Council's response to Boyer Planning representation REP-847154-001

The council has set out a response to Boyer Planning representation below:

General

The council agrees that there is a high need for more housing in South Oxfordshire but considers the Boyer statement is misleading and lacking in clarity. The figures and statements in the Evidence Base section have not been referenced and it is not clear where some have been drawn from. The Oxfordshire SHMA 2014 provides the most up to date evidence available on housing, so for example, this suggests the annual affordable need is 386 having taken account of relets, not the 530 quoted by Boyer. In addition, GL Hearn the consultants who prepared the Oxfordshire SHMA 2014 indicate that the methodology for affordable need calculation is a point in time calculation and should be used with caution over an extended time period since it cannot take account of the impact that for example a significant increase in building and in the provision of affordable homes may have on the market.

Approach adopted to Henley and Goring areas

The Core Strategy allocates 400 new homes at Henley, which is approx. 5% of the housing growth set out in the Core Strategy. The council examined the prospect of a separate and higher charging zone for Henley and Goring, as suggested by the viability study. The findings showed that there is little increase of the projected CIL income over the calculated period of 15 years. This reduces further when looking at projected income over the next five years.
In the context of the overall funding gap this CIL income potentially foregone is not significant. The council are therefore proposing a single charging zone covering the medium and higher land value areas and one charging zone for the lower land value areas.

If the Council were to increase the CIL rate for Henley and Goring in order to provide scope to reduce the rate elsewhere, it would be self-defeating. Less CIL income would be raised as there are relatively few new homes likely to be built and the developments that come forward in the rest of the District will have insufficient funding for essential supporting infrastructure.

Housing Delivery

The recently adopted Core Strategy (December 2012) identified a housing requirement of 11,487 homes over the 2006-27 period. Of this total requirement, 6,300 homes were ring fenced to the Didcot housing area (Didcot), with the

remaining 5,187 homes distributed to the Rest of the District. The subdivision of the district into two supply areas is an approach endorsed by the core strategy Inspector and Inspector's at Section 78 appeals. The recent assessment of five year housing land supply (April 2015) sets out South Oxfordshire District Council's housing land supply position as at[1]:

- The Didcot area has 4.0 years of deliverable housing land supply
- The Rest of the District area has 9.0 years of deliverable housing land supply

Over the last year we have seen a significant increase in housing delivery at Didcot as was anticipated in the core strategy trajectory. The Council remains committed to bring forward the commencement and delivery of strategic housing sites. We will continue to work with relevant agents, and house builders to secure this. South Oxfordshire together with Vale of White Horse District Council has established a joint project team to prepare a joint Science Vale Area Action Plan (AAP) and to focus on delivery and master planning of strategic sites and key infrastructure, to help development in the area come forward without delay.

"Inconsistent approach to setting buffers"

The representation suggests that the council has adopted an inconsistent approach by not adopting the findings of the Viability Study in full. The buffer for Zone 1 would be 57% from the maximum, while in zone 2 and 3, it would be 30%.

Firstly, the council's judgement is that 30% is an adequate buffer, which is consistent with the buffer adopted by numerous charging authorities across the Country. Indeed, in some areas, the buffer has been significantly lower than 30%.

Secondly, the decision to combine zones 1 and 2 to create a single zone is based on the fact that zone 1 will generate very little additional housing development in comparison to the other areas, so retaining 2 zones would make very little difference to total CIL income.

We note Boyer's suggestion that a 57% buffer should be applied across the District, but this would result in a significant reduction in CIL income with serious consequences for the council's ability to fund essential infrastructure that will support developments such as the Wallingford scheme they are promoting on their client's behalf.

Strategic sites

The key difference between sites is the requirement for on-site schools. No such requirement exists for smaller sites.

[1] Including a buffer of 20% for Didcot and 5% for the rest of the district

No specific evidence has been produced that their client's site of 85 homes would be impacted by CIL. Boyer also fail to acknowledge that the Section 106 requirements on their Client's site will be scaled back significantly and as a consequence, it is unlikely that the combined CIL and scaled back S106 will be significantly different from the pre-CIL Section 106 package (see Appendix 1).

One of the key differences between the strategic sites and Boyer's site is the development period. A development of 85 units can be constructed and sold in a relatively short period of time (in the current market likely to be less than 2 years). However, the strategic sites are delivered over significantly longer periods (i.e. more than 10 years) and as a result land values are lower due to higher finance costs. This is a factor that is reflected in the Viability Study.

The Council's decision to adopt a nil rate for larger sites is that they will be required to provide on-site infrastructure and, like many other authorities, the preference is to secure certainty of delivery by using Section 106 to secure these facilities. The sites are of sufficient scale to not require pooled contributions so the use of Section 106 is not restricted. The same does not apply to sites of the scale proposed by Boyer's client, where CIL contributions towards education will need to be pooled with other sites, hence the need to use CIL.

The Boyer representation suggests that the council should have appraised strategic sites using more detail than the other appraisals, including land use mix, density, site coverage, on-site infrastructure costs and so on. This level of data is simply not available at this stage and will only become available when developers start to work up applications for the developments. The CIL regulations require that charging authorities must have regard to appropriate available evidence; the evidence that Boyer suggest the council should be using is not available. However, the council has made significant attempts to better understand the viability of developments in the District and in May 2013 tested the viability of the Thame sites comprising 775 units, a site in Wallingford providing 550 units, Didcot North East (2,030 units) and village extensions (ranging from 50 to 150 units). When taken alongside the main CIL Viability Assessment, the council considers that it has sufficient evidence to support its approach of nil rating the major strategic sites.

Parallels with Hackney and Tower Hamlets

Boyer are seeking to draw parallels between South Oxfordshire sites in the London Boroughs of Tower Hamlets and Hackney. The sites referred to in these boroughs are complex, brownfield regeneration schemes involving the retention of listed viaducts, land reclamation from docks, decontamination, development of buildings of up to 35 storeys, millions of square feet of commercial floorspace and other similar

complications. Strategic developments in South Oxfordshire in contrast are greenfield sites.

Boyer claim that the outcome of appraisals in the two London Boroughs was that site testing resulted in some sites being judged to be able to pay CIL, while others could not.
Firstly, it is not correct to suggest that some strategic sites in Tower Hamlets were judged to be able to pay CIL, while others were not. The Examiner concluded that **all** identified strategic sites should nil rated.

Secondly, Hackney did not have any sites that it regarded as 'strategic', other than the Woodberry Down development, which is a Council estate redevelopment scheme. While a representor was seeking to claim that their site was 'strategic', it contributed only a very small proportion of the Council's housing supply and was not therefore critical to delivery of the Plan.

Appraisal assumptions

Density – the Viability Study tests density at a rate that represents the typical scenario in the District and is also reflective of Local Plan policy. The density is also consistent with the housing mix requirements of the Council, which focuses on the delivery of 1 and 2 bed properties, rather than a predominance of large family housing, which would result in lower densities.

The density range referred to in the Viability Study at paragraph 4.7[2] of 20 to 50 units per hectare reflects the mixed nature of developments in the District (i.e. predominantly houses with some flats). The typology which is run at a density of 80 units per hectare is a pure flatted development, assumed to be in town centre, which is an unusual scenario, but would clearly be developed at a higher density than 50 dph.

Site coverage assumptions here reflect those used in similar districts and are broadly reflective of conditions on sites in the District.

Section 106/Section 278

The £1,000 allowance for residual Section 106 and 278 reflects the Council's estimate of what will be collected as a ceiling when requirements are scaled back. This is an assumption that has been tested both in SODC and elsewhere and in many cases, the amount will be lower. Appendix 2 includes worked examples. In any event, residual amounts of Section 106 will be negotiated having regard to the rate of CIL that will be in place.

[2] Boyer refer to paragraph 4.3.2, but this does not exist, so we assume they mean 4.7.

However, CIL will replace the bulk of the previously collected financial contributions through S106, leaving only minor items left to be collected through S106.

The £1,000 per unit does not represent a 90% reduction rather contributions towards the provision of infrastructure will be secured through a different mechanism, namely CIL. Section 278 only relates to highways and transport costs that are directly relevant to the redline boundary of an application site and are judged to be minimal in future.

Comparisons with other CILs

Boyer seek to draw parallels between rates proposed by South Oxfordshire and those proposed or adopted by Reading, Oxford, Norwich and Vale of White Horse.

Vale of White Horse is an adjacent District, but residential properties there attract lower sales values than properties in South Oxfordshire. The differential in CIL rates reflects the differential in sales values.

Reading is also an adjacent Borough and the rate here is £140 per square metre. Sales values are, again, lower than those in South Oxfordshire. However, a £10 per square metre difference represents an insignificant proportion of overall development costs. Furthermore, Reading is an urban area and most of its development sites are previously developed. Consequently, sites have a higher existing use value than the greenfield sites in South Oxfordshire, which are low value agricultural sites. The potential value uplift arising from development in South Oxfordshire is far greater than in Reading.

Bristol is similar to Reading in terms of its development opportunities being in the City itself, with few greenfield development opportunities. Furthermore, Bristol's CIL charging schedule was consulted on and examined during 2012, when housing market conditions were very different from prevailing market conditions.

Norwich is not only a predominantly urban area, but also attracts significantly lower sales values than those in South Oxfordshire. It is therefore unsurprising that the rate adopted is lower.

The Council considers it important to compare the CIL rates it has proposed to more comparable districts. Councils adjacent to or close to South Oxfordshire which share similar characteristics (i.e. predominantly greenfield sites) are West Berkshire, Wokingham, Wycombe and Bracknell Forest. Their CIL rates are as follows:

Wokingham (adopted 15/2/15): £300 to £365 per square metre
Wycombe (adopted 1/11/12): £125 to £150 per square metre
West Berks (adopted 1/4/15): £75 to £125 per square metre

Bracknell Forest: (adopted 6/4/15): £0 (Bracknell Town Centre) and £150 to £350 per square metre outside Bracknell Town.

It is clear from these other authorities, which are more reflective of South Oxfordshire's circumstances, that the proposed CIL rate of £150 per square metre is entirely reasonable and not out of kilter.

NPPG requirements

It is not considered that the proposed CIL rate will have an impact on developments of 10 units or less. The viability of these sites will improve due to the Government's change in affordable housing threshold to more than 10 units. The adjacent Vale of White Horse District Council has proposed a higher CIL rate for sites of 10 units and below as the viability study showed that the viability improves significantly.

Any future review of CIL could potentially find that smaller sites – now relieved of the requirement to make financial contributions towards affordable housing – could in fact pay *more* CIL, not less.

Conclusion

The proposed CIL of £150 per square metre accounts for a modest proportion of overall development costs, typically circa 3.6%. This is commensurate with the levels set by other authorities and significantly lower than the 5% that many other CIL examiners have adopted as a 'test of reasonableness' of CIL rates.

Boyer's suggestion that the buffer below the maximum rate should be increased from 30% to 57% would result in a CIL rate of circa £76 per square metre, or 1.8% of development costs. It is highly improbable that a development would be more likely to come forward if the CIL charge were 1.8% rather than 3.6%. However, the impact on CIL income and the council's ability to deliver infrastructure that developments in the District will require will be significant.

Appendix 1

WATES – READING ROAD P15/S0191

CIL scenario

Draft Charging Schedule: £150 per sqm residential (excluding affordable housing)

Proposed dwellings: 85

Affordable housing: 34

Market housing: 51

Total floor area of market housing: 61,562 sq ft = 5720 sq m (average size of dwelling 112 sqm)

CIL Revenue: 5720 x 150 = £858,000

Residual S106 of £1,000 per unit = £51,000

Total contribution = £909,000 or £17,823 per dwelling (market)

S106 (indicative)

Leisure and Play: £160,940

Other district: £172,082

OCC: £1,095,202

Other OCC: £60,426

Total S106: £1,488,650

Average per dwelling- £17,513 (all)

Summary:

The difference between CIL and residual S106 contributions and the current S106 regime is going to be in the region of £579,650.

Appendix 2

Examples of residual S106/S278

	P10/E1215	P13/S1481/O	P14/S1156/FUL	P13/S3451/FUL
	Erection of 14 dwellings	Erection of 18 dwellings with parking, access and amenity space	Redevelopment, erection of two apartment buildings (27 dw), parking & amenity space	Redevelopment, erection of 134 dwellings incl. extra care, 2610sqm B1/B8
On-site		open space	open space	
Education	£ 89,043	£ 104,059	£ 99,942	£ 1,026,102
Adult learning			£ 616	£ 3,424
Public Transport	£ 12,740	£ 25,597		£ 138,500
Footpath, RoW, cycle				£ 5,000
Day care	£ 3,296	£ 5,280	£ 7,997	£ 91,300
Library, museum	£ 3,253	£ 3,654	£ 1,204	£ 25,290
Community Buildings	£ 7,203	£ 12,118	£ 14,246	£ 96,696
Indoor Sport	£ 9,159	£ 26,371	£ 15,720	£ 42,792
Outdoor Sport	£ 8,128		£ 15,720	£ 98,968
Police	£ 4,182	£ 7,004	£ 7,297	£ 27,140
HWRC	£ 1,302	£ 2,598	£ 3,080	£ 17,984
Street Signage	£ 280	£ 360	£ 540	£ 1,275
Waste Facilities	£ 644	£ 3,060	£ 4,590	£ 22,780
Off-site allotments, GI, biodiversity, play	£ 3,146	£ 6,076	£ 9,649	£ 169,290
Maintenance, open space		£ 3,420	£ 3,054	
Air quality			£ 5,617	
Cemetery		£ 1,682	£ 2,524	
Healthcare		£ 4,040	£ 4,861	£ 47,452
Affordable housing		£ 19,800	£ 76,723	
Public art				£ 34,285
Shop mobility				£ 5,590
Total	**£ 142,376**	**£ 225,119**	**£ 273,380**	**£ 1,853,868**
per dwelling	£ 10,170	£ 12,506	£ 10,125	£ 13,835
Residual S106/S278	£ 13,664	£ 32,437	£ 8,184	£ 167,555
Residual S106/S278 per dw	**£ 976**	**£ 1,802**	**£ 303**	**£ 1,250**