

# KIRKLEES COUNCIL

## COMMUNITY INFRASTRUCTURE LEVY (CIL) CHARGING SCHEDULE<sup>1</sup>

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### EXAMINER'S MAIN ISSUES AND QUESTIONS

19 JULY 2019

#### **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?
- 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?

#### **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)?
- b) Does the Council's infrastructure evidence demonstrate a clear funding gap that justifies the implementation of CIL?
- c) Does the Regulation 123 list accurately and clearly list future infrastructure to be funded by CIL which reflects the identified gaps in funding?
- 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?

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<sup>1</sup> The basis for the Examination is the Draft Charging Schedule November 2016 as modified by the Statement of Modifications published for consultation in May 2019.

**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?
- 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%?
- 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?
- 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?
- 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
- 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?
- 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?
- h) Why do the sales rates per m<sup>2</sup> and the gross sales values in the Dewsbury Riverside strategic allocation appraisal summary vary between phases?
- i) Have reasonable assumptions on development costs and values been applied in the viability work on commercial schemes?

**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?
- 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?
- c) Is the nominal charge of £5 psm in zone 3 consistent with the viability evidence and national guidance?
- 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]*
- e) Would the proposed CIL rates put the delivery of development at risk or undermine the deliverability of the Plan?
- 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]*
- 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]*
- 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?

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