

East Hampshire Community Infrastructure Levy - Examination

Letter to the Council from the Examiner

Dear Mr. Jenkins,

East Hampshire Community Infrastructure Levy Charging Schedule – Examination

Thank you for forwarding the further evidence items requested at the Hearing session, and subsequent responses received during the consultation period.

I am writing to you regarding the recent changes to the Planning Practice Guidance (PPG) relating to developer contributions, following the High Court judgement of 31 July 2015 for West Berkshire District Council and Reading District Council v SSCLG.

The East Hampshire Draft CIL Charging Schedule (as modified) proposes a higher differential residential rate for small sites of 1 to 10 dwellings in zones VP4 and VP5 (excluding Alton). This is based on the updated appraisals in the Council's Viability Addendum (CIL 12) that were carried out in accordance with the former requirement in the PPG that developer contributions such as affordable housing should not be sought from developments of 10 units or less. However, following the above referenced High Court judgement, this requirement within the PPG has been removed.

The PPG on CIL states that a charging authority should take development costs into account when setting its levy rate or rates. Development costs include costs arising from existing regulatory requirements, and any policies on planning obligations in the relevant Plan such as on affordable housing. Policy CP13 of the East Hampshire Joint Core Strategy (2014) requires that residential development in the district outside Whitehill and Bordon provides 40% affordable housing. The application of this Plan policy would therefore result in contributions for affordable housing being sought from smaller schemes.

Following this recent change to the PPG, are there any implications for the East Hampshire CIL examination? In particular:

- What effect would the PPG changes have on the viability of small schemes in the charging area and on viability buffers?
- What bearing would this have on the residential rates in the East Hampshire CIL Draft Charging Schedule as modified?

In order to inform my conclusions on this matter, I have asked for this letter to be forwarded to all representors who submitted comments on the proposed residential rates within the East Hampshire CIL. Specific comments relating to

the above matter should be sent to the Programme Officer by **4 September 2015**. The Charging Authority should also respond by the same date.

I am also writing to request that you provide clarification of the methodology used to derive the maximum CIL rates and viability buffers in Appendix 11 of 'EHDC CIL Response to Examiners further questions' (19 June 2015) (EH-05). Some of the maximum CIL rates per square metre appear surprisingly high, for example up to £1,500. Could you explain how the figures have been calculated, and provide example workings which clearly set out residual land value, threshold land value and total surplus available to fund CIL (as set out in the commercial appraisals in CIL 10), and the floorspace used to translate total overage into overage per square metre (or maximum CIL per square metre). The tables in Appendix 11 also only appear to provide viability information on schemes of 10, 25 and 75 units. In order to progress the examination I will require viability buffer information for each scheme typology and location tested (e.g. schemes of 1, 3, 5, 10, 25, 75, 100 and 200 units of low, medium and high density in Value Point areas 1 to 5).

If you have any questions or queries, please do not hesitate to contact me via the Programme Officer.

Katie Child

EXAMINER

18 August 2015