

SODC/CIL/10



Listening Learning Leading

South Oxfordshire District Council's
Community Infrastructure Levy Charging Schedule - Examination
Response to examiner's letter of 19 August 2015 (ED/5)

September 2015

Contents	Page
Introduction	3
1 Evidence on historical densities	4
2 Site sensitivity testing of densities	5
3 Note on the 3 strategic sites – ‘outline’ viability workings, informed by the latest information on infrastructure costs per dwelling	5
4 Evidence relating to garage provision on new developments in Didcot	6
5 Residential viability buffer – table of results for all typologies and locations, where the buffer is expressed as the % difference between the proposed CIL rate (per m2) and the maximum CIL rate (per m2) that could be charged.	7
6 Office lettings – evidence of rental values being achieved	7
7 Historical evidence relating to Section 106 agreements achieved for supermarket/retail warehouse development	7
8 Student accommodation – the Council’s informal opinion regarding potential preferred alternative wording in the Charging Schedule that would allow student accommodation to be excluded from a CIL charge, should such an approach be recommended as a modification.	8
9 Office development – the Council’s informal opinion on where the office charge should be set, if the Examiner were to conclude that the proposed CIL office charge is not supported by the viability evidence.	8

Appendices:

- 1 – Site sensitivity testing of densities
- 2 a - Latest information on infrastructure costs for three strategic sites
- 2 b - Strategic sites – updated analysis, August 2015, by BNP Paribas Real Estate
- 2 c - Viability appraisal for Didcot North East
- 2 d - Viability appraisal for Ladygrove East Didcot
- 2 e - Viability appraisal for site B Wallingford
- 3 - Residential viability buffers
- 4 - Office lettings August 2013 – August 2015

Introduction

A public hearing into the Community Infrastructure Levy Draft Charging Schedule for South Oxfordshire took place on 29 July. The examiner has requested further work/additional information:

1	Evidence on historical densities
2	Site sensitivity testing of densities
3	Note on the 3 strategic sites – ‘outline’ viability workings, informed by the latest information on infrastructure costs per dwelling
4	Evidence relating to garage provision on new developments in Didcot
5	Residential viability buffer – table of results for all typologies and locations, where the buffer is expressed as the % difference between the proposed CIL rate (per m2) and the maximum CIL rate (per m2) that could be charged.
6	Office lettings – evidence of rental values being achieved
7	Historical evidence relating to Section 106 agreements achieved for supermarket/retail warehouse development
8	Student accommodation – the Council’s informal opinion regarding potential preferred alternative wording in the Charging Schedule that would allow student accommodation to be excluded from a CIL charge, should such an approach be recommended as a modification.
9	Office development – the Council’s informal opinion on where the office charge should be set, if the Examiner were to conclude that the proposed CIL office charge is not supported by the viability evidence.

1 – Evidence on historical densities

1.1 At the CIL hearing discussion took place regarding densities and whether or not the tested densities are representative in the district. Table 1 below shows evidence of historical densities as requested by the examiner.

Table 1 – Evidence on historical densities

Site:	Development (greenfield or brownfield)	Planning ref	Housing Numbers	Site Area	Density
25 Station Road, Cholsey	Redevelopment (brownfield)	P10/W0630	5	0.2ha	25dph
Wallingford Youth & Community Centre	Redevelopment (brownfield)	P14/S2618/O	7	0.24ha	29.1dph
Bakers Piece, Kingston Blount	Redevelopment (brownfield) flats and semi-detached houses	P13/S2132/FUL	10	0.26ha	38.4dph
Rookery House, Denton Lane, Garsington	Redevelopment (flats) (brownfield)	P13/S2995/FUL	10	0.16ha	62.5dph
Angus House, Thame	Residential development	P14/S1156/FUL	27	0.7ha	38.5dph
Former garden centre, Chinnor	Redevelopment for 39 dwellings (brownfield)	P14/S3987/FUL	39	1.2ha	32.5dph
Hadden Hill, Didcot	Greenfield	P14/S4066/FUL	74	2.6ha	28.5dph
Habitat, Wallingford	Redevelopment (brownfield) MIXED USE residential and B1/B8	P13/S3451/FUL	134	3.6ha	37.5dph
Park Road, Didcot	Greenfield	P10/W1959	154	5.15 ha	32dph
Wenman Road, Thame	Greenfield	P14/S1619/O	187	7.96 ha	22dph
Site F Thame	Greenfield	P14/S3841/FUL	203	9.40ha	21.6dph

1.2 Table 1 above shows that the viability appraisal (October 2014) used the range of densities that are typical in the district. It should be noted that the council has not received planning applications for 500 dwellings (site type 9) in the past but

this type has been assessed to represent the strategic sites at a density envisaged to come forward.

2 – Site sensitivity testing of densities

- 2.1 The viability study (October 2014) tested densities of 30dph for schemes of 50, 125 and 250 houses and a density of 35dph for schemes of 500 houses. Comments made by Boyer Planning suggested that lower densities of 21dph should have been tested. Further sensitivity testing has been carried out by BNP Paribas Real Estate (see Appendix 1) and findings are discussed below.
- 2.2 With reference to Appendix 1 findings in relation to medium scale development: The assessment shows that there is good viability against the greenfield BLV3 and BLV4 on site type 6 and 7 (50 and 125 houses). Viability reduces on brownfield land (BLV1 and BLV2), with the exception of sub area A and B (Henley/Goring area and the villages of Watlington, Dorchester, Stanton St John and West Hagbourne). However, the majority of new development of this size is taking place on greenfield land, which shows good viability.
- 2.3 Findings for large and strategic sites: The viability of site type 8 and 9 (250 and 500 houses) reduces by a lower density, with the exception of sub area A (Henley/Goring area). However, it should be noted that the density of this development size is unlikely to be in the region of 21dph/26dph. Having said that, there may be cases where the density is kept deliberately low due to the location of the site, and recent cases show that planning obligations can still be afforded. For example planning permission was granted for 203 dwellings for site F in Thame (which is sub area C), achieving a density of 21.6 per hectare, 40% affordable housing and financial contributions of £3,017,000 (£14,862 per dwelling).
- 2.4 The council remains of the view that the proposed rates for residential development do not impact on viability and delivery of the Core Strategy as a whole.

3 – Note on the three strategic sites

- 3.1 The viability assessment (October 2014) was an area-based approach, which involved a broad test of viability across the district using relevant site types for sampling based on those site types allocated and envisaged during the Plan period. The viability assessment shows that strategic sites (housing type 9) outside the Henley/Goring area are unable to absorb both the affordable housing requirements, Section 106 obligations and CIL.
- 3.2 The three strategic sites, allocated in the Core Strategy, have significant on-site and off-site infrastructure requirements. Further viability testing has been carried out, which was informed by the latest information on infrastructure costs per

dwelling. In this context we are attaching the following documents as Appendix 2.

- Latest information on infrastructure costs for three strategic sites (Appendix 2a)
- Strategic sites – updated analysis, August 2015, by BNP Paribas Real Estate (Appendix 2b)
- Viability appraisal for Didcot North East (Appendix 2c)
- Viability appraisal for Ladygrove East (Appendix 2d)
- Viability appraisal for site B Wallingford (Appendix 2e)

3.3 The finding show a negative residual land value for both the North East Didcot and Ladygrove East Didcot site. Site B in Wallingford generates a positive residual land value, but this is significantly below the range identified at paragraph 4.29 of the Viability Study.

3.4 Therefore, the council is proposing a nil CIL rate for residential development on the following three strategic sites as the infrastructure requirements of these three specific sites are such that CIL is not viable in addition to S106 and affordable housing:

- North East Didcot, 2030 dwellings
- Ladygrove East Didcot, 642 dwellings
- Site B Wallingford, 555 dwellings

4 – Evidence relating to garage provision on new developments in Didcot

4.1 Representations by Savills suggest that the viability study should include the provision of garages as CIL is chargeable on the GIA of the development, which includes garages.

4.2 Policy D2 of the Local Plan 2011 seeks the incorporation of adequate, safe and secure parking for vehicles and cycles. Where possible, parking should be accommodated on the development plot and Appendix 5 sets out the council's standards for car parking. **Policy D2 does not seek the provision of car parking in the form of garages**, but ensures the sufficient provision of car parking to avoid on-street parking.

4.3 It should also be noted that developers generally only provide larger house types (3+ bed) with a garage. Table 2 below shows historic evidence relating to garage provision on new developments in Didcot as requested by the examiner.

Table 2 – Garage provision in Didcot

Location	Application number	No of dwellings	No of garages	Percentage
Park Road	P10/W1959	154	70	45
Hadden Hill	P14/S4066/FUL	74	45	60
Great Western Park (GWP) Phase 2a	P11/W0938/RM	250	119	47
GWP Parcel DN02A	P13/S0461/RM	154	82	53

5 – Residential viability buffers

5.1 The examiner requested a table of results for all typologies and locations, where the buffer is expressed as the percentage difference between the proposed CIL rate (per square metre) and the maximum CIL rate (per square metre) that could be charged. The results can be found in Appendix 3 (Viability buffer)

6 – Office lettings

6.1 Appendix 4 (Office lettings August 2013 – August 2015) provides evidence of rental values being achieved. The transactions in Appendix 4 are for second hand office space. Rents over the two year period from August 2013 to August 2015 ranged from £5.47 to £32.61 per square foot. As noted during the hearing, rents in Henley are higher than other parts of the district.

7 – Historical evidence relating to S106 agreements achieved for supermarket/retail warehouse development

7.1 The viability study (October 2014) incorporates an allowance for S106 for retail development of £10/sq foot (£108 per square metre). The examiner has requested the council to provide evidence relating to S106 agreements achieved for supermarket/retail warehouse development, which is set out in table 3 below.

Table 3 – Historic S106 for supermarket/retail warehouse development

Location		Application no	Proposal	S106
Didcot	Aldi	P13/S3489/FUL	1,600 sqm A1 retail	£5,756.14
Wallingford	Morrison's	P12/S2563/FUL	5,078 sqm food store and petrol station	£640,780
Didcot	Orchard Centre Phase 2	P15/S0433/FUL	10,459 sqm A1 696 sqm A3 1435 sqm D2	Currently being negotiated

8 – Student accommodation

8.1 Further viability testing (July 2015) was undertaken to clarify whether student accommodation would be viable and to respond to the examiner's main issues and questions. The viability assessment (SODC/ADI/5) shows that student accommodation in the form of student halls would be marginally viable. However other types of student accommodation in the form of C3 housing would be similar to mainstream residential development. At the request of the examiner the council's preferred alternative wording in the Charging Schedule is set out below and has been agreed with Oxford Brookes University.

Development	Proposed CIL rate (per square metre)
Care home and residential institutions ² (C2)	Nil

² Student accommodation: where some of the living accommodation is of communal nature e.g. shared living areas and/or kitchens. Student accommodation which is self-contained (e.g. studio flats) will be charged CIL at the relevant residential rate, for example where such accommodation is provided to meet the University's disability requirement. Where schemes are mixed and include both types of accommodation the nil CIL charge applies only to the floorspace of the units with communal accommodation including associated communal areas, floorspace of units in self-contained units including associated communal areas will be charged CIL.

9 – Office development

9.1 During the examination the proposed CIL rate for office (B1a and B1b) were discussed and the examiner asked the Council's informal opinion on where the office charge should be set, if the Examiner were to conclude that the proposed CIL office charge is not supported by the viability evidence.

9.2 The council would not raise an objection to a nil rate for B1 office and research and development due to the limited locations in the district that can viably absorb the CIL rate.