

## Council – Wednesday 26 February 2020

### Update Briefing Note: recommended CIL rates for strategic sites

In accordance with Minute No. 102 of the Cabinet meeting held on 12 February 2020, this briefing note provides an update on the recommended CIL rates for the five strategic sites allocated in the West Oxfordshire Local Plan. This includes the Oxfordshire Cotswolds Garden Village, West Eynsham, East Chipping Norton, East Witney and North Witney.

Since the Cabinet meeting was held, viability assessments of the five strategic sites have been finalised by the Council's independent viability consultants. The consultants are RICS qualified and have undertaken their assessment in accordance with national planning policy practice guidance and other best practice. In essence, the process undertaken is to compare the likely gross development value of each scheme against the total potential costs, including construction, landowner return, developer profit, abnormal costs, Section 106 planning obligations and relevant fees and finance.

The appraisal results demonstrate that none of the strategic sites are able to make a financial contribution through CIL, even at a reduced rate. As such, the recommendation of the Council's consultant is that the five strategic sites are zero-rated for the purposes of CIL. This is consistent with the approach taken by many local authorities in respect of large strategic sites.

There are several reasons why this conclusion has been reached.

Firstly, in respect of two of the sites (West Eynsham and East Chipping Norton) planning permission has already been granted for several parts of each site, meaning that a greater potential cost burden will fall on the remaining, residual number of dwellings in respect of larger, site-wide infrastructure needed to support the developments as a whole, including for example on-site primary schools.

Secondly, the level of affordable housing required at the five strategic sites is significant, ranging from 40% to 50%. This has a marked effect on overall development value as affordable housing units have lower respective sales/transfer values than market housing units.

Strategic sites also attract a significant package of site-specific planning obligations. Research from a range of other local authorities suggests that the cost of such planning obligations on larger strategic sites tends to range from between £10,000 - £30,000 per unit. The Council's consultants have adopted a mid-point figure of £15,000 per unit which has been factored in alongside other specific costs (e.g. schools) where known. Other infrastructure costs, in particular highway improvements are also likely to be significant and an allowance for this has also been factored in accordingly.

The cost of construction is a further important consideration, with the Council's consultant having assumed a figure of £1,171 per sqm. To put this in context, in respect of the garden village, based on 2,200 homes, the construction cost is likely to be around £250m. This could be significantly higher depending on any particular sustainable construction standards that may be imposed through the forthcoming Area Action Plan (AAP).

Having regard to these and other cost considerations including land costs, developer profit and relevant fees and finance, the anticipated gross development value of each of the five strategic sites is such that they cannot support a CIL charge and as such, the recommendation is that these sites are zero-rated for the purposes of CIL.

It is therefore proposed that the first Cabinet recommendation is amended to read as follows:

That the Council:-

i) approves the Community Infrastructure Levy Draft Charging Schedule (DCS) attached at Annex A to the report, **subject to the inclusion of a zero-rate CIL charge in respect of strategic sites**, for the purposes of a six-week period of public consultation in accordance with the Community Infrastructure Levy Regulations 2010 (as amended);

(The remaining recommendations from Cabinet are unaffected).