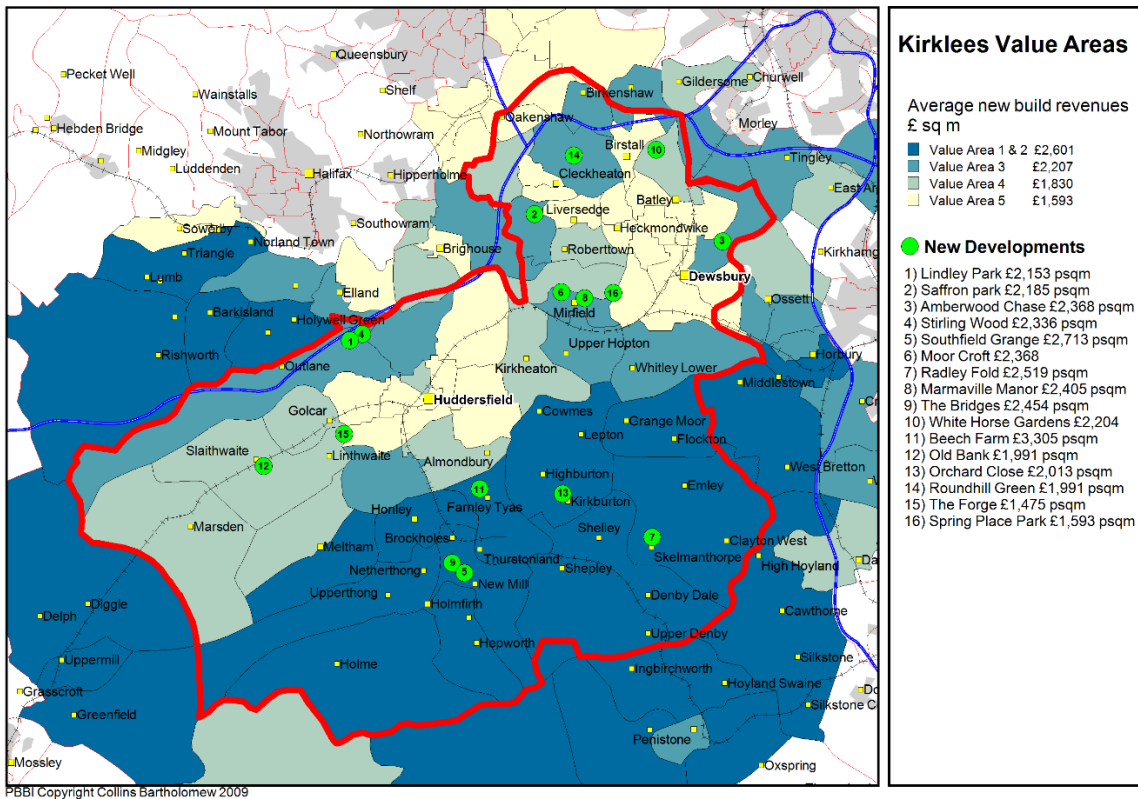


1.25 When reviewing map 1, three anomalies were identified based on stark inconsistencies between new build values achieved and average house prices. These were:

- Liversedge, which experiences a relatively high average house price overall but which is not supported by local new build evidence;
- Farnley Tyas, where average house prices are skewed downwards by the area to the north of Almondbury, concealing a much higher new build revenue potential as demonstrated by the Beech Farm development which has achieved over £3300 per sqm; and
- To the North East of Dewsbury, where despite a relatively modest average house price overall, new build evidence provided by the recent Amberwood Chase development indicates strong new build sales potential with recent revenues achieving well over £2,000 per sq m

1.26 Adjustments were therefore made to address these anomalies with Liversedge moving from Value Area 1 / 2 to Value Area 3, the Farnley Tyas moving from Value Area 4 to Value Area 1 / 2 and the area to the north east of Dewsbury moving from Value Area 4 to Value Area 3. The resultant value areas are presented in map 2 together with average new build revenues (i.e. the average of the revenues achieved of all new build schemes within each area):

## Map 2 Adjusted Value Areas



1.27 For the avoidance of doubt, the value areas show above were re-numbered from 1-4 so for the rest of this document, where value area 1 is referred to, this represents the former value areas 1 and 2 that were merged, and Value Area 2 was previously Value Area 3 etc.

**b) Are the updated residential sales values in the CIL Viability Update (2019) justified? Are the figures based on new build evidence within each Value Area, or the overall average uplift figure of 8.42%?**

1.28 The updated residential sales values in the CIL Viability Update 2019 are justified. Analysis of land registry data illustrated a 5.79% increase in sold house prices between 2015 and 2018. Note that this included an anomalous result for postcode area WF4 4 which when removed identified an increase in house prices of 8.42%.

1.29 The 5.79% and the 8.42% increases to the 2016 report values were applied to arrive at the figures below and then cross-checked against the new build evidence:

Value Area	2016 report sales revenue	Applying Land Registry increase of 5.79%	Applying Land Registry increase of 8.42%	Evidence of new build sales
1	£230	£243	£249	£244.20
2	£200	£211	£216	£207.50
3	£175	£185	£189	£206.40
4	£150	£159	£163	£172.00

Table 3 Residential sales values

1.30 2018 New Build Sales evidence, attributed to the Value Areas was as follows:

Value Area 1		Value Area 2		Value Area 3		Value Area 4	
Schemes		Schemes		Schemes		Schemes	
Site 5 Southfield Grange	£265	Site 1 Lindley Park	£210	Site 3 Amberwood Chase	£231	Site 19 The Heights	£184
Site 17 The Paddocks	£252	Site 21 Laund Croft	£205	Site 20 Stonegate	£217	Site 25 Oakwell Croft	£161
Site 18 Pennine Gardens	£208			Site 22 Helme Ridge	£239		
Site 23 Chapel Lea	£233			Site 24 Calder View	£185		
Site 26 Springfields	£263			Site 27 Albion Gardens	£160		
	£244.20		£207.50		£206.40		£172

Table 4: New build sales evidence

1.31 Further details of the average revenues achieved on these individual schemes is provided below:

Kirklees New build Sales			
Development	Developer	Average Price £/Sq M	Average Price £/Sq Ft
Lindley Park	Taylor Wimpey	£2,262.67	£210.21
Stonegate	Keir	£2,238.65	£207.98
Laund Croft	Conroy Brook	£2,208.38	£205.17
Helme Ridge	Barratt Homes	£2,495.48	£231.84
Amberwood Chase	Harron Homes	£2,481.30	£230.52
Southfield Grange	Jones Homes Ltd	£2,854.19	£265.16
The Paddocks	David Wilson Homes	£2,516.58	£233.80
Chapel Lea	Barratt Homes	£2,505.42	£232.76
Pennine Gardens	Conroy Brook	£2,238.76	£207.99
Old Bank	SB Homes	£2,906.17	£269.99
The Heights	Mark Oliver Homes	£1,978.60	£183.82
Calder View	Gleeson Homes	£1,991.43	£185.01
Oakwell Croft	Riva Homes	£1,732.11	£160.92
Springfields	Redrow Homes	£2,832.61	£263.16
Albion Gardens	Crystal Properties	£1,721.19	£159.90
	<b>Average:</b>	<b>£2,330.90</b>	<b>£216.55</b>

Table 5: Average revenues new build evidence

1.32 Therefore, the following updated results were included in the 2019 area wide assessment:

- Value Area 1 £240
- Value Area 2 £210
- Value Area 3 £200
- Value Area 4 £170



**c) Is the application of BCIS lower quartile values (for general estate housing) to residential developments of 50 or more units appropriate and justified? Is there evidence of such discounts being achieved by housebuilders in Kirklees or elsewhere?**

- 1.33 For residential developments of 50 units or more, BCIS lower quartile rates for “general estate housing” (rebased to Yorkshire and Humber) have been applied to reflect the lower build costs that volume housebuilders typically secure when compared to BCIS mean or median rates.
- 1.34 It is a well-established position in the market that BCIS mean/median costs do not provide an accurate representation of the build costs that volume house builders achieve which can be substantially lower than mean/median rates. Such lower rates are achieved as a result of both the efficiencies derived from scale and the savings on contractor’s OHP (as a result of house-builder in house contractors or favourable supplier relationships).
- 1.35 It is difficult to provide evidence of volume house builder cost rates as data is not published and house builders, due to commercial sensitivities, are reluctant to share / disclose such data.
- 1.36 Cushman and Wakefield has established a formula for calculating build costs as part of its national instruction on behalf of Homes England in the valuation and viability assessment of residential development land. This is based on a deduction of 5% of the lower quartile BCIS cost rate, and then adding 10-12% for external works. This approach has been accepted by Homes England and used in the assessment on a variety of the agency’s programmes including Accelerated Construction and acquisitions.
- 1.37 This is the formula that has been applied for the Kirklees CIL Viability update. It is appropriate and justified as it reflects the reality of volume house builder costs that are being achieved and is borne out of an industry established practice in the valuation and viability of residential development land for a Government body. The threshold of 50 units is appropriate as it reflects the typical minimum level that a volume house builder will typically seek at the current time.

**d) Do the adjusted affordable housing tenure and transfer values in the CIL Viability Update (2019) reflect the updated definition of affordable housing in the National Planning Policy Framework 2019?**

- 1.38 The affordable housing tenure and transfer values in the CIL Viability Update (2019) are unchanged from the original Local Plan and Community Infrastructure Viability Study (2015) and subsequent Viability Addendum (2016). The assumed tenure split of affordable homes is 55.4% affordable rent and 44.6% intermediate tenure (including shared ownership). The transfer values are £588 psm for rent and £999 per sq m for intermediate tenure. These rates are based on the Council’s adopted Supplementary Planning Document on Affordable Housing, and are considered to be in accordance with the NPPF 2019.

**e) Have reasonable assumptions been made in relation to other factors affecting viability of residential development and up to date evidence used in the Council’s viability work? Including:**

- Professional fees
- Contingency rate
- Marketing, sales agent and legal fees
- Finance rate

- **Residual S.106 contributions (general rate and strategic site rate)**
- **Developer profit**

- 1.39 All the appraisal assumptions that have been made are industry standard and reflect assumptions in Cushman and Wakefield's in depth and varied experience in the valuation and viability assessment of residential development land for public and private sector clients, including for bank lending, investment/funding purposes and for planning viability issues.
- 1.40 Viability Testing Local Plans Advice for planning practitioners, Harman review (2012) established a range of 8-10% of development cost for professional fees and it is Cushman and Wakefield's experience that professional fees for volume house builder schemes are typically significantly below 8%.
- 1.41 Contingencies that are allowed for can range from 2-5% of costs with higher risk allowances for more complex sites. Therefore, the allowance that is made at 3% is considered to be reasonable.
- 1.42 Marketing, sales agent and legal fees of 3.5% are typical of what Cushman and Wakefield observe of the costs that house builders allow for in assessing site viability. Finance rates can vary depending on the balance of debt/equity and how finance is sourced. A 6% per annum finance rate represents the level at which Cushman and Wakefield are currently applying for valuation and viability mandates on behalf of banks and other clients.
- 1.43 In relation to the residual S106 contributions, a general rate of £1,000 per unit has been assumed in the area wide model. This is based on recent evidence of S106 obligations but removing that component which in the future S106/CIL scenario would be captured from CIL. The allowance of £1,000 per unit for Section 106 contributions for each residential development scheme is based on analysis of Section 106 contributions across Kirklees since 2007. The data on S106 agreements is set out at Appendix 2.3 of the original viability evidence base (October 2015, see reference at page 30 and Appendix 2.3) and demonstrates that an average residual site specific charge of £600 per dwelling. This figure has been increased to £1,000 to cater for the possibility of higher S106 costs.
- 1.44 In relation to developer's profit, a standard rate of 20% of GDV has been applied to market units together with 6% of GDV on affordable units, reflecting the lower risk associated with transfer of affordable units to a registered affordable housing transfer on an effective 'pre-sale' style arrangement. This is an approach established by Homes England and recommended for application in its Development Appraisal Tool (DAT) model.

**f) Are the revised land value benchmarks in the CIL Viability Update (2019) based on robust and appropriate evidence relating to land values and landowner premiums?**

- 1.45 The revised land value benchmarks are based on robust evidence set out in paragraphs 2.4 to 2.25 of the Viability Update report 2019 which outlines the approach and evidence relating to land owner premiums. The resultant land value benchmarks provide a suitable return to land owner in terms of both Existing Use Value and premium. They provide a range of multiples against agricultural EUV from 13 in the lowest value area to 28 in highest value area, and a percentage uplift on industrial EUV of between 0 and 118%. In relation to the greenfield land value benchmark, it represents approximately 10 times agricultural use value. The land values are within the range of typical market values identified in the original viability study from transactional evidence and viability cases (£370,000 to £1million per ha). As such they are considered to provide an adequate return to land owners and represent a robust basis for benchmarking of land values in this viability assessment.

**g) Is the approach to abnormal costs soundly based, as outlined on page 15 of the CIL Viability Update (2019)? What is the implication of the £0 abnormal tolerance value for greenfield strategic allocations in Table 2.6?**

- 1.46 There is a relationship between land value and abnormal site costs since the price that any rational developer will pay for a site will depend on the costs associated with getting it into a state of development readiness. The site value benchmarks applied in the area wide viability evidence are represented of a serviced site fully free from abnormal site development costs, therefore any abnormal site development costs encountered would effectively be deducted from these prices reflecting the additional site preparation costs falling to the developer.
- 1.47 In the preparation of the viability evidence it was established that the minimum price that land owners will be prepared to sell land for in Kirklees is £370,650 per ha (£150,000 per acre); therefore, given that the land value benchmarks applied are substantially above these figures to reflect the presentation of a serviced remediated site to the market (from £500,000 to £1,093,000 per ha), it follows that these prices allow a 'tolerance' for site abnormal development costs.
- 1.48 In relation to the exclusion of such an allowance within the strategic greenfield allocation, this is because when applied on the strategic sites, a separate allowance for abnormal development costs of £370,650 is applied in the modelling of the individual sites, over and above the site value benchmark of the same level.

**h) Why do the sales rates per m2 and the gross sales values in the Dewsbury Riverside strategic allocation appraisal summary vary between phases?**

- 1.49 The site-specific viability evidence for Dewsbury Riverside established that in the early years Dewsbury Riverside would likely achieve a comparatively modest sales value reflecting the tone of local market evidence, but with the benefit of maturity into a new market location, would establish its own tone and identity, facilitating an increase in values in real terms. This reflects the value growth seen on many other large scale sites at regional level such as Waverley in Rotherham South Yorkshire which initially achieved relatively low values but is now achieving some of the highest values in the sub region.

**i) Have reasonable assumptions on development costs and values been applied in the viability work on commercial schemes?**

- 1.50 The original viability evidence document in support of the Local Plan and CIL Viability Study (October 2015) (CIL 003) sets out the assumptions and evidence in support of commercial schemes. This is supported by evidence in Appendix 2 of the document which is considered to be robust. As part of the updated assessment in 2019, appraisals were remodelled to reflected updated costs and values.

**Issue 4 – Are the proposed residential charging rates informed by and consistent with the evidence on viability? Would the proposed rates undermine the deliverability of the Plan?**

**a) Are differential charging rates by the defined areas supported by the available evidence and sufficiently fine-grained sampling?**

- 1.51 There are four value areas and 10 development schemes, developed through research of comparable development schemes locally and consultations with agents and developers. These schemes are tested across all four value areas, representing 40 schemes in total. In addition to these schemes the large scale sites have been tested and re tested through the evolution of the viability evidence base. The level of sampling – both utilising real world data

to inform hypothetical schemes in the area wide model and the large scale sites – is considered to be comprehensive and meets the requirements of the National Planning Practice Guidance.

**b) Does the evidence show that residential development in zones 1 and 2 could viably support rates of £80 and £20 per square metre (psm) respectively?**

- 1.52 The CIL Viability Update (May 2019) (CILSD/6) sets out in paragraph 4.1 that these rates are supported by robust evidence. The table displays the appraisal results from the area wide model in terms of the level of CIL overage headroom (column second from right, with averages in right hand column). The CIL overage for each scheme is calculated by deducting the benchmark land value from the residual land value, and then dividing this residual sum by the quantity of gross floor space (market homes only) to determine the overage per sq m.
- 1.53 The results show that there is an average headroom of £174 per sq m for Value Area 1 and for Value Area 2, an average head room of £23 per sq m. These averages are based on schemes 2-9, with the smaller sites that do not incur affordable housing having an even higher overage figure.

**c) Is the nominal charge of £5 psm in zone 3 consistent with the viability evidence and national guidance?**

- 1.54 The nominal charge is considered to be consistent with national guidance in achieving the appropriate 'balance' between funding infrastructure and ensuring the viability of schemes. The approach is justified using evidence including recent S106 agreements in the areas of low viability to demonstrate that individual schemes can afford some charges. At this nominal level, the rate is not realistically likely to put delivery at risk.
- 1.55 S106 data has been reviewed for schemes within zone 3 where nominal charges are proposed it can be demonstrated that recent development proposals in this area have been able to withstand contributions towards infrastructure improvements without being rendered unviable. Evidence of this can be found in Appendix B of the CIL Draft Charging Schedule Background Report (May 2019) (CILSD/5)
- 1.56 The relatively minor impact of low CIL charges on development viability compared to other variables such as build costs and sales values also provides further justification. The nominal charge would ensure that all local communities benefit from a meaningful proportion of the CIL charge and have direct benefits to local communities.

**d) Does the viability evidence relating to the three strategic allocations support the application of a £20 psm charging rate? In the case of Dewsbury Riverside are the charging zone boundaries clearly defined, logical and supported by the viability evidence? [in its response the Council is requested to provide a clear map showing the zone boundaries in the vicinity of the site]**

- 1.57 The viability evidence related to the three strategic sites has consistently supported a CIL charge. This has included viability evidence across the distinct subdivided by value areas and site specific appraisals for the three strategic sites, this evidence has been reported and updated at key stages namely:
- Kirklees Local Plan and CIL Viability Study (October 2015) (CIL 003)
    - Chapter 8 and Appendix 3
  - Kirklees Local Plan and CIL Viability Addendum (September 2016) (CIL 004)
    - Chapter 4 and Appendix 3
  - CIL Viability Update (May 2019) (CILSD/6)
    - Chapter 3 and 4

- 1.58 The viability evidence in chapter 4 demonstrates through the district wide testing it is justified to set a £20 per sq m rate for CIL charging zone 2 (value area 2 and 3). The evidence further demonstrates that in relation to the site-specific appraisal that Dewsbury Riverside, Chidswell and Bradley could withstand a CIL charge at a rate consistent with the charging zone (£20 per sqm.)<sup>8</sup>
- 1.59 Through the examination of the Local Plan the deliverability of the three strategic sites was concluded to be sound, with the Local Plan being adopted in February 2019. Through the phased delivery of the sites, the CIL charging rate can be periodically reviewed.
- 1.60 The charging zone boundaries for Dewsbury Riverside are appropriately defined in accordance with the consistent methodology applied through the development of the CIL charge zone map and are justified by the value area background evidence set out in the council's response to issue 3 and the viability reports bulleted above. Appendix 4 sets out the charging zone boundaries in the vicinity of Dewsbury Riverside.

**e) Would the proposed CIL rates put the delivery of development at risk or undermine the deliverability of the Plan?**

- 1.61 The proposed rates have been set at a level the Council believes to set an appropriate balance between the needs to fund essential infrastructure and the potential implications for the economic viability of development across the district. The viability evidence has been produced utilising assumptions that have been thoroughly researched and tested with land owners and developers. The assumptions reflect real world market dynamics and are consistent with industry standard norms prepared by Cushman and Wakefield who is an industry leading expert in viability. There is adequate buffers with the assumptions to ensure that CIL will not place delivery at risk and where appropriate, suitable mitigation will be applied.

**f) Is the exclusion of 'Retirement Living Accommodation' from CIL charges supported by the available viability evidence? Is 'Retirement Living Accommodation' appropriately and clearly defined in the Charging Schedule? [in its response the Council is requested to provide additional viability testing which captures a range of suitable typologies, such as extra care and retirement flats]**

- 1.62 The exclusion of Retirement Living Accommodation is supported by the viability evidence, Appendix 5 provides a Kirklees CIL Retirement Living Assessment (August 2019). The council has clearly defined retirement living accommodation in the CIL Draft Charging Schedule (May 2019) (CILSD/3) as "*Retirement Living Accommodation' defined as residential units which are sold with an age restriction typically over 50s/55s with design features and support services available to enable self-care and independent living.*"

**g) Do the rates incorporate sufficient buffers to allow for changes in economic circumstances or unforeseen variations in development costs? [in its response the Council is requested to provide a table showing the % buffer for each typology 1-9 within each Value Area]**

- 1.63 Appendix 6 illustrates the buffer for each scheme typology as a percentage against the CIL charging rate. For the majority of schemes, there is a substantial buffer between the headroom indicated and the proposed CIL charging rate. The exceptions to this are:
- Schemes 2, 8 and 9 in Value Areas 2, 3 and 4
  - All schemes in Value Area 4.

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<sup>8</sup> It is noted that part of Dewsbury Riverside and Bradley fall within charging zone 3.

- 1.64 The fact that there are some limited schemes and areas that do not offer a significant buffer is not considered to represent a threat to the deliverability / viability of development:
- Schemes 8 and 9 perform less well than other schemes due to the scale of upfront land payments and the prolonged period for recovery which increases finance costs. In practice, these schemes would involve a phasing of land payments which would mitigate finance costs and enhance the viability position and headroom. Generally, house builders will seek to purchase land in tranches of 2.5 to 5 ha, thus rendering schemes 8 and 9 (8 and 10 ha respectively), to represent an unlikely scenario in terms of land payment. Therefore the more limited viability headroom on these sites can be disregarded.
  - Scheme 2, this scheme does not perform as well as the others as it falls below the threshold for the reduced build cost thus incurring a higher build cost. However unlike schemes 0 and 1, it is above the threshold for affordable housing and thus also incurs an affordable housing requirement.
- 1.65 Although these schemes indicate limited viability headroom in a limited set of circumstances, in reality the impacts on deliverability are insulated by other buffers and areas of conservatism in the model, i.e.

- Significant tolerance for abnormal development costs as explained above
- Allowance for S106 costs
- Transfer values retained at 2015 levels, not reflecting potential for improvement as result of requirements for affordable home ownership
- Full profit levels where smaller house builders will typically operate a less than the 20% of GDV which is geared to a national house builder rate of profit (NB NPPG on Viability indicates range of profit at 15-20% of GDV which underlines the position of profit to be at the conservative end of this range)
- Ability for CIL to be paid in phases and instalments creating finance savings (not currently reflected in the area wide model).

**h) Taking account of the Council's appraisal methodology, is there evidence to suggest that the proposed draft instalment policy would assist or threaten scheme viability?**

- 1.66 The proposed instalments policy will assist viability. The area wide viability model assumes that CIL is paid in its entirety at the outset of the development scheme. This will be of particular benefit to those sites of a large scale where instalments will enhance cashflow and reduce finance costs.

**Issue 5 – Are the zero charge rates for retail warehousing and 'all other uses' informed by and consistent with the evidence on viability?**

**a) Is the proposed zero charge for retail warehousing consistent with the available viability evidence? Does the viability testing for Birstall indicate that a CIL charge could be imposed in this area?**

- 1.67 The latest viability evidence set out in the Kirklees Community Infrastructure Levy Viability Update (May 2019) (CILSD/6) identifies that in retail warehousing generally there is no headroom for CIL. The headroom for CIL on retail warehousing indicated by the original viability evidence (2015) (CIL003) has reduced as a result of increased build costs combined with stagnation of rental/capital value growth. As a result, headroom for CIL is only evident on the highest value area of retail warehousing within the District at Birstall.

- 1.68 In the Birstall area, there are two different types of retailers, those trading in bulky goods and those trading in 'high street' goods in a retail warehouse format. It is the high street format that generally secure higher rental values in this location, and tend to be more viable.
- 1.69 Birstall retail park is not a designated centre in the local plan, with planning applications for additional retail growth subject to sequential test and impact assessment (Local Plan Policy LP13 Town centre uses). The local plan does not have a defined boundary for the retail park, and does not have a policy basis that encourages significant retail growth over the plan period at Birstall.
- 1.70 Therefore whilst the viability testing does indicate that a CIL charge could be imposed in the Birstall area for retail warehousing, the Council is justified in not imposing a CIL charge given the limited potential for growth in this location, the local plan policy framework and paragraph 21 of planning practice guidance which states that 'A charging authority that plans to set differential rates should avoid undue complexity. Charging schedules with differential rates should not have a disproportionate impact on particular sectors or specialist forms of development.'

**b) Is the proposed zero CIL charging rate for 'all other development' consistent with the viability evidence?**

- 1.71 The latest viability evidence set out in the Kirklees Community Infrastructure Levy Viability Update May 2019 (CILSD/6) identifies and illustrates that 'neither industrial nor office property types are realistically capable of supporting a CIL charge' (paragraph 4.5). This was also demonstrated in the 2015 October viability study.
- 1.72 The Local Plan and Community Infrastructure Levy Viability Study October 2015 (CIL 003) includes analysis of other commercial schemes and identifies that there is no headroom for CIL on development of hotels, restaurants and care homes across Kirklees (paragraph 6.2.4 and table 6.7)

# Appendices

- Appendix 1: Kirklees CIL Statement of Procedural and Legal Compliance update (July 2019)
- Appendix 2: Kirklees CIL Statement of Legal Compliance The Community Infrastructure Levy, (Amendment) (England) (No.2) Regulations 2019 (July 2019)
- Appendix 3: Main Changes between Appendix A Background Report and IDP Addendum 2016
- Appendix 4: Dewsbury Riverside (HS61) and CIL charging zone boundaries
- Appendix 5: Kirklees CIL Retirement Living Assessment (August 2019)
- Appendix 6: The percentage buffer for each typology 1-9 within each Value Area (Issue 4.G)



Appendix 1:

Kirklees CIL Statement of Procedural and Legal  
Compliance update (July 2019)



# **Kirklees Council**

## **Community Infrastructure Levy (CIL)**

### **Statement of Procedural and Legal Compliance update**

**July 2019**

Planning Policy Group  
Investment and Regeneration Service  
Kirklees Council  
PO Box B93  
Civic Centre III  
Huddersfield  
HD1 2JR

## Kirklees Council CIL Draft Charging Schedule: Statement of Compliance

This statement update has been produced to demonstrate Kirklees Council's compliance with legislation, regulations and guidance relating to the preparation of the statement of modifications to the Community Infrastructure Levy (CIL) Draft Charging Schedule in examination. It should be read alongside the Kirklees Council Community Infrastructure Levy (CIL) Statement of Procedural and Legal Compliance April 2017.

Kirklees Council declares that, as the Charging Authority, it has complied with:

- The requirements set out in Part 11 of the Planning Act 2008 (as amended by the Localism Act 2011, part 6);
- The Community Infrastructure Levy (CIL) Regulations 2010 (as amended 2011, 2012, 2013, 2014, 2015, 2018);
- National Planning Practice Guidance on CIL (2014), available at

Table 1 (below) summarises the council's compliance with the above legislation and regulations:

<https://www.gov.uk/guidance/community-infrastructure-levy>

Legislation	Compliance	Submission Document
<b>Planning Act 2008 (as amended): Part 11</b>		
Section 206 – The charge	Kirklees Council is the charging authority for the purposes of the Draft Charging Schedule submitted for Examination.	n/a

<p>Section 211(1)</p> <p>– Amount</p>	<p>Kirklees Council has published a Draft Charging Schedule setting rates by reference to which the amount of CIL chargeable in respect of its area is to be determined.</p> <p>Proposed changes to the rates within the Draft Charging Schedule have been published through a statement of modifications.</p>	<p>CIL Draft Charging Schedule: Statement of modifications (May 2019)</p> <p>CIL Draft Charging Schedule (May 2019)</p>
<p>Section 211(2)</p> <p>– Amount</p>	<p>In proposing changes to the set rates, Kirklees Council has had regard to:</p> <ul style="list-style-type: none"> <li>• actual and expected costs of infrastructure;</li> <li>• matters relating to the economic viability of development;</li> <li>• other actual and expected sources of funding for infrastructure.</li> </ul>	<p>CIL Draft Charging Schedule: Background Report (May 2019)</p> <p>Kirklees Community Infrastructure Levy Viability Update (May 2019)</p> <p>Kirklees Infrastructure Delivery Plan (October 2015)</p> <p>Kirklees Infrastructure Delivery Plan Addendum (November 2016)</p>

<p>Section 211(7A)</p> <p>– Amount</p>	<p>Kirklees Council has used appropriate available evidence to inform the proposed changes to its Draft Charging Schedule (DCS).</p> <p>This includes an update to the viability evidence base.</p> <p>The council have summarised the evidence informing the DCS and statement of modifications in the CIL DCS Background Report (May 2019)</p>	<p>CIL Draft Charging Schedule: Background Report (May 2019)</p> <p>Kirklees Community Infrastructure Levy Viability Update (May 2019)</p> <p>Kirklees Infrastructure Delivery Plan (October 2015)</p> <p>Kirklees Infrastructure Delivery Plan Addendum (November 2016)</p>
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<p>Section 212 (1) &amp; (2)</p> <p>– Charging schedule: examination</p>	<p>Kirklees Council has appointed an independent examiner, through the Planning Inspectorate, who has appropriate qualifications and experience for the task.</p>	
<p>Section 212 (9)</p> <p>– Charging schedule: examination</p>	<p>All persons who have submitted representations about the Statement of Modifications have been given the opportunity to request to be heard by the examiner.</p>	<p>Kirklees CIL Statement of Consultation and Summary of Representations (July 2019).</p>
<p>Section 221 – Secretary of State</p>	<p>The Secretary of State has issued guidance relating to CIL through the Government's Planning Practice Guidance. Kirklees Council confirms that it has had regard to this in preparing the statement of modifications.</p>	<p>Kirklees CIL Self-Assessment Checklist (April 2017).</p>

### CIL Regulations 2010 (as amended): Part 3 – Charging Schedules

Regulation 12 - Format and content of charging schedules	<p>The amended Draft Charging Schedule as proposed through the Statement of Modifications contains the information required by the Regulations, including:</p> <ul style="list-style-type: none"><li>• the name of the charging authority;</li><li>• the rate (in pounds per square metre) at which CIL is to be chargeable in the authority's area;</li><li>• an OS based map which identifies the location and boundaries of the zones;</li><li>• an explanation of how the chargeable amount will be calculated.</li></ul>	<p>Kirklees CIL Draft Charging Schedule (May 2019), Chapter 5: CIL Draft Charging Rates.</p> <p>Kirklees CIL Draft Charging Schedule (May 2019), Appendix A: 2019 Draft Charging Rates and Map.</p> <p>Kirklees CIL Draft Charging Schedule (May 2019), Chapter 6: CIL Exemption and Payment Terms</p>
Regulation 13 – Differential rates	<p>In compliance with Regulation 13, Kirklees Council's proposed modifications to the CIL rates are set differentially by location.</p> <p>A nil rate is set for development other than residential.</p>	<p>Kirklees CIL Draft Charging Schedule (May 2019), Chapter 5: CIL Draft Charging Rates and Appendix A: 2019 Draft Charging Rates and Map.</p>

<p>Regulation 14 – Setting rates</p>	<p>The proposed amended CIL rates in the Statement of Modifications have been informed by economic viability evidence prepared by Cushman and Wakefield.</p> <p>The economic viability evidence that underpins the proposed rates shows the potential effects of the proposed rates on the economic viability of development across the district. This evidence has been used to justify what levels of CIL could be charged in the district.</p> <p>The available evidence has been used to strike an appropriate balance between the desirability of funding infrastructure from the levy and the potential impact upon the economic viability of development in the district. The council have summarised the evidence informing the proposed changes in the CIL DCS Background Report (May 2019)</p>	<p>Kirklees Community Infrastructure Levy Viability Update (May 2019)</p> <p>CIL Draft Charging Schedule: Background Report (May 2019)</p>
<p>Regulation 15 – Consultation on a preliminary draft charging schedule</p> <p>Regulation 16 – Publication of a draft charging schedule</p>	<p>Consultation on the Draft Charging Schedule Statement of Modifications took place between 20<sup>th</sup> May 2019 and 17<sup>th</sup> June 2019.</p> <p>The consultation was publicised and representations were invited by several means, as outlined in Appendix A of the CIL Statement of Consultation and Summary of Representations (July 2019).</p> <p>Copies of the Statement of Modifications, the relevant evidence and a statement of the representations procedure were made available for inspection at Huddersfield and Dewsbury Customer Service Centres. These documents were also made available on the council’s website, along with a statement of fact that the Statement of Modifications and relevant evidence were available for inspection and of the places at which they could be inspected.</p>	<p>CIL Draft Charging Schedule: Statement of modifications (May 2019)</p> <p>CIL Draft Charging Schedule (May 2019)</p> <p>Kirklees CIL Statement of Consultation and Summary of Representations (July 2019).</p>

	<p>Specific, general and other consultees contacted during the Statement of Modifications consultation are listed in Appendix B of the CIL Statement of Consultation and Summary of Representations. This list includes the consultation bodies (neighbouring authorities and parish councils within the Kirklees area) as defined in Regulation 15(3).</p> <p>The Kirklees CIL Statement of Consultation and Summary of Representations (July 2019) sets out details of the Statement of Modifications in compliance with the regulations.</p>	
<p>Regulation 17 – Representations relating to a draft charging schedule</p>	<p>In accordance with regulation 17, Kirklees Council specified a period of four weeks to receive representations, from Monday 20<sup>th</sup> May 2019 to Monday 17<sup>th</sup> June 2019.</p> <p>14 representations were received, 2 including requests to be heard. These representations are summarised in the CIL Statement of Consultation and Summary of Representations (July 2019)</p>	<p>Kirklees CIL Statement of Consultation and Summary of Representations (July 2019).</p> <p>Kirklees CIL Draft Charging Schedule: Statement of Representation Procedure (May 2019).</p>



<p>Regulation 19(1) – Submission of documents and information to the examiner</p>	<p>In accordance with Regulation 19(1), Kirklees Council will submit to the examiner, in both paper and electronic form:</p> <ul style="list-style-type: none"> <li>• Statement of Modifications;</li> <li>• the revised Draft Charging Schedule;</li> <li>• a statement setting out details of representations, and a summary of the main issues raised by the representations;</li> <li>• copies of any representations made;</li> <li>• copies of the relevant evidence.</li> </ul>	<p>Kirklees CIL Draft Charging Schedule Statement of Modifications (May 2019).</p> <p>Kirklees CIL Draft Charging Schedule (May 2019)</p> <p>Kirklees CIL Statement of Consultation and Summary of Representations (July 2019).</p> <p>Kirklees Community Infrastructure Levy Viability Update (May 2019)</p>
<p>Regulation 19(3) – Submission of documents and information to the examiner</p>	<p>As soon as practicable after submission, Kirklees Council will:</p> <ul style="list-style-type: none"> <li>• Put copies of all items in 19(1) above in the same places that they were placed for consultation (Huddersfield and Dewsbury Customer Service Centres);</li> </ul> <p>Publish on the council's website:</p> <ul style="list-style-type: none"> <li>• Statement of Modifications;</li> <li>• the revised Draft Charging Schedule;</li> <li>• a statement setting out details of representations and a summary of the main issues raised;</li> <li>• copies of any representations made;</li> <li>• copies of the relevant evidence;</li> <li>• a statement that the above are available for inspection &amp; details of their locations.</li> </ul>	<p>Kirklees CIL Draft Charging Schedule Statement of Modifications (May 2019).</p> <p>Kirklees CIL Draft Charging Schedule (May 2019)</p> <p>Kirklees CIL Statement of Consultation and Summary of Representations (July 2019).</p>

<p>Regulation 19(4) – Submission of documents and information to the examiner</p>	<p>Kirklees Council has:</p> <ul style="list-style-type: none"> <li>• sent a copy of the Statement of Modifications to each of the consultation bodies invited to make representations under regulation 15; and</li> <li>• published the Statement of Modifications on its website</li> </ul>	<p>Kirklees CIL Statement of Consultation and Summary of Representations (July 2019).</p>
<p>Regulation 21 – CIL examination: right to be heard</p>	<p>During the consultation periods (draft charging schedule and Statement of Modifications), the council received 37 representations in total, including 13 requests from representors to be heard by the examiner.</p> <p>At least four weeks prior to the opening of the examination, the council will:</p> <ul style="list-style-type: none"> <li>• publish the time and place of the CIL examination and the name of the examiner on its website;</li> <li>• notify all persons (including those who requested to be heard by the examiner) who made representations in accordance with Regulation 17;</li> <li>• place an advertisement in the local press, stating the time and place of the CIL examination and the name of the examiner.</li> </ul>	

Appendix 2:

Kirklees CIL Statement of Legal Compliance The  
Community Infrastructure Levy, (Amendment) (England)  
(No.2) Regulations 2019 (July 2019)



## **Kirklees Council**

### **Community Infrastructure Levy (CIL)**

#### **Statement of Legal Compliance – The Community Infrastructure Levy, (Amendment) (England) (No.2) Regulations 2019**

**July 2019**

Planning Policy Group  
Investment and Regeneration Service  
Kirklees Council  
PO Box B93  
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## Kirklees Council CIL Draft Charging Schedule: Statement of Compliance

This statement has been produced to demonstrate Kirklees Council's compliance with the Community Infrastructure Levy, (Amendment) (England) (No.2) regulations 2019 that will come into force on the 1<sup>st</sup> September 2019.

Legislation	Compliance	Submission Document
<b>Community Infrastructure Levy, (Amendment) (England) (No.2) regulations 2019</b>		
<p>Charging schedules: consultation etc..</p> <p>Transitional and saving provisions</p>	<p>The Council's draft charging schedule was published in accordance with regulation 16 (1) of the 2010 regulations from 7 November to 19 December 2016 and therefore before the commencement date as such Part 3 of the 2010 Regulations continues to apply.</p> <p>However, the Council has one neighbourhood Forum for the Newsome area. Newsome Ward Community Forum (Qualifying body for Newsome Neighbourhood Development Plan) have been consulted as they are on our local plan database. The Council has undertaken joint consultation on the Local Plan and CIL until submission. All contacts on our Local Plan</p>	<p>Kirklees CIL Statement of Consultation and Summary of Representations Report 2017</p> <p>CIL Draft Charging Schedule Statement of Modifications Consultation Report July 2019.</p>

	<p>database were invited to comment on the Statement of Modifications.</p> <p>The Local Plan database includes businesses, residents, voluntary organisations and adjoining authorities.</p> <p>The Council response to how consultation representations have been taken into account are set out in Kirklees CIL Statement of Consultation and Summary of Representations Report 2017 and the CIL Draft Charging Schedule Statement of Modifications Consultation Report July 2019.</p>	
<b>Chargeable development and chargeable amount</b>	<p>Proposed modification to paragraph's 2.5 and 2.7 to include reference to the 2019 regulations and commencement of development in relation to planning conditions.</p>	<p>Community Infrastructure Levy Draft Charging Schedule November 2016 as modified by the Statement of Modifications published for consultation in May 2019</p>
<b>Section 73 permissions: carry over of relief and instalments</b>	<p>Proposed modification to appendix B to include reference to 2019 regulations.</p>	<p>Community Infrastructure Levy Draft Charging Schedule November 2016 as modified by the Statement of Modifications published for consultation in May 2019</p>

<p><b>Annual infrastructure funding statements and CIL rate summary</b></p>	<p>Proposed modification to paragraph 3.3 to remove reference to regulation 123 list.</p>	<p>Community Infrastructure Levy Draft Charging Schedule November 2016 as modified by the Statement of Modifications published for consultation in May 2019</p>
<p><b>Part 10A Reporting and monitoring on CIL and planning obligations</b></p> <p><b>Annual infrastructure funding statements</b></p>	<p>The regulation 123 list has been removed from the Draft Charging Schedule November 2016 as modified by the Statement of Modifications in preparation for the introduction of annual infrastructure funding statements.</p> <p>The ‘regulation 123 list’ renamed will remain in place following the adoption of CIL until it is replaced by an annual infrastructure funding statement before the 31<sup>st</sup> December 2020. This is in conformity with regulation 2(1) as amended by the 2019 regulations (“infrastructure list” before 31<sup>st</sup> December 2020, means the list, if any, published by a charging authority of the infrastructure projects or types of infrastructure which it intends will be, or may be, wholly or partly funded by CIL.....).</p>	<p>Community Infrastructure Levy Draft Charging Schedule November 2016 as modified by the Statement of Modifications published for consultation in May 2019</p>
<p><b>Removal of pooling restrictions</b></p>	<p>Proposed modification to paragraphs 3.3 and 3.5 to remove reference to pooling restrictions.</p>	<p>Community Infrastructure Levy Draft Charging Schedule November 2016 as modified by the</p>

		Statement of Modifications published for consultation in May 2019
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## Appendix A

### Proposed Modifications

The tables below set out the proposed modifications to the Draft Charging Schedule November 2016 as modified by the Statement of Modifications published for consultation in May 2019 and the Draft Charging Schedule Regulation 123 list and the reasons for these further modifications. Changes highlighted with a strike through indicate deletions and *underlined in italics* indicate additions.

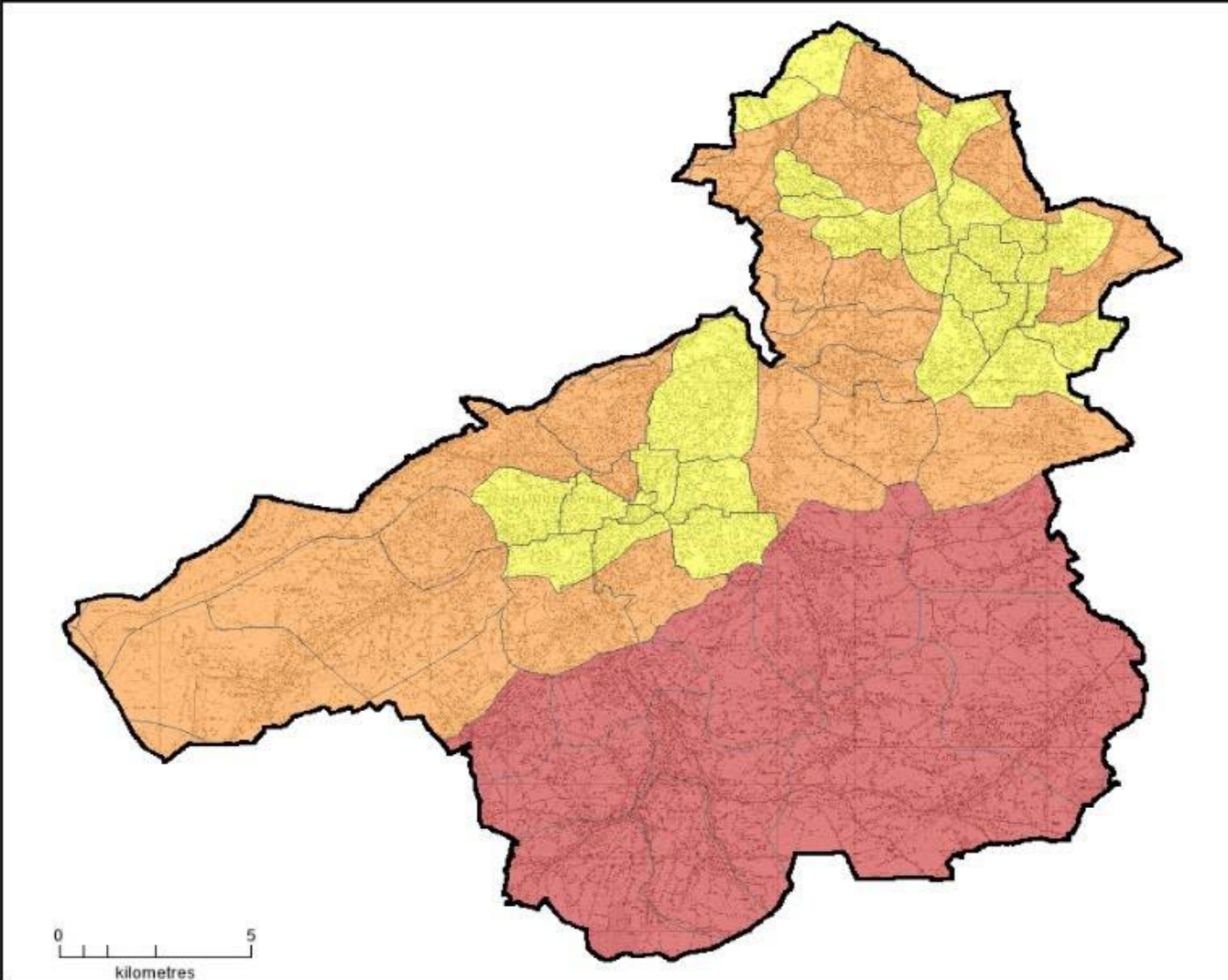
<b>Community Infrastructure Levy Draft Charging Schedule (May 2019)</b>				
<b>Modification Ref</b>	<b>Page</b>	<b>Para/table/box</b>	<b>Tracked change</b>	<b>Reason for change</b>
AM1	Page 3	Paragraph 1.1	Delete and add text: The Community Infrastructure Levy (CIL) Draft Charging Schedule has been approved and published in accordance with the Community Infrastructure Levy Regulations 2010 (as amended 2011, 2012, 2013, 2014, 2015, <del>and 2018</del> , <u>and 2019</u> ) and Part 11 of the Planning Act 2008 (as amended by Part 6 of the Localism Act 2011).	Update
AM2	Page 4	Paragraph 2.2	Delete and add text: Kirklees Council is a charging authority for the purposes of Part 11 Section 206 of the Planning Act 2008 and may, therefore, charge the Community Infrastructure Levy in respect of development in the Kirklees district. This document is the Draft Charging Schedule for the Kirklees Community Infrastructure Levy (CIL). It has been prepared in accordance with the Planning Act 2008 and the Community Infrastructure Levy Regulations 2010 as amended by the Community Infrastructure Levy (Amendment) Regulations 2011, 2012, 2013, 2014, 2015, <del>and 2018</del> , <u>and 2019</u> .	Update
AM3	Page 4	Paragraph 2.5	Delete and add text:	Update

			<p>The process for setting and implementing the Charging Schedule is set out in the CIL Regulations 2010, together with subsequent Amendment Regulations in 2011, 2012, 2013, 2014, 2015, <del>and 2018,</del> <u>and 2019</u></p> <p><del>Under the CIL Regulations new restrictions came into force for existing planning obligations (Section 106 agreements) from April 2015, which significantly restrict infrastructure funding practices and pooling of obligations, dated back to 6 April 2010, whether the Council has adopted a CIL charge or not.</del></p>	
AM4	Page 4/5	Paragraph 2.7	<p>Add text:</p> <p>The CIL Charging Schedule, when adopted, will establish which types of development are liable for a CIL charge as set out in Section 5. It will usually apply to those developments that create net additional floor space of 100 square metres or more, or create a new dwelling. Developments built under general consent are also liable to pay CIL. 'General consent' includes permitted development rights granted under the General Permitted Development Order 2015. Payment is due from the point of the commencement of development, and liability starts at the point at which planning permission is granted. <u>Where planning permission has been granted under section 73 of the TCPA 1990, the chargeable development is the most recently commenced or recommenced chargeable development.</u> Further information about which types of development are exempt from CIL charges can be found in Section 6.</p>	Update
AM5	Page 6	Paragraph 3.3	<p>Delete and add text:</p> <p>The CIL Regulations <u>as amended in 2019 allow the use of funds from both the Levy and planning obligations to pay for the same piece of infrastructure.</u> <del>restrict the use of planning obligations to ensure that developments are not charged twice for the same infrastructure type or project (i.e. through both a planning obligation and a CIL charge).</del> The Council is <del>therefore</del> required to publish a list of infrastructure it intends to fund via CIL <u>called an infrastructure list before 31<sup>st</sup> December 2020 and an Annual infrastructure funding statement on or after 31<sup>st</sup> December 2020.</u> <del>called the Regulation 123 list. It will not be possible to seek planning obligations towards items on the Regulation 123 infrastructure list.</del> Furthermore, since April 2015 the Council is only able to pool a</p>	Update

			maximum of five planning obligations towards a particular infrastructure project or type, dating back to 6 April 2010.	
AM6	Page 6	Paragraph 3.5	Delete and add text: Items identified on the <del>Regulation 123 infrastructure</del> list for CIL funding will <del>not</del> be able to receive S278 funding agreements. <del>as the CIL Regulations prevent double charging similar to S106 agreements. However S278 agreements are not limited to pooling restrictions like S106 agreements.</del>	Update
AM7	Page 7	Paragraph 4.8	Delete and add text: To support the 2019 amended Draft Charging Schedule, the following documents have been produced: Kirklees Community Infrastructure Levy Statement of Modification (May 2019); Kirklees Community Infrastructure Levy Viability Update (Cushman and Wakefield, <del>February</del> <u>May</u> 2019); Kirklees Community Infrastructure Levy Draft Charging Schedule Background Report ( <del>March</del> <u>May</u> 2019); Kirklees Community Infrastructure Levy Draft Charging Schedule ( <del>April</del> <u>May</u> 2019); and Kirklees Community Infrastructure Levy Draft Regulation 123 List ( <del>April</del> <u>May</u> 2019)	Correction
AM8	Page 8	Paragraph 4.10	Delete and add text: The <del>2016</del> <u>2015</u> IDP and IDP Addendum ( <u>2016</u> ) identified infrastructure schemes, costs, delivery bodies, funding sources and gaps. It provided the best available information at that time about the infrastructure funding gap. The IDP evidence is intended to be a living document which will be updated as necessary.	Correction
AM9	Page 8	Paragraph 4.11	Delete and add text: The Council commissioned Cushman & Wakefield to undertake an updated CIL Viability Study ( <del>April</del> <u>May</u> 2019). This study tests a selection of hypothetical development schemes across the district confirming that certain types of development could be charged CIL and remain viable. Site specific testing was also undertaken as part of these studies. The testing takes account of all relevant development costs, including changes to the NPPF and NPPG guidance and adopted Local Plan policy requirements.	Correction
AM10	Page 8	Paragraph 4.12	Delete and add text: The updated <del>April</del> <u>May</u> 2019 Viability Study has resulted in:	Correction

			<ul style="list-style-type: none"> <li>• a reduction of residential charging zones from 4 to 3 merging charging zones 2 and 3;</li> <li>• an amendment to the value assumptions based on these revised charging zones;</li> <li>• removal of charge difference between sites of 10 units and under and over 10 units; and</li> <li>• zero rate charge for retail warehousing.</li> </ul>	
AM11	Page 10	Paragraph 6.1	<p>Delete and add text:</p> <p>As set out in the CIL Regulations the following do not pay the levy:</p> <ul style="list-style-type: none"> <li>• development of less than 100 square metres (see Regulation 42 on Minor Development Exemptions <u>as amended</u>) – unless this is a whole house, in which case the levy is payable;</li> <li>• houses, flats, residential annexes and residential extensions which are built by ‘self builders’ where an exemption has been applied for and obtained, and in regard to a self build home or residential annex, a Commencement (of development) Notice served prior to the commencement of development. See Regulation 7, and section 56(4) of the Town and Country Planning Act 1990, for definition of commencement of development (see Regulations 42A, 42B <u>as amended</u>, 54A, 54B <u>as amended</u> and 67(1A) inserted by the 2014 Regulations);</li> <li>• social housing that meets the relief criteria set out in Regulation 49 or 49A (as amended by the 2014 Regulations) and where an exemption had been obtained and a Commencement (of development) Notice served, prior to the commencement of development;</li> <li>• charitable development that meets the relief criteria set out in Regulations 43 to 48 <u>as amended</u> and where an exemption has been obtained, and a Commencement (of development) Notice served prior to commencement of development;</li> <li>• buildings into which people do not normally go (see Regulation 6(2));</li> <li>• buildings into which people go only intermittently for the purpose of inspecting or maintaining fixed plant or machinery (see Regulation 6(2));</li> </ul>	Update

			<ul style="list-style-type: none"> <li>• structures which are not buildings, such as pylons and wind turbines;</li> <li>• specified types of development which local authorities have decided should be subject to a 'zero' rate and specified as such in their charging schedules;</li> <li>• vacant buildings brought back into the same use (see Regulation 40 as amended by the <del>2014</del> <u>2019</u> Regulations);</li> <li>• where the levy liability is calculated to be less than £50, the chargeable amount is deemed to be zero so no levy is due; and</li> <li>• mezzanine floors <del>of less than 200 square metres</del>, inserted into an existing building, are not liable for the levy unless they form part of a wider planning permission that seeks to provide other works as well.</li> </ul>	
AM12	Page 13	Appendix A: 2019 Draft charging schedule rates and map	Delete and insert maps as shown below:	Correction



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kilometres

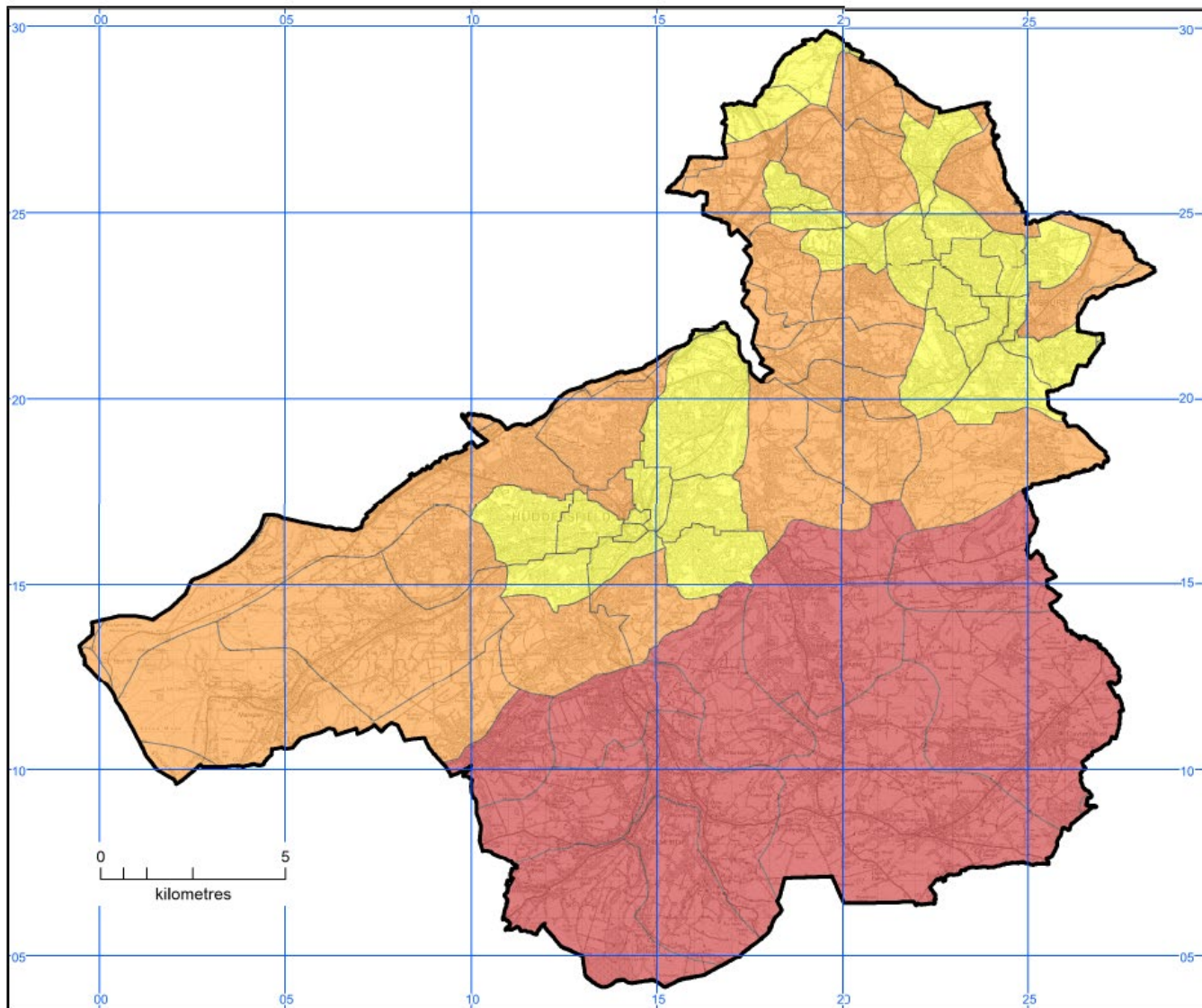


**Kirklees CIL  
Draft Charging Rates**

Kirklees CIL Draft Charging Rates (per sq.m)	
Residential Development	
Zone 1	£80
Zone 2	£20
Zone 3	£5
Retail Warehousing	£0 district wide
All other uses	£0

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**Kirklees COUNCIL**

**Kirklees CIL Draft Charging Rates**

**Kirklees CIL Draft Charging Rates (per sq.m)**

Residential Development	
Zone 1	£80
Zone 2	£20
Zone 3	£5
Retail Warehousing	£0 district wide
All other uses	£0

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AM13	Page 14	Appendix B: Kirklees CIL Draft Instalments Policy	<p>Add text:</p> <p>In accordance with CIL regulations 69B (<u><i>inserted by the 2011 regulations</i></u>) and 70 (<u><i>as amended</i></u>), the Council can introduce an instalments policy to spread the cost of CIL payments for developers. When no instalments policy is in place the CIL payment is required in full after 60 days from development commencing.</p>	Update
AM14	Page 14	Appendix B: Kirklees CIL Draft Instalments Policy	<p>Add text:</p> <p>The Council recognises that instalment payments for CIL are a practical way that allows developers to manage costs as part of the development of a site, and is particularly useful for larger CIL payments. It is therefore proposed to introduce such a policy, and a draft instalments policy as set out below. The instalments will be calculated from the commencement of development and as detailed by the submission of a commencement notice under Regulation 67 (<u><i>as amended</i></u>).</p>	Update



Community Infrastructure Levy Draft Charging Schedule: Regulation 123 List (May 2019)				
Modification Ref	Page	Para/table/box	Tracked change	Reason for change
AM15	Page 1	Title	Delete and add text: <b>The <del>Regulation 123</del> <u>Infrastructure</u> List</b>	Update
AM16	Page 1	1.3	Delete and add text: A 'meaningful proportion' of CIL raised in an area (the neighbourhood proportion) must be spent on local infrastructure priorities. The Council will work with local communities and Town and Parish Councils to agree their local spending priorities. The neighbourhood proportion can be spent on items on the <del>Regulation 123</del> <u>infrastructure</u> list, but it does not have to be, as long as it addresses the demands that development places on an area.	Update
AM17	Page 1	1.4	Delete and add text: Once the neighbourhood proportion of the CIL income has been allocated to the relevant neighbourhood in which the development has taken place, the remaining money will be pooled and spent on strategic infrastructure priorities to support growth and economic development in the district. The infrastructure spending priorities will be informed by the <del>Regulation 123</del> <u>infrastructure</u> list. The predicted CIL income will not meet the estimated infrastructure funding gap. Therefore, CIL money will be spent on infrastructure priorities in conjunction with other sources of funding.	Update
	Page 1	1.5	Delete and add text: It is intended that the Council will review the <del>Regulation 123</del> <u>infrastructure</u> list periodically where appropriate. This will be informed by the most up to date infrastructure planning evidence and the monitoring of CIL collection and spending. Any changes to the list will be justified, clear and subject to appropriate local consultation, in line with the CIL Regulations.	Update

AM18	Page 1	1.6	Delete text: CIL Regulation 123 restricts the use of Section 106 obligations to ensure that individual developments are not charged for the same infrastructure through the duplication of developer contributions. A Section 106 contribution cannot be made towards infrastructure projects on the Regulation 123 list.	Update
AM19	Page 1	1.7	Delete and add text: <del>1.7</del> <b>1.6</b> From 6 April 2015 the use of Section 106 obligations has been scaled back. Section 106 obligations will still be used to provide affordable housing contributions and matters required to make a development acceptable in planning terms. Section 106 obligations will need to meet the tests in Regulation 122 and 123. <i>(as amended)</i> . <del>From 6 April 2015 no more than five separate obligations can be pooled for an infrastructure project or type of infrastructure, back dated to 6 April 2010.</del>	Update
AM20	Page 2	1.8	Delete and add text: <del>1.8</del> <b>1.7</b> The Regulation 123 <i>infrastructure</i> list can be found in Appendix A. The list includes details about what Section 106 obligations will continue to be used for. For large scale developments there will still be the requirement to provide obligations for matters necessary to make a development acceptable in planning terms, such as open space. For the following sites in the <del>Publication Draft</del> Local Plan, school infrastructure will be required using planning obligations as follows: <ul style="list-style-type: none"> <li>• primary provision for Bradley Strategic Site ( HS11)</li> <li>• primary and secondary provision for Chidswell Strategic Site ( MXS7)</li> <li>• primary and secondary provision for Dewsbury Riverside Strategic Site ( HS61)</li> </ul>	Update and correction
AM21	Page 2	1.9	Delete and add text: <del>1.9</del> <b>1.8</b> The Council will ensure that these obligations meet the statutory tests, and that such requirements will not be funded in conjunction with CIL receipts. Rather the CIL receipts will be used to fund infrastructure projects needed to support the development of the district. Details of how the CIL has been spent will be set out in an annual report so it is clear that CIL and Section 106 receipts	Update and correction

			<p>have not been spent on the same piece of infrastructure. The Council does not have any tariff based policies or other policies relating to planning obligations in the <del>Publication Draft</del> Local Plan that would require amending following the introduction of CIL</p>								
AM22	Page 3	Appendix A	<p>Delete and add text:</p> <p><b>Appendix A – <del>Regulation 123</del> <u>Infrastructure</u> List</b>  <b>Kirklees Council Draft Infrastructure List</b>  <b>(Required by Regulation <del>123</del> <u>121A</u> of Community Infrastructure Levy (CIL) Regulations inserted 2019)</b></p> <p><b>Infrastructure Projects it is intended to fund through CIL*:</b></p> <table border="1"> <tr> <td><b><del>Regulation 123</del> List CIL Infrastructure <i>List</i></b></td> </tr> <tr> <td>Strategic transport infrastructure Kirklees wide</td> </tr> <tr> <td>Strategic education infrastructure Kirklees wide</td> </tr> <tr> <td>Strategic open space infrastructure Kirklees wide</td> </tr> <tr> <td>Strategic flood alleviation schemes Kirklees wide</td> </tr> <tr> <td>Strategic community and cultural infrastructure Kirklees wide</td> </tr> <tr> <td>Strategic sports, leisure and recreation infrastructure Kirklees wide</td> </tr> </table> <p>*Extracted from the Local Plan Infrastructure Delivery Plan and the Kirklees Local Plan Infrastructure Delivery Plan Addendum) – see for further information on strategic infrastructure projects.</p>	<b><del>Regulation 123</del> List CIL Infrastructure <i>List</i></b>	Strategic transport infrastructure Kirklees wide	Strategic education infrastructure Kirklees wide	Strategic open space infrastructure Kirklees wide	Strategic flood alleviation schemes Kirklees wide	Strategic community and cultural infrastructure Kirklees wide	Strategic sports, leisure and recreation infrastructure Kirklees wide	Update
<b><del>Regulation 123</del> List CIL Infrastructure <i>List</i></b>											
Strategic transport infrastructure Kirklees wide											
Strategic education infrastructure Kirklees wide											
Strategic open space infrastructure Kirklees wide											
Strategic flood alleviation schemes Kirklees wide											
Strategic community and cultural infrastructure Kirklees wide											
Strategic sports, leisure and recreation infrastructure Kirklees wide											

## Appendix 3:

Main Changes between Appendix A Background Report  
and IDP Addendum 2016

## Transport

IDP Reference / Scheme Name		Funding Gap
TS1 - Huddersfield to Leeds	A638/High Street/B6117 Market Street	£1,000,000
	A62/A652 (Birstall Smithies)	£3,000,000
	A62/A643 (Coach and Six)	£3,000,000
TS3 - Huddersfield Southern Gateways	<del>A62/B6432 (Folly Hall)</del>	<del>£3,000,000</del>
	A62 Queensgate/A616 Chapel Hill/A62 Man Rd	£3,000,000
	A629/Somerset Road	£1,500,000
TS5 - Mirfield to Dewsbury to Leeds (including NKGZ)	A644/Huddersfield Road/Calder Road/North Road (Ravensthorpe Gyratory)	tbd
	A644 Huddersfield Road/B6117 Thornhill Road	
	A644 Webster Hill / A638 Dewsbury Ring Road	
	A638 Dewsbury Ring Road/A638 Halifax Road	
	A638/Mill Street West	
	A652 Bradford Road/Town Street	
	A652/B6123 (Rouse Mill Lane)	
	A652/B6124 (Soothill Lane)	
	A652/B6128 (Stocks Lane)	
	A653 Leeds Road – B6128 Challenge Way	
TS10 - Walking and Cycling Improvement Schemes	Huddersfield Town Centre and Connectivity – Future phases	£10,000,000
	Huddersfield Narrow Canal – future phases	£5,000,000
		<del>£3,000,000</del>
	Calder Valley Greenway: Bradley to Brighouse	<del>£4,000,000</del>
		<del>£1,500,000</del>
	Dalton to Deighton Greenway	<del>£2,000,000</del>
	Dewsbury Town Centre and Connectivity	£2,000,000
	Shepley Bridge Marina, Mirfield to Spen Valley Greenway	£2,000,000
	Spen Valley Greenway (East) extension (Calder & Hebble Canal - Dewsbury to Horbury)	£750,000
	Spen Valley Sports College Link	£2,000,000
	Spen Valley Ringway-south extension (High Street to Walkley Lane, Heckmondwike)	£2,000,000
	Birstall to Batley	£3,000,000

	Birstall to Oakwell	£2,000,000	
	Fenay Greenway	£3,000,000	
	Holmfirth to Huddersfield	£5,000,000	
	Pennine Bridleway - Dark Peak Link	£1,500,000	
		Sub Total:	£57,250,000 £55,750,000
<b>Education</b>			
<b>IDP Reference / Scheme Name</b>		Funding Gap	
<b>E3</b>	Delivering the school places identified through the Local Plan education needs modelling exercise (excluding: primary provision for Bradley Strategic Site (H1747 & H351), primary and secondary provision for Chidswell Strategic Site (MX1905), primary and secondary provision for Dewsbury Riverside Strategic Site (H2089))	tbd	
		Sub Total:	tbd
<b>Community and Cultural</b>			
<b>IDP Reference / Scheme Name</b>		Funding Gap	
<b>C4</b>	Create a visitor centre in Holmfirth to build on strong heritage of area	tbd	
<b>C7</b>	Castle Hill and Victoria Tower Refurbishment	£1,500,000	
		Sub Total:	£1,500,000
<b>Open Space and Green Infrastructure</b>			
<b>IDP Reference / Scheme Name</b>		Funding Gap	
<b>G1</b>	Expansion of Dewsbury Country Park	tbd	
<b>G4</b>	Provision of new open space to rectify identified deficits (not funded through S106)	tbd	
<b>G5</b>	Measures to improve the quality of open space (not funded through S106)	tbd	
		Sub Total:	tbd

<b>Sport, Leisure and Recreation</b>			
<b>IDP Reference / Scheme Name</b>		<b>Funding Gap</b>	
<b>S1</b>	Measures to implement recommendations of Playing Pitch Strategy (not funded through S106)		tbd
		<b>Sub Total:</b>	tbd
<b>Flood Risk and Drainage</b>			
<b>IDP Reference / Scheme Name</b>		<b>Funding Gap</b>	
<b>F1</b>	<del>Batley Flood Alleviation Scheme</del>		<del>£1,500,000</del>
<b>F2</b>	<del>Cleckheaton Flood Alleviation Scheme</del>		<del>£1,700,000</del>
			<del>£4,200,000</del>
<b>F3</b>	Dewsbury Flood Alleviation Scheme		£6,500,000
<b>F4</b>	Huddersfield A62 Corridor Flood Alleviation Scheme		£1,400,000
			<del>£970,000</del>
<b>F5</b>	Kirklees Culvert Programme		£1,550,000
<b>F6</b>	Liversedge Flood Alleviation Scheme		£1,600,000
			<del>£5,000,000</del>
<b>F7</b>	Batley Beck Scheme - Replacement Culverts / Wall Repairs		<del>£4,900,000</del>
<b>F8</b>	Dewsbury Scheme Replacement		£6,500,000
			<del>£3,000,000</del>
<b>F9</b>	<del>Spen Scheme Replacement</del> - Spen Flood Alleviation Scheme		£9,400,000
			<del>£300,000</del>
<b>F10</b>	Clayton West and Scissett Flood Alleviation Scheme		<del>£1,800,000</del>
<b>F11</b>	<del>Holmfirth Flood Alleviation Scheme</del>		<del>£500,000</del>
<b>F12</b>	Ings Crescent Flood Alleviation Scheme		£220,000
<b>F13</b>	New Mill Road (Brockholes) Flood Alleviation Scheme		£40,000
			<del>£1,400,000</del>
<b>F14</b>	Ravensthorpe Flood Alleviation Scheme		<del>£2,500,000</del>
<b>F15</b>	Grimescar Dike		£175,000

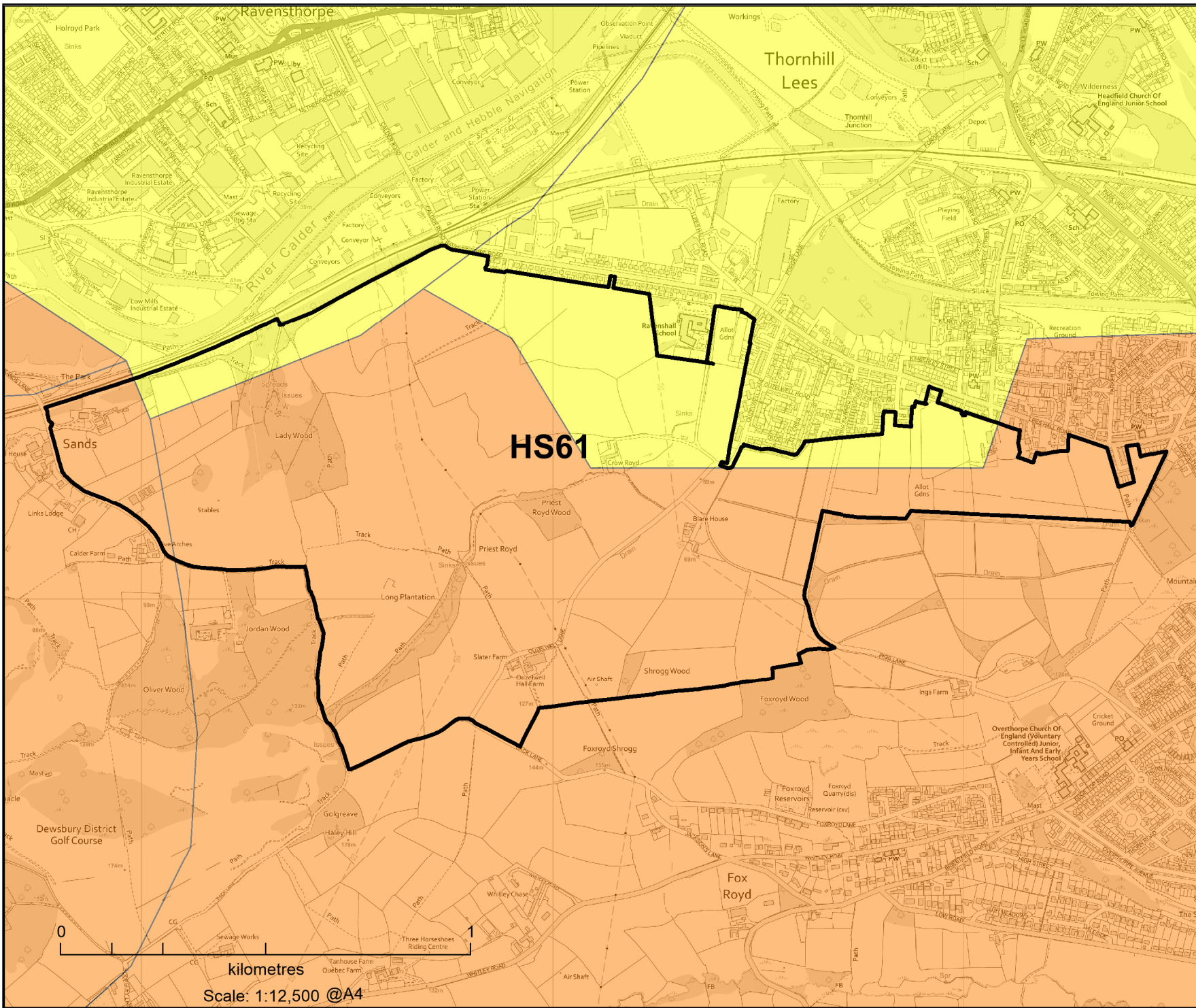
<b>F16</b>	Kirklees Catchment Management Scheme	£100,000	
<b>F17</b>	Schools in Kirklees Flood Alleviation Scheme	£50,000	
<b>F18</b>	Blackmoorfoot <i>Blackhouse</i> Dike Culvert	<del>£110,000</del> £910,000	
<b>F19</b>	Box Ings Culverts	£165,000	
<b>F20</b>	Crimble Clough Culvert	<del>£110,000</del> £2,240,000	
<b>F21</b>	Crowhill Culverts	£165,000	
<b>F22</b>	<del>Marsden Culvert</del> Marsden Flood Alleviation Scheme	<del>£170,000</del> £1,000,000	
<b>F23</b>	Spen Culverts Replacement	£220,000	
<b>F24</b>	Mirfield Flood Alleviation Scheme	<del>£1,100,000</del> £2,500,000	
<b>F25</b>	Ordinary Watercourses FRM	£804,000	
<b>F26</b>	Property Cluster FRM	<del>£705,000</del> £1,350,000	
		Sub Total:	£32,204,000 £45,020,000

<b>Total:</b>	<b>£90,954,000</b> <b>£102,270,000</b>
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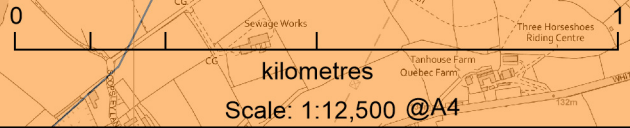
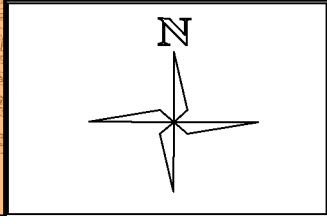


Appendix 4:

Dewsbury Riverside (HS61) and CIL charging zone boundaries



Kirklees CIL Draft Charging Rates (per sq.m)	
<b>Residential Development</b>	
<b>Zone 1</b>	<b>£80</b>
<b>Zone 2</b>	<b>£20</b>
<b>Zone 3</b>	<b>£5</b>
<b>Retail Warehousing</b>	<b>£0 district wide</b>
<b>All other uses</b>	<b>£0</b>



Appendix 5:

Kirklees CIL Retirement Living Assessment (August 2019)

# **Kirklees Community Infrastructure Levy**

## **Retirement Living Assessment**

KIRKLEES COUNCIL

August 2019

## Contents

1.0	Introduction	3
2.0	Development Appraisal Assumptions	3
3.0	Results	4

### Disclaimer

The development appraisals reported in this paper are indicative and should not in any circumstances be interpreted as valuations.

## 1.0 Introduction

1.1 This paper has been prepared to respond to queries raised by the Planning Inspectorate in respect of Kirklees Council's Community Infrastructure Levy evidence. It considers matters relating to the appraisal of Retirement Living Housing. It provides an indicative assessment of the viability of retirement living as a development typology.

## 2.0 Development Appraisal Assumptions

2.1 A typical 'Retirement Living' scheme has been appraised based on the standard requirements of McCarthy and Stone benchmarked against recent schemes that Cushman and Wakefield has knowledge of being delivered in the West Yorkshire area. The scheme assumptions that have been modelled are as follows:

- 0.4 ha site
- 40 units at an average of 65 sq m net (to allow for a mix of 1 and 2 beds at 55 sq m and 75 sq m respectively)
- Net area is 70% of gross to allow for communal areas

2.2 We understand from previous consultations with McCarthy and Stone that sales revenues are generally benchmarked against a typical price for a 3 bed house in any given location (the rationale being that this is the average equity that a retired individual or couple would have in downsizing from a typical family home to a retirement flat). Therefore, we have used this 'rule of thumb' via applying the sale price used in the CIL viability evidence for a 3 bed house and calculating the equivalent in floor areas for a retirement flat to produce new build sales revenues:

	Sales value per sq m	3 bed capital value at 90 sq m	Average size of retirement living apartment sq m	Sales value per sq m of retirement living per sq m
Value area 1	£2,583	£232,470	65	£3,576
Value area 2	£2,260	£203,400	65	£3,129
Value area 3	£2,153	£193,770	65	£2,981
Value area 4	£1,830	£164,700	65	£2,534

2.3 Benchmarking this against asking prices of a recently completed retirement apartment scheme in Kirklees indicates that asking prices are at the top of this range:

Apartment	Asking Price	Size (sq. ft)	Size (sq. m)
12	£236,999	753	70
17	£236,999	753	70
18	£238,999	753	70
20	£231,999	689	64
25	£236,999	721	67
26	£231,999	667	62
27	£241,999	753	70
28	£226,999	678	63
35	£234,999	753	70

Source: McCarthy and Stone at Brook Dene Court, Cleckheaton.

- 2.4 In relation to build costs, BCIS median costs for apartments, generally rebased for Yorkshire, as at July 2019, are £1317 per sq m. A 10% uplift has been applied to these costs for external works, consistent with the general assumptions applied in the area wide assessments. Therefore, the total build cost applied is £1449 per sq m.
- 2.5 The construction and sales programme has been set over eight quarters, with a lead in period of 3 months.
- 2.6 All other assumptions remain as per the most recent residential viability evidence document (2019) as follows:
- Affordable units, 20% of all units, 55.4% rent, 44.6% shared ownership
  - Affordable housing transfer values rent £698 per sq m, shared ownership £1171 per sq m
  - Abnormal development costs, included in gross land value allowance
  - Professional fees 8%
  - Contingencies 3%
  - Sales, marketing and legal costs 3.5% of GDV
  - S106, £1,000 per unit, therefore £40,000 in total
  - Finance, 6% per annum
  - Profit, 20% of GDV on market units, 6% of GDV affordable
  - Purchaser's cost on land 6.8% of land cost
  - Benchmark land values (including allowance for abnormal site development costs)
    - Value area 1: £1,093,040 per ha
    - Value area 2: £911,833 per ha
    - Value area 3: £714,651 per ha
    - Value area 4: £500,000 per ha

## 3.0 Results

- 3.1 The results are set out in the table below:

	GIA (sq m)	Land value benchmark (inc abnormal, per ha)	Actual benchmark land value applied to 0.4 ha scheme	Residual value	headroom for CIL per sq m of market floor area
Value area 1	3714	£1,093,040	£437,216	£473,579	£12
Value area 2	3714	£911,833	£364,733	-£209,714	-£193
Value area 3	3714	£714,651	£285,860	-£448,854	-£247
Value area 4	3714	£500,000	£200,000	-£1,138,220	-£450

- 3.2 The results indicate that delivering the retirement living scheme in the higher value parts of Kirklees (i.e. Value Area 1) is viable and capable of supporting a modest CIL rate. Elsewhere the scheme is

indicated to be unviable and therefore there is no potential for CIL.

- 3.3 Therefore, in view of the difficulties associated with viability of retirement apartment schemes in many parts of Kirklees we consider that a clause could be added to exclude forms of supported retirement living.



## Appendix 6:

The percentage buffer for each typology 1-9 within each Value Area (Issue 4.G)

**Percentage buffer for each typology 1-9 within each Value Area (Issue 4.G)**

<b>Buffer (% difference between CIL charge and CIL headroom)</b>				
<b>Value Area</b>	<b>Scheme reference</b>	<b>Headroom (overage) for CIL (£ per sq m)</b>	<b>CIL charge</b>	<b>Buffer (%)</b>
1	0	£254	£80psm	69%
	1	£248		68%
	2	£105		24%
	3	£190		58%
	4	£203		61%
	5	£201		60%
	6	£192		58%
	7	£189		58%
	8	£157		49%
	9	£153	48%	
2	0	£74	£20psm	73%
	1	£73		72%
	2	-£61		0%
	3	£33		40%
	4	£50		60%
	5	£48		58%
	6	£46		57%
	7	£44		54%
	8	£14		0%
	9	£12	0%	
3	0	£57	£20psm	65%
	1	£55		64%
	2	-£68		0%
	3	£35		44%
	4	£53		62%
	5	£53		62%
	6	£50		60%
	7	£45		56%
	8	£18		0%
	9	£19	0%	
4	0	-£109	£5psm	0%
	1	-£107		0%
	2	-£195		0%
	3	-£76		0%
	4	-£58		0%
	5	-£53		0%
	6	-£53		0%
	7	-£58		0%
	8	-£82		0%
	9	-£79	0%	