



JohnsonMowat
Planning & Development Consultants

BRADFORD MDC CIL EXAMINATION

STATEMENT

BY

JOHNSON MOWAT PLANNING PARTNERSHIP

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Introduction

This statement has been prepared by Johnson Mowat (previously Johnson Brook) for consideration by the Inspector at the Bradford CIL Examination, due to take place on Tuesday 4th October 2016. This statement should be read alongside previous representations made to the Council – dated 8th February 2016 and an e-mail sent on 22nd April 2016.

This statement has been prepared on behalf of Bellway Homes, Redrow Homes and Taylor Wimpey.

Matter 1 Infrastructure and Planning Evidence

1. *What evidence is there of the need for infrastructure to support the development proposed in the local authority area in the emerging development plans? Have the infrastructure requirements been correctly identified?*
2. *What is the expected total cost of this infrastructure? What are the actual and expected sources of funding to meet these costs? What is the funding gap? What contribution is CIL expected to make towards filling this gap?*

The two issues outlined are for the Council to answer and justify.

Matter 2 General approach to rate setting

3. *Does the Draft Charging Schedule (DCS) make clear the approach that would be taken to uses not included in the charging schedule in the DCS and is this justified by the viability evidence?*

Our concerns relating to the transfer values of affordable units as a percentage of Open Market Value remain valid. The DCS does not make clear the approach for dealing with affordable housing and relies on further detail in the Economic Viability Assessment (EVA) December 2015 Addendum. The EVA includes a series of cost assumptions with one of the largest development cost factors being Affordable Housing Transfer Values. We do not object to the transfer values approach as this permits a relatively transparent approach that can be understood. Unfortunately however, the Council's Affordable Housing team may not be operating that system such that RSLs are effectively being left to make their own offers which in recent months is resulting in transfer values significantly below those used in the EVA to support the CIL. Recent reports suggest offers are being made for a reduction twice the size identified



in the EVA. The EVA and CIL Charging proposal is now therefore flawed unless the LPA corrects the current shortcomings in its system to apply the discount approach in the EVA.

Aside from our consideration that the zone 1 charging rate is too high and should be reduced to £85 psm we do not object to the CIL Charging proposal as long as the Council operate the transfer values contained in the EVA. If the Council are not using these transfer values and allowing RSLs to make their own offers then the charging rates need to be reassessed.

Our suggested options for correcting the transfer value anomaly are:

- Re-work the EVA to lower the transfer value assumptions which may then in fact justify a lower CIL rate, or
- Align affordable housing policy on transfer values to match the CIL EVA. In other words, ask the Affordable Housing Team to use those values in Table 2.5 as the mechanism to insert into the S106 Agreements

The second option is our preference – if the Council are willing to put in writing that the Affordable Housing Policy will align with the transfer values included in the EVA then our objection to this part of the CIL will be removed. This could be worded in the emerging Affordable Housing SPD.

4. *In setting the CIL rates Charging Authorities must take account of policy requirements set out in the 'relevant plan' which for the purposes of the Examination is the City of Bradford Metropolitan District Council emerging Core Strategy Development Plan and emerging Bradford City Centre and Shipley and Canal Road Corridor Area Action Plans. How are the financial implications associated with the policies of the emerging plans including the provision of Green Infrastructure, articulated and accounted for the in valuation assessments? Has this been undertaken in a sufficiently transparent manner?*
5. *Is the future approach to the use of section 106 planning obligations as set out in the Draft Regulation 123 list sufficiently clear? Does the Draft Regulation 123 list provide adequate certainty as to which items of infrastructure CIL will contribute towards, and where section 106 obligations / section 278 agreements will continue to be used? Is there any duplication between the two?*
6. *Are the assumptions, such as density requirements, and the evidence on which they are based, set out in the Viability Assessment sufficiently robust, and flexible; particularly, in the absence of adopted plans that include site allocations?*



7. *How has the Council provided for a viability cushion or margin? How has this influenced the levels at which CIL is to be set? Is this of an appropriate size to accord with the advice set out in the NPPG?*
8. *What percentage of development costs does CIL, as set out in the draft Charging Schedule, represent?*

As drafted the section 123 list is lacking in clarity and would be likely to lead to confusion and delay in the negotiation of related obligations. The draft does not deal with the situation where a site for a primary school could be provided as an integral part of a larger development. Is this to be dealt with as a contribution in kind under the Regulations?

It will be difficult, as drafted, to distinguish which aspects of sustainable transport improvement schemes are directly related to the development. Within one of the principal towns for example sustainable transport improvements, if comprehensively and well planned, are likely to take the form of an integrated system which will subsume most of the site generated requirements. It will be very difficult to separate the site related and community-wide components.

Further thought needs to be given to the relationship between on and off-site greenspace provision. In this context we are involved in the master-planning of sites where large areas of strategic greenspace will be contributed from within the site controlled by the developer (i.e. within the blue line, or sometimes the red line boundary of the planning application). These areas will form part of a greenspace network (existing and proposed greenspace linked together) which serves the whole community. In most cases these areas will form a contribution in kind to in the determination of the total CIL charge to be levied. The same points of clarification are required for on and off site habitat mitigation as all provision will result from requirements in CS policies.

It is difficult to see how the provision of cultural facilities will be directly related to a single development. We can envisage situations where this might arise on a very large development say in excess of 1,000 dwellings.

A clear reference needs to be made to the relationship with section 278 highway agreements.



Matter 3: Residential Levy Rates

9. *Are the differential local levy rates for new residential accommodate justified by appropriate available, consistent and transparent viability evidence?*
10. *Are the site acquisition costs and benchmark land values justified by appropriate available evidence? Has evidence of recent land transactions been taken into account? If so, should it be?*
11. *Is there adequate economic justification to support four separate differential rates for dwellings? Has the Council sought to avoid undue complexity? Specifically, has the identification of the boundaries between the zones been accompanied by adequate viability evidence.*
12. *Are the assumptions relating to on-going S106 contributions sufficiently realistic and derived from an adequate evidence base? Overall, to what extent do the residential rates strike an appropriate balance between helping to fund the new infrastructure required and the potential effect on the economic viability of new residential accommodation across the four zones?*

The below is a collective response to the questions outlined in Matter 3.

We maintain our objection to the levy for Zone 1 and consider this should be reduced. We consider that the £100 psm is not fully justified by the limited evidence available and propose a revised rate of £85 psm.

Previous comments:

At section 5.5 and paragraph 5.5.1 in the Local Infrastructure Plan the Council state that Wharfedale has positive attributes which bring additional demands on services and infrastructure. The main challenge is stated to be the provision of new infrastructure and maintaining and enhancing existing infrastructure in an affordable and viable way. The introduction to this charging zone in the Local Infrastructure Plan summarises the significant infrastructure challenges under three headings: Education, Flood Risk and Transport. The Plan does not yet give specific financial information on which the balance of public/private investment in infrastructure can be derived or how CIL contributions will be balanced in percentage and other terms against contributions expected from section 106 and 278 contributions. Sample site specific negotiated section 106 and 278 agreements result in much higher figures per dwelling than the general assumption used in the evidence base of £1,000/dwelling.

In the principal town of Ilkley and the local service centres of Burley-in-Wharfedale and Menston more work is needed to establish realistic cost parameters of new infrastructure and upgrades to existing



infrastructure. Wharfedale has been an area where public sector investment has lagged behind other market sub areas in transport and education investment. The much needed replacement new school for the existing Ilkley Grammar School is a key example. The costs of a replacement, up to 2,000 places, school are known but are not yet programmed despite the proven need for this in the short term. We estimate that a total of at least 10 to 12 residential allocations will be necessary on greenfield and brownfield sites in Wharfedale to meet the current housing needs distributed to this market sub area in the emerging Core Strategy. All of these sites will fall in the catchment area of the new school and should contribute to the private sector percentage of the total funding cost. There is a need to establish a mechanism and the levels of contribution expected and how this will relate to CIL Regulations on pooling and avoiding double-dipping.

In terms of land values and selling prices the Bradford part of Wharfedale is similar to the neighbouring Leeds section of the valley to the east. Leeds have selected a residential charging rate of £90/sq.m. Significant recent residential development has taken place in the Leeds section while this is not the case in the Bradford section.

For all of these reasons we consider that a cautious approach is required to the residential charging rate in zone 1.