

## Background Paper 1 - Summary of Arun CIL PDCS Consultation Representations (January, 2019)

### Note:

Reference is made in this table to a number of evidence documents including the Infrastructure Capacity Study and Delivery Plan, 2017 (ICSDP);

Comment reference	Comment	ADC Response	Change to PDCS/evidence Required?
PDCS1 Individual	Identified Pagham South inconsistency – Gross Ha in Table 6.1 c (which states 18.83) and Tables 2.1 and 5.2 (which states 24.52)	See Table 9.9 on page 106 of the Arun Local Plan Viability Assessment Update, 2017. The different figures refer to the total site area and the site area less existing development, flooding, employment etc.	No change
	Queries viability evidence, in particular zero rating of strategic sites and comments on complexity of report	The viability evidence has been prepared in accordance with the requirements of the NPPF and NPPG and CIL Regulations. No changes suggested. A Q&A paper will be prepared to address points of clarification regarding technical details.	No change
	How will ADC raise sufficient funds to meet the costs of infrastructure to deliver the strategic sites?	The required infrastructure to support the delivery of the strategic housing allocations is set out in the evidence base used to support the preparation of the Arun Local Plan, which was tested at Examination in Public. The, requisite infrastructure will be delivered through S106 on the strategic sites. These costs have been taken into account in the viability evidence base. The testing showed that based on these additional costs, it would not be viable to charge CIL on these sites, based on the high S106 costs.	No change
PDCS2 Bognor	No response to submit at this stage	Noted	No change

Comment reference	Comment	ADC Response	Change to PDCS/evidence Required?
Regis TC			
PDCS3 Walberton PC	Support	Noted	No change
PDCS4 LTC	LTC questions the assumption that town centre development would not attract CIL, particularly taking into account the change of use from retail to residential which has become a feature of the evolution of the Town Centre in Littlehampton	CIL is only chargeable on the gross area of <b>net new development</b> , therefore CIL would not apply to conversions of town centre buildings to residential units.	No change
PDCS5 Individual	Table 5.1 of the PDCS does not provide full infrastructure cost for district wide requirements	The CIL Guidance requires that charging authorities should focus on providing evidence of an aggregate funding gap that demonstrates the need to put the levy in place. This is evidenced by the ICSDP, 2017.	No change
PDCS6 Individual	<p>Comparison between large greenfield sites – non strategic and strategic. Why are the strategic sites less viable?</p> <p>The S106 contribution per strategic dwelling will be more than twice the combined S106 and CIL contribution per non-strategic dwelling.</p> <p>Concern regarding the loss of 25% portion for those areas with a made neighbourhood plan.</p>	<p>High S106 costs are included in the viability calculations for the strategic sites, based on the findings of the ICSDP.</p> <p>The viability evidence used to test the strategic sites is based upon testing the levels of S106, set out in the ICSDP.</p> <p>Noted – incorporate this into working out forecast CIL levy receipts</p>	<p>No change</p> <p>No change</p> <p>No change</p>
PDCS7 Individual	Provide an anticipated CIL Funding Total based on number of houses due to be built in each zone	This figure is provided in 27 <sup>th</sup> September, 2018 committee report, which states: <i>based on the Housing and Economic Land Availability Assessment only, it is estimated that CIL receipts could total approximately £30 million.</i> Update this figure based on emerging NSS.	See action above.
PDCS8 individual	Check consistency in funding gap figure between PDCS and ICSDP, 2017.	Reviewed. The funding gap has been identified by taking into account expected S106. Therefore, table	Check funding gap in ICSDP report and

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	<p>Update expected S106 funding for social and leisure in PDCS compared to section 8 of the ICSDP</p> <p>Concern that all district wide infrastructure will need to be funded by CIL from non-strategic sites. Implication that CIL will pay for the full funding gap – what will be the source of funds to fill the gaps?</p>	<p>5.1 in the PDCS does look different because the ICSDP does not take account of expected S106 from strategic sites in meeting part of the funding gap.</p> <p>Reviewed and found that the library requirements not included in total. These have been added.</p> <p>In some cases grant funding can be achieved for certain infrastructure projects. Capital funding may also be available. In terms of identifying a funding gap, the CIL Guidance states: <i>The government recognises that there will be uncertainty in pinpointing other infrastructure funding sources, particularly beyond the short-term. Charging authorities should focus on providing evidence of an aggregate funding gap that demonstrates the need to put in place the levy</i> (016 Reference ID: 25-016-20140612). ADC will continue to review the infrastructure costs and update where possible.</p>	<p>PDCS.</p> <p>Updated</p> <p>No change</p>
PDCS10 Ferring PC	Support	Noted	No change
PDCS11 Bersted PC	Consultation methods should be given consideration	Consultation carried out in accordance with Arun Statement of Community Involvement, 2012 and in accordance with CIL Regulations, 2010 as amended.	No change
PDCS12 Angmering CLT	Community Land Trusts should be exempt from the CIL charge and included specifically as a category for exemption.	All developers of affordable housing can apply for relief from CIL.	No change
PDCS13 Angmering CLT	Discretionary relief for affordable commercial business premises where the developer is a registered Community Land Trust.	The council will consider whether to implement discretionary relief following adoption of the Charging Schedule (para. 9.4 of PDCS, 2018)	No change
PDCS14	Concerned about the delivery of the right	The Arun Local Plan's strategy is to deliver	No change

Comment reference	Comment	ADC Response	Change to PDCS/evidence Required?
Aldingbourne PC with Barnham and Eastergate PC	<p>infrastructure to mitigate the impacts of strategic sites such as Barnham Eastergate Westergate.</p> <p>Provided community infrastructure list needed to support growth in the village and infrastructure requirements in relation to Barnham Eastergate Westergate.</p>	<p>infrastructure required to support the strategic sites through S106. This is set out in the Infrastructure evidence used to support the Arun Local Plan.</p> <p>Noted</p>	To be included in ICSDP as part of ongoing review
PDCS15 Aldwick PC	More information is needed on the maximum amount of discretionary relief that can be granted as well as more information on exemptions.	<p>The council will consider whether to implement discretionary relief following adoption of the Charging Schedule (para. 9.4 of PDCS, 2018).</p> <p>Noted - Further details regarding exemptions can be provided in a Q&amp;A paper.</p>	<p>No change</p> <p>No change</p>
PDCS16 Aldwick PC	Clearer maps outlining where each zone begins and where these intersect with parish boundaries.	Noted	Online interactive mapping is available which allows user to zoom in to property. CIL zones are not prepared based on parish boundaries therefore this data would add further complexity.
PDCS17 Landform Estates Ltd	Supports Zone 1 nil charge	Noted	No change
PDCS18 Hallmark	Ensure the definition of Older People's Housing Sheltered Housing and Extracare Housing is clear.	Noted – Care Homes are not housing, so it falls into the 'All other development definition'. This will be	Update charging schedule to read:

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Care Homes	Does not include care homes. It is suggested that wording within Table 7.1 is amended to the mentioned row is rewritten to simply state "Sheltered Housing and Extracare housing".	clarified.	This charge does not apply to residential institutions (C2)
PDCS19 Frontier Estates	<p>Various issues and questions raised in relation to extra-care developments including:</p> <ul style="list-style-type: none"> <li>• Density figures</li> <li>• Extracare Development and Zoning – the pricing zones are not appropriate</li> <li>• Build costs and revenues</li> <li>• Affordable housing assumptions</li> <li>• Ground Rent Investment not justified – an uncertain income stream which is unreasonable to assume.</li> <li>• Empty Property Costs not included</li> <li>• Requests Angmering be reallocated out of Zone 2/3 and CIL rate proposed for Extracare reduced from £70/m2 to £0/m2.</li> </ul>	See separate paper which addresses this representation (Background Paper 1a).	Overall, this representation does not result in changes to the proposed CIL rates.
PDCS20 Individual	<p>Concern relating to the delivery of infrastructure and identified funding gap.</p> <p>Include 5% administration contribution from CIL</p>	<p>The CIL Guidance requires that charging authorities should focus on providing evidence of an aggregate funding gap that demonstrates the need to put the levy in place. This can be evidenced by the ICSDP.</p> <p>The 5% is only taken from the total received in the</p>	<p>No change</p> <p>See action above</p>

Comment reference	Comment	ADC Response	Change to PDCS/evidence Required?
	<p>receipts.</p> <p>The Viability Evidence tests BEW at 3,000 but infrastructure evidence is for 2,300</p> <p>a)Introducing a flat rate CIL charge on all Strategic sites, of say £50.</p> <p>b) Introducing a CIL charging band for all larger houses &gt; 100 sq M, in all zones, adding the CDC text as per “This charge applies to the creation of one or more dwellings, and residential extensions or annexes which are 100 square metres or more gross internal area which are not for the benefit of the owner/occupier.”</p> <p>d) Remove the Maximum tag from the charge schedule. It should be non-negotiable.</p>	<p>first three years of CIL collecting and from year four onwards, 5% can be collected towards administration of CIL.</p> <p>The viability evidence has tested the site based on the full allocation as set out in Policy HSP2c.</p> <p>This is not supported by the viability evidence</p> <p>CIL is charged on a per square metre basis. Therefore, the larger the house, the more CIL the developer will be liable to pay.</p> <p>Agreed</p>	<p>regarding CIL receipts calculation.</p> <p>No change</p> <p>No change</p> <p>No change</p> <p>Remove the Maximum tag from the charge schedule. It should be non-negotiable.</p>
PDCS21 Ford Landowners	Support the inclusion of strategic sites in Zone 1.	Noted	No change
PDCS22 Barnham and Eastergate	Suggest ADC introduce a CIL band for larger houses of greater than 100 sqm.	CIL is charged per square metre on all new residential dwellings therefore if a house is larger than the average house it will pay more CIL.	No change

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Parish Council	The Parish Council supports a CIL Charging Policy as it gives parishes greater certainty. This certainty is beneficial when applying for grant funding as CIL funds will be usable as match funding (typically 50%).	Noted	No change
PDCS23 Sport England	<p>Arun charge a nil rate for other uses including D2 uses that would incorporate sports facilities, as it would be rarely viable for a community sports facility such as a leisure centre to pay CIL.</p> <p>Sport England would strongly encourage that ALL site specific requirements for both indoor sports facilities and outdoor sports facilities are excluded from the Regulation 123 list as Sport England would prefer contributions towards sport to continue to be secured through planning obligations.</p> <p>Only priority strategic projects should be placed on the 123 list</p>	<p>Agreed – this is implied by the final row on Table 7.1 which states <i>All other development £0/m<sup>2</sup></i></p> <p>Noted</p> <p>Noted</p>	<p>No change</p> <p>Prepare Reg. 123 list accordingly</p> <p>Prepare Reg. 123 list accordingly</p>
PDCS24 Highways England	Requires funding to be in place for A27 schemes 3-5 years before the end of the Local Plan period to enable HE to undertake the necessary detailed design etc. If this is not possible, forward funding will need to be investigated.	Noted	Review ICSDP phasing
PDCS25 Landlink Estates	<p>Provide a Reg. 123 list</p> <p>Why are district wide infrastructure projects for</p>	<p>To be provided at the Draft Charging Schedule consultation.</p> <p>The infrastructure evidence supporting the Local Plan requires transport and secondary education</p>	<p>Prepare Reg. 123 list accordingly</p> <p>No change</p>

Comment reference	Comment	ADC Response	Change to PDCS/evidence Required?
	<p>example transport and secondary education proposed to be funded through S106?</p> <p>Considers there is no scaling back of S106 but continued reliance on it as the main source of infrastructure funding.</p> <p>Infrastructure list to be published with PDCS to allow robust viability testing.</p> <p>The non-strategic sites need to fund the infrastructure gap</p> <p>Concern regarding secondary education contributions being applied to non-strategic sites.</p>	<p>contributions from strategic sites, to ensure growth planned in the Local Plan is sustainable.</p> <p>This is true in the case of strategic sites.</p> <p>This will be published with the Draft Charging Schedule.</p> <p>There is no requirement for the CIL evidence base to show that the funding gap will be met. The CIL Guidance requires that the evidence shows an aggregate funding gap to justify the preparation of a CIL charging schedule.</p> <p>The approach taken to delivering secondary education is set out in the ICSDP, 2017. An updated process for seeking secondary education contributions is being considered but has not been finalised. Any change to the approach will be incorporated into the infrastructure evidence base update.</p>	<p>No change</p> <p>Prepare Reg. 123 list accordingly</p> <p>No change</p> <p>No change</p>
PDCS26 Landlink Estates	Comparison of S106 for strategic sites eg. Yapton paying £15,000 per dwelling for education questions the viability of CIL as a whole.	S106 costs have been worked out on strategic sites based on the infrastructure requirements generated by these sites. The CIL viability testing has been based on these S106 costs (as set out in the ICSDP, 2017). However, the currently unknown infrastructure costs relating to non-strategic sites will be funded partly by S106 (for on-site infrastructure)	No change

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		and CIL (based on an assumption that the average S106 costs will be £2,000 per unit).	
PDCS27 Bourne Leisure	Wish to see purpose-built rental or static caravan holiday units within holiday parks or holiday resorts specifically removed from the “residential” CIL rate. These types of developments pay business rates rather than council tax	It is correct that that particular type of development is used for holiday use if it is paying business rates and not council tax. It will be for the applicant to show provide this information to differentiate between residential and holiday uses.	No change
PDCS28 BEW Southern Consortium	Support Zone 1 nil rate	Noted	No change
PDCS29 and PDCS30 Church Commissioners and Landlink – West of Bersted landowners	Support Zone 1 nil rate	Noted	No change
PDCS31 Gladman Development s Ltd	<p>The instalments policy should be linked to number of units rather than to the number of days after commencement.</p> <p>Clarification required in relation to the statement “In any event, CIL will be paid before a unit is occupied”.</p>	<p>This is the same approach adopted by other charging authorities. Commencement is defined in Regulation 67 of the Community Infrastructure Levy Regulations 2010 (as amended) as relating to the date given on the commencement notice submitted to the charging authority.</p> <p>Noted.</p>	<p>No change</p> <p>Remove the statement because it is not realistic to assume that CIL will be paid</p>

Comment reference	Comment	ADC Response	Change to PDCS/evidence Required?
	<p>Exceptional circumstances should be set out in policy because there may be a need for an alternative strategic site. CIL may deem a potential strategic site unviable.</p> <p>When establishing a funding gap that CIL is intending to fill, it is vital that the Council take account of all income streams</p>	<p>The council will consider whether to implement discretionary relief following adoption of the Charging Schedule (para. 9.4 of PDCS, 2018)</p> <p>This is set out in the Infrastructure evidence, where it is possible to pinpoint all other forms of funding available.</p>	<p>prior to occupation in all cases.</p> <p>No change</p> <p>No change</p>
<p>PDCS32 Kingston PC</p>	<p>The reasoning for not using CIL for strategic sites but relying on S106 agreements was not made clear.</p> <p>The mechanisms by which future CIL monies will come to a parish with an adopted NP and what planning applications this would apply to are not made clear.</p> <p>To make it more easily understood it would benefit from the use of 'plain English'.</p>	<p>See paragraphs 5.8-.510 of the CIL Viability Update Report, July 2018</p> <p>This will be set out as the implementation of CIL is finalised.</p> <p>A Q&amp;A will be prepared</p>	<p>Provide brief explanation charging schedule re. S106 vs. CIL</p> <p>No change</p> <p>Q&amp;A to be made available</p>
<p>PDCS35 Pagham PC</p>	<p>Evidence out of date and prepared before the publication of the NPPF 2018.</p>	<p>The evidence is fully in line with the 2018 NPPF and updated NPPG. The only change in national policy is the use of the phrases Viability Threshold and Benchmark Land Value. They are the same thing but using different terminology.</p>	<p>No change</p>

Comment reference	Comment	ADC Response	Change to PDCS/evidence Required?
	Disclaimer note	Standard caveat saying that the report should only be used for the purpose of informing the preparation of the CIL charging schedule.	No change
	The CIL Viability Update Addendum 2018 adds nothing of consequence	Important clarification note regarding the difference between Littlehampton Economic Growth Area and the strategic housing allocation at West Bank.	No change
	No verification of the evidence to check the estimates and projections.	Consultants are used to provide objective and professional judgements and data.	No change
	No Reg. 123 list	An infrastructure list will be provided alongside the Draft Charging Schedule	Prepare Reg. 123 list accordingly
	Doesn't provide an up to date funding gap	Infrastructure evidence is subject to constant changes as the Local Plan is being implemented. This was accepted by the Planning Inspector in paragraph 197 of his report.	Updates to ICSDP where available.
	None of the areas (including Pagham) with strategic sites will receive CIL	The areas will receive S106 to deliver infrastructure to ensure planned development is sustainable.	No change
	Results in infrastructure from strategic sites being focused on district wide requirements.	The infrastructure requirements have been identified through the preparation of the Arun Local Plan which is the adopted development plan for the district	No change
	Assumes that the current sites with planning permission will be implemented in the short term. Doesn't allow for CIL to be charged if there are changes on the application site in the future.	A CIL Charging Schedule can be reviewed and updated if there are changes to the way that strategic sites are being delivered.	No change

Comment reference	Comment	ADC Response	Change to PDCS/evidence Required?
	<p>If all sites treated the same (CIL charged on all sites), there would be an opportunity for the charging authority not to charge CIL on any particular development or site.</p>	<p>Although a CIL charging schedule can be updated and changed, a charging authority is not able to turn CIL on and off according to a site's specific viability issues. Once CIL is adopted, it is charged on all development and is a fixed rate. Changes to the Charging Schedule could take up to 12 months.</p>	<p>No change</p>

## **Background Paper 1a - Arun District Council Response to PDCS19**

### Development Density

It is suggested that the extracare housing is modelled at an overly high density. The basis of the modelling is as set out at 9.19 of the Local Plan Viability Study:

*A private sheltered/retirement scheme of 20 x 1 bed units of 50m<sup>2</sup> and 25 x 2 bed units of 75m<sup>2</sup> to give a net saleable area (GIA) of 2,875m<sup>2</sup>. We have assumed a further 20% non-saleable service and common areas to give a scheme GIA of 3,594m<sup>2</sup>. An extracare scheme of 36 x 1 bed units of 65m<sup>2</sup> and 24 x 2 bed units of 80m<sup>2</sup> to give a net saleable area (GIA) of 4,260m<sup>2</sup>. We have assumed a further 35% non-saleable service and common areas to give a scheme GIA of 6,554m<sup>2</sup>.*

Bearing in mind the typical format of such developments, which tend to be in walking distance of the town centres, are on average a 3 storey construction<sup>1</sup> this would result in a building footprint of about 2,000m<sup>2</sup>. The modelling assumes a 0.5ha (5,000m<sup>2</sup>) site so the site coverage is less than 50%. This is appropriate and allows for communal / shared gardens and limited parking.

### Pricing Areas

It is suggested by the representation that the pricing zones are not appropriate. The evidence that is provided to support this assertion relates to unrestricted market housing rather than extracare housing. Extracare housing is very different to market housing. As set out from 4.69 of the Local Plan Viability Study:

*Extracare housing is sometimes referred to as very sheltered housing or housing with care. It is self-contained housing that has been specifically designed to suit people with long-term conditions or disabilities that make living in their own home difficult, but who do not want to move into a residential care home. Schemes can be brought forward in the open market or in the social sector (normally with the help of subsidy).*

*Most residents are older people, but this type of housing is becoming popular with people with disabilities regardless of their age. Usually, it is a long-term housing solution. Extracare housing residents still have access to means-tested local authority services.*

This type of housing is quite different to either sheltered or retirement housing as care is provided. For the sake of clarity, the extracare housing modelled is assumed to be housing - with its own front door and self-contained. Institutional housing (including care homes) are not tested and fall under the "any other development" section of the proposed charging schedule.

Broadly, the values in the District vary between the coastal towns and the north. This differentiation formed the basis of the analysis in the Local Plan Viability Study so can be taken as read. Having said this, the opportunity is taken here to review the market. There is relatively little specialist older people's housing available for sale in the District at the time of this consultation, so it is necessary to look a bit more widely.

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<sup>1</sup> Average taken from 6 extra care developments with planning permission (R/299/07; LU/173/16/PL; R/296/15/PL; LU/417/06; BR/400/06 and; EP/111/05.

- McCarthy and Stone have a retirement scheme at Triton Worthing (close to the seafront) where 1 bedroom flats are selling from £265,000 and 2 bedroom flats from £355,000. These amounts are somewhat more than the assumptions used for sheltered housing in the viability assessment.
- McCarthy and Stone have a scheme that includes care at Neptune House where 1 bedroom flats are selling from £290,000 and 2 bedroom flats from £355,000. These amounts are somewhat more than the assumptions used for extracare housing in the viability assessment.
- McCarthy and Stone have a retirement scheme at St. Marys Road, Hayling Island where 2 bedroom flats are selling from £290,000. These amounts are somewhat more than the assumptions used for sheltered housing in the lower value areas in the viability assessment.
- The Renaissance Group have a scheme of retirement flats (over 55) at Station Road Rustington where prices start £465,000 (up to £580,000). Most of the scheme is 2 bed roomed units. These amounts are substantially more than the assumptions used for sheltered housing in the viability assessment.
- The Renaissance Group have a scheme at Fleur-de-Lis Arundel, 14 Fitzalan Road, Arundel, although no pricing information has been released.
- The scheme at Hale Lodge, Littlehampton is marketing 1 bed roomed flats from £223,000 and 2 bed roomed flats from £344,950. These amounts are somewhat more than the assumptions used for sheltered housing in the lower value areas in the viability assessment.

Having considered the prices being sought from active specialist older people's schemes, the assumptions used are considered appropriate.

#### Affordable Housing Revenues

The representation states that it is *unclear how the CILVU has arrived at the affordable housing revenues incorporated into the Extracare typology appraisals within Appendix 4.*

These are derived as set out from 4.39 of the Local Plan Viability Study.

#### Ground Rents

*The CILVU includes capitalised ground rent as investment revenue arising from development within Extracare typology appraisals. Unclear how this is calculated and it is considered to be a highly uncertain income stream.*

It is accepted that the derivation of the £3,850/unit figure is not clearly set out. This is based on an average rent of £190/year capitalised at 5%.

It is not considered to be an uncertain income stream. Over the last 20 or so years many new homes have been sold subject to a ground rent. Such ground rents have recently become a controversial and political topic. The Government has announced plans to reform ground rents – but it was confirmed (on 16th October 2018) that these will continue to be chargeable in relation to older peoples housing. It is therefore appropriate to take this into account.

#### Marketing Costs

It is accepted that marketing costs can vary across developers. The assumption used is carried forward from the Local Plan Viability Study.

#### Furniture Fixtures and Fittings

It is accepted that some developers fit out schemes to a lesser or to a greater extent.

In large part we would separate these costs to the trading / service part of the operation, with such costs appearing and being written down on the manager's balance sheet. The costs of such fixtures and fittings of the nature mentioned, would be covered through the 'sinking fund' charges in the service charges.

#### Empty Property Costs

The developer suggests a cost of £300,000 to £360,000 to allow for power, staff, cleaning and maintenance of the facility over the period from the first sale to the last sale – this is because of the cost that can not be recovered through the service charges before all the sales are completed.

Whilst it is accepted that such a cost is not allowed for, as evidenced from the market survey many of the units are sold off plan, thus minimising such costs.

#### Benchmark Land Value

The approach to establishing the BLV is commented on (and criticised). The EUV Plus approach used is strictly in line with the updated PPG and was confirmed through the consultation process (as recommended by the PPG). In the absence of any alternative approach being suggested it is difficult to comment.

#### In summary

A range of comments have been made, however having considered these the approach remains sound and appropriate for moving forward with CIL.