

## **LB Haringey Community Infrastructure Levy (CIL) Charging Schedule Examination in Public**

### **Written Answers to Inspector's overarching question, and responses to these from THFC**

**18 December 2013**

#### **Issue 1 – Retail Levy Rates**

1) *Are the local levy rates for large new retail floorspace schemes justified by appropriate available evidence, having regard to national guidance, local economic context and infrastructure needs, including in relation to the Council's adopted planning policies?*

- 1.1 The charging schedule sets the local CIL rate for retail floorspace at £0/m<sup>2</sup>, a rate for supermarkets of £95/m<sup>2</sup>, and a rate for retail warehousing of £25/m<sup>2</sup>.
- 1.2 These rates were set following viability appraisals into a range of types of retail. The approach taken is set out in p19 of document CILSD-02.
- 1.3 The study clearly identifies that there are differences in the yield achieved by supermarkets when compared to high street retailers, resulting in higher capital values.
- 1.4 The Local Plan: Strategic Policies (CILSD-09) identifies the need for additional convenience retail, and a significant proportion of growth within this sector is made up of supermarkets at present.
- 1.5 As such supermarket retail can be seen as making up a significant part of future growth in Haringey over the coming years.
- 1.6 Further evidence on identified retail need can be found in the Retail Study completed in 2012, which is on the Council's website.

2) *Overall, do they strike an appropriate balance between helping to fund the new infrastructure required and the potential effect on the economic viability of large new retail floorspace schemes?*

- 2.1 The Infrastructure Delivery Plan (CILSD-07) sets out that there is significant need for additional infrastructure to meet the needs of a growing population in the borough.
- 2.2 Large scale retail, in the view of the council forms a part of this growth, and capitalises on population growth.
- 2.3 As there is evidence showing that a CIL rate is justifiable in terms of scheme viability, the Council considers it to be appropriate that a rate is charged to meet the needs of infrastructure which is required to meet growth, of which this type of development is a part of.
- 2.4 The proposed rate accounts for a very small proportion of overall development costs (2.25%) as is therefore proportionate and reasonable.
- 2.5 There is substantial headroom below the maximum rate indicated in the Viability Study. This headroom has increased since the study was undertaken; yields for supermarkets have fallen from 6% used in the

study to less than 5%. This has driven a substantial increase in capital value.

- 2.6 No evidence has been submitted by representors to lead the Council to consider that its judgement is incorrect.

## Issue 2 – Residential Levy Rates

3) *Are the 3 local levy rates for residential development across the borough justified by appropriate available evidence, having regard to national guidance, local economic context and infrastructure needs, including in relation to the Council's adopted planning policies ?*

*Are the 3 local levy rates for residential development across the borough justified by appropriate available evidence?*

- 3.1 The local levy rates proposed are £265/m<sup>2</sup> in the west of the borough, £165/m<sup>2</sup> in the centre of the borough, and £15/m<sup>2</sup> in the East of the borough. These areas are set out in the submitted charging schedule (CILSD-01)
- 3.2 The rates set out in the charging schedule are justified by a borough-wide need for strategic infrastructure set out in the Community Infrastructure Study (CILSD-06) and identified as a funding gap on p16 of the Council's Infrastructure Delivery Plan (CILSD-07).
- 3.3 There is a particular focus on growth on the East of the Borough, where the Council considers it to be important that a modest, but nevertheless important contribution to infrastructure requirements is sought from developments.
- 3.4 The evidence regarding the ability of development typologies in the borough to pay a CIL charge is set out in the viability study (CILSD-05).
- 3.5 This evidence demonstrates that the three proposed rates are reflective of the substantial differences in residential market values across the Borough. Three rates are desirable to produce CIL income, whilst also avoiding levying a rate that would have a potential impact on scheme deliverability and viability.

*Are the 3 local levy rates for residential development across the borough justified by having regard to national guidance? Are the 3 local levy rates for residential development across the borough justified by infrastructure needs?*

- 3.6 The National Planning Policy Framework sets a number of requirements for Local Authorities to provide infrastructure in relation to:
  - health, security, community and cultural infrastructure and other local facilities
  - the provision of infrastructure for transport, telecommunications, waste management, water supply, wastewater, flood risk and coastal change management, and the provision of minerals and energy (including heat)
- 3.7 At the same time the NPPF also states that the Council should be providing for local jobs and homes that meet identified needs.
- 3.8 Haringey has a significant need for new homes, and a positive aspiration to provide local jobs for its residents, and this is set out in the Local Plan: Strategic Policies DPD (CILSD-09).

- 3.9 The infrastructure needs anticipated to arise as a result of the growth identified in the Local Plan: Strategic Policies DPD have been considered in the preparation of a Community Infrastructure Study (CILSD-06). This document was prepared in collaboration with infrastructure providers during the preparation of the Local Plan.
- 3.10 The projects and programmes identified in the Community Infrastructure Study were set out in an Infrastructure Delivery Plan (CILSD-07), which was examined alongside the Local Plan: Strategic Policies (CILSD-09).
- 3.11 The Infrastructure Delivery Plan was adopted as Appendix 4 (pp180-193) of the Local Plan in 2013.
- 3.12 In preparation for the Draft Charging Schedule consultation, in April 2013, the projects included in the Infrastructure Delivery Plan have been reviewed, and costs identified to establish the aggregate cost of providing strategic infrastructure to meet the needs of a growing population.
- 3.13 In carrying out this process it was possible to establish that there is a shortfall in identified funding streams to meet the cost of providing strategic infrastructure across the borough.
- 3.14 It is therefore considered appropriate that a CIL rate is charged to contribute towards the cost of this infrastructure

*Are the 3 local levy rates for residential development across the borough justified by local economic context?*

- 3.15 There is a significant variation in land value, and viability across the borough, and this is set out in the Council's viability study (CILSD-05).
- 3.16 The viability evidence tested a number of typologies of development, in a number of locations across the borough to understand what rates could be achieved on various uses, in different parts of the borough.
- 3.17 This methodology includes variances for changes in affordable housing provision, unit mix, and development size, and is considered robust.
- 3.18 There is a significant decrease in the CIL rate between the west and the east of the borough. This is based on viability of development in these areas. Residential sales values in the west of the borough are substantially higher than those in the east.
- 3.19 Growth in the east of the borough is particularly important, as there is a strong regeneration theme in this area coming from both the Local and London plans.
- 3.20 It is therefore vital that developments in the east make a modest – but nevertheless important – contribution towards infrastructure that will support growth. The rates have been set at a sufficiently modest level to avoid adversely impacting on viability of developments.
- 3.21 The proposed £15 per square metre CIL rate in the east of the borough equates to 0.49% of total development costs. In contrast, residential sales values in the borough have increased by 9% since the Viability Study was undertaken. This compensates many times over for the impact of CIL.
- 3.22 The rate set is low compared to many neighbouring areas, but there is an anticipation of future land value convergence over the longer term, which will necessitate a review of the CIL rate.
- 3.23 The need for this change will be regularly monitored in the Council's AMR.

*Are the 3 local levy rates for residential development across the borough justified in relation to the Council's adopted planning policies?*

- 3.24 Development is required across the borough to meet the objectives set out in the London Plan 2011 and the Local Plan: Strategic Policies 2013.
- 3.25 Housing targets are predicated on growth in population and housing forecast in the Local and London Plans.
- 3.26 As such, it was crucial in developing the CIL rates that the viability of development will not be adversely affected by the imposition of onerous levels of CIL.
- 3.27 A significant proportion of new housing in the borough will be delivered in the east, where the Council has set a very modest rate of CIL.
- 3.28 The Council is satisfied that the implementation of CIL will not compromise the meeting of its housing target, including the delivery of affordable housing.

4) *Are the 3 local levy rates for residential development across the borough reasonable and realistic in relation to an appropriate balance between helping to fund new infrastructure and the potential effects on economic viability, and/or should there be different rates for different parts of the area, and/or different boundaries between zones, and if so, why and where ?*

- 4.1 As set out in the response to (3), the Council believes it has established that there is a justified need for CIL to contribute towards funding infrastructure, and that the proposed rates will not stymie development.
- 4.2 The rates have been tested to ensure there is no significant impact on any development, as set out in the viability study.
- 4.3 Differential rates for geographical zones have been put forward, as viability differs significantly between the east and the west of the borough.
- 4.4 The alternative approach tested during development of the Draft Charging Schedule were to test whether the emerging "south-to-north" and "west to east" trends of land price rise could manifest themselves as viability considerations that would affect potential CIL rates.
- 4.5 After testing viability in relevant wards (St. Ann's, West Green, Seven Sisters), no appreciable difference could be proven, and so the original rates remained.

5) *Response to Savills representation: How were the projects on the Reg 123 list identified?*

- 5.1 All infrastructure projects that may receive CIL revenue over its initial period are included in the Reg 123 list.
- 5.2 The Regulation 123 list was drawn from the projects included in the Infrastructure Delivery Plan 2013 (CILSD-07).
- 5.3 In response to representations (London Borough of Enfield, Savills on behalf of Hanover Housing, Savills on behalf of THFC) received at the Draft Charging Schedule stage, the Council has chosen to provide a concise list of prioritised projects that may receive CIL revenue in the Regulation 123 list.
- 5.4 Projects have been prioritised for receipt of CIL revenues by using the current capital plan.
- 5.5 The capital plan is a list of specific projects with Council approval to progress, which have been assessed for prioritisation for funding in the short to medium term (ie by 2018/19). The projects in this plan will be funded from a number of sources, including (but not limited to):
  - Capital receipts
  - External grants
  - Pre-CIL adoption S106 receipts
  - Prudential borrowing
  - As well as CIL
- 5.6 This list is therefore considered to represent the Council's most immediate priorities in terms of providing infrastructure projects.
- 5.7 There were representations received from infrastructure providers seeking to add projects to the Regulation 123 list, and this was identified in the Reg 19 consultation report (CILSD-03, p5).
- 5.8 There will be opportunities to review the Regulation 123 list, and the Annual Monitoring Report, in conjunction with the annually updated capital plan, is seen as the ideal vehicle for this.
- 5.9 It is hoped that by using this process, the maximum certainty for projects progressing in the short term can be provided.
- 5.10 Additionally, as the lists are updated, this process will provide flexibility to add projects as they come forward for consideration for funding in the capital plan.
- 5.11 The Council believes this meets all of the requirements of Regulation 123 of the CIL regulations (amended) 2010.
- 5.12 Savills rightly point out that strategic infrastructure will be required in the Northumberland Park area to support regeneration. The regeneration of Tottenham is a key Council priority, with the following essential approaches being set out in the Plan for Tottenham:
  - a) Improve the quality of life for everyone – encourage investment, jobs, economic growth, quality housing and strong neighbourhoods
  - b) Transform Northumberland Park into North London's premier leisure destination with new high quality housing and improved transport options
  - c) Create a fun, civic heart at Tottenham Green and turn Seven Sisters into an impressive gateway into Tottenham
  - d) Promote Tottenham Hale as a new centre for growth, exploiting excellent transport connections

e) Consolidate and revitalise the retail experience on the High Rd.

- 5.13 Meeting these objectives will require development, and infrastructure to work in tandem
- 5.14 The Council notes that masterplanning is underway both for the contiguous High Rd West area, and Spurs football stadium sites.
- 5.15 Additionally an AAP is underway to co-ordinate development in this area.
- 5.16 It is anticipated that the AAP will be an appropriate forum to update the Infrastructure Delivery Plan, and the ongoing masterplans will provide the certainty for projects to be included in the Capital Plan and Regulation 123 list.

6) *Response to Savills representation: How will S106 be determined after implementation of CIL, and can it be proven that S106+CIL will not make development unviable?*

- 6.1 The Council, in its charging schedule (CILSD-01) set out the types of developer contributions that will be collected through S106.
- 6.2 The Council considers that these are in line with Regulation 122 of the CIL Regulations (amended) 2010.
- 6.3 The Council also notes that on strategic sites, a process for the exchange of land in lieu of CIL payments is set out in the charging schedule.
- 6.4 Any S106 that the Council may seek to secure is not fixed and will be subject to negotiation when an application is submitted.
- 6.5 Part of this negotiation will no doubt include consideration of a scheme specific viability assessment, which by that point will include Borough CIL as a cost.
- 6.6 It will therefore not be possible in deciding an application in line with the NPPF, for the effect of CIL and S106 to make a development unviable.