Oldham Local Plan

Community Infrastructure Levy - Preliminary Draft Charging Schedule

January 2015

Oldham Council

1 What is the Community Infrastructure Levy?

1.1 The council made a decision to prepare an Economic Viability Study in January 2014. The purpose of the Study was to inform the preparation of a Community Infrastructure Levy (CIL) Charging Schedule.

1.2 The CIL is a planning charge based on legislation that came into force on 6 April 2010[(1)]. When adopted, the levy allows the council to raise contributions from new development to help pay for infrastructure that is needed to support planned growth. It will be used to supplement other funding streams and can fund wholly or partly a variety of strategic infrastructure projects ranging from transport, green infrastructure and flood defences to education and health.

1.3 CIL largely replaces Section 106 Obligations (s106) in delivering strategic infrastructure. From April 2015 the pooling of s106 monies will be restricted. CIL will become the main source of developer contributions, however, s106 will still be used for affordable housing and site / development related infrastructure requirements necessary to make the development acceptable, for example on-site open space or a new access road. Some developments will pay both s106 and CIL, but they must fund different types of infrastructure. Contributions may also be sought for Section 278 of the Highways Act where modifications are required to the highways network.

1.4 A planning obligation may only be used in granting planning permission for a development if the obligation is:

- necessary to make the development acceptable in planning terms;
- directly related to the development; and
- fairly and reasonably related in scale and kind to the development[(2)].

1.5 When CIL is adopted S106 monies can only be pooled from no more than five different obligations to deliver a certain infrastructure type or project. The reason for this is to ensure that local planning authorities use CIL instead of S106 monies to fund infrastructure that serves a wider area than a specific development site.

1.6 CIL is intended to provide infrastructure alongside residential and non-residential development therefore promoting sustainable development. The benefits of the CIL are:

- CIL gives developers certainty up front and is intended to be affordable. The CIL is fixed and non-negotiable having already gone through a viability assessment and examination. There is no ability to choose which developments to charge. Therefore it is fair, transparent and a faster process than s106;
- CIL captures small sites therefore it is not just large developments that pay for infrastructure. It recognises the cumulative impact that small developments can have on existing infrastructure;

1 The CIL Regulations 2010, as amended in 2011 , 2012, 2013 and 2014
2 The Community Infrastructure Regulations 2010, Regulation 122

- The CIL can contribute towards funding strategic infrastructure projects therefore helping to deliver the Local Plan and aspirations for the area, benefiting local communities;
- A ‘meaningful proportion’ of CIL must be given to local communities; and
- A report must be published each year setting out the level of CIL receipts collected and how these have been utilised. Therefore it is transparent.

1.7 Local authorities who wish to charge the levy must produce a preliminary draft charging schedule, followed by a draft charging schedule setting out CIL rates for their area. A CIL charging schedule sets out a rate in pounds per square metre (sq. m) on the gross internal floorspace of the net additional liable development. The charging schedule must balance:

- The need for infrastructure investment to enable growth; and
- The need to ensure the bulk of planned growth remains viable.

2 Consultation

2.1 The Community Infrastructure Levy Regulations 2010 (as amended) set out the requirements for consultation and the need to prepare a Preliminary Draft Charging Schedule (PDCS) for consultation. This is the first formal opportunity to comment on the proposed charges.

2.2 This document is Oldham's PDCS and the council invites representations to be made on the charging schedule for a period of six weeks.

2.3 The council has also published the Oldham Economic Viability Study which forms part of the evidence base for informing the PDCS.

2.4 To help you consider the PDCS the following questions may be useful:

- Do you agree that the assumptions and methodology in the Oldham Economic Viability Study are robust? If not what alternative assumptions and methodology do you suggest?
- Do you agree that the rates proposed are appropriate and will not put the bulk of planned development at risk?
- Do you agree with the proposed different rates for a) development types and b) geographical charging zones for residential development?
- Do you agree with how the geographical charging zones have been defined for residential development? If not what alternative boundaries should be used?

2.5 Please provide evidence with your representation if you disagree with any aspects of the Viability Study or PDCS.

2.6 Comments must be made via:

- The council's consultation portal at http://oldham-consult.limehouse.co.uk/portal/oc/planning/spi/; or
- in writing to Strategic Planning, Level 3 Civic Centre, West Street, Oldham, OL1 1UH; or
- by email to spi@oldham.gov.uk.

2.7 The deadline for comments is Friday 27th February 2015.

2.8 Following consultation the council will consider all representations and if necessary will amend the evidence and / or Charging Schedule as appropriate. Consultation will then take place on the Draft Charging Schedule.

3 Who pays the Community Infrastructure Levy?

3.1 CIL applies to all developments that people normally go into that create net additional floorspace where the gross internal area of new build exceeds 100 sq. m. The charge applies to a residential development of one dwelling or more (regardless of size) unless it is a self build [1].

3.2 The following developments are exempt from the CIL charge:

- Development less than 100 sq.m unless this is a whole house[2];
- Self-build houses, flats, residential annexes and extensions[3];
- Social housing that meets the relief criteria[4];
- Charitable development - where the landowner is a charitable body and if the development is in line with its charitable purpose[5];
- Mezzanine floors of less than 200 sq. m inserted into an existing building;
- Buildings which people go intermittently into for the purpose of inspecting or maintaining fixed plant or machinery[6];
- Structures that people do not usually go into, for example pylons and wind turbines;
- Vacant builds brought back into the same use [7]; and
- Developments that have a zero rate in the charging schedule.

3.3 Please see the National Planning Policy Framework Planning Practice Guidance and the Community Infrastructure Levy Regulations for further details of exemptions.

3.4 Not all developments or geographical areas will pay a CIL charge. The council can choose to charge a zero rate if viability evidence supports it.

3.5 The council as 'Charging Authority' can also give relief in exceptional circumstances subject to strict criteria.

1 Self build housing or self build communal development.
2 Regulation 42 of The Community Infrastructure Regulations 2010
3 Self- build housing is a dwelling built by p (including where built following a commission by P) and occupied by P as P's sole or main residence. See Community Infrastructure Levy 2014 Regulations 42A, 42B, 54A and 54B
4 Regulation 49 or 49A of the Community Infrastructure Regulations 2014
5 Regulations 43 to 48 of The Community Infrastructure Regulations 2010
6 Regulation 6(2) of The Community Infrastructure Regulations 2010
7 Regulation 40 as amended by The Community Infrastructure Regulations 2014

4 How will the Community Infrastructure Levy be collected?

4.1 The council is likely to collect the levy as the Charging Authority (CA).

4.2 The CIL charges become due from the date the development commences in accordance with the relevant planning consent. The CA may set out an instalments policy for CIL payments on the council's website. An instalments policy should only contain the following information:

- the effective date of the policy, and number of instalment payments;
- the amount or proportion of CIL payable in any instalment;
- when the instalments are to be paid based on time from commencement; and
- any minimum amount of CIL below which CIL may not be paid in instalments.

4.3 Landowners are responsible for paying the levy although anyone involved in a development may take on the responsibilities of paying the levy.

5 What will the Community Infrastructure Levy be spent on?

5.1 The CIL monies will be spent on items included on the Regulation 123 list. The Regulation 123 list will be produced by the council and will list the infrastructure types or projects that will be funded through CIL. The Regulation 123 list will be informed by an Infrastructure Delivery Plan (IDP). The IDP must identify infrastructure needed to support planned growth.

5.2 At examination the council is only required to have a draft list of infrastructure types or projects to be funded wholly or partly through the CIL. The final Regulation 123 list must be published on the council's website and should be updated when required. Items contained on this list cannot be asked for through additional S106 contributions.

5.3 When CIL is introduced S106 will be restricted. S106 can be used for specific infrastructure relating directly to a development to make it acceptable (e.g. a new access road or on site open space), however such items cannot be listed on the Regulation 123 list. This is to ensure that landowners or developers are not paying for the same infrastructure items twice.

5.4 Once the CIL Charging Schedule is adopted the CA will publish a report on its website at the end of each year showing the level of CIL receipts collected and how these have been utilised.

5.5 The CA will monitor market conditions and review the CIL Charging Schedule when necessary. The Oldham Economic Viability Study sets out guidance on monitoring.

6 Evidence

6.1 The CA must prepare appropriate evidence to inform a CIL charging schedule. The Regulations require that a charging authority '*strike an appropriate balance*' between:

- The desirability of funding from CIL (in whole or in part) the… cost of infrastructure required to support the development of its area…; and
- The potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.

6.2 The June 2014 statutory guidance explains its meaning:

'The levy is expected to have a positive economic effect on development across a local plan area. When deciding the levy rates an appropriate balance must be struck between additional investment to support development and the potential effect on the viability of developments. This balance is at the centre of the charge-setting process. In meeting the regulatory requirements (see Regulation 14(1)), charging authorities should be able to show and explain how their proposed levy rate (or rates) will contribute towards the implementation of their relevant plan and support development across their area. As set out in the National Planning Policy Framework in England (paragraphs 173 – 177), the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened'.[1]

6.3 In order to demonstrate that an appropriate balance has been struck key evidence is required. This includes:

- An up to date Local Plan to demonstrate how much development is planned and the type and broad location of that development;
- An Infrastructure Delivery Plan (IDP) to demonstrate infrastructure needed to support delivery of development in the council's Local Plan and to demonstrate a funding gap;
- A draft list of projects to be funded by CIL monies (Regulation 123 list); and
- A viability assessment to demonstrate that the CIL charges will not put the bulk of planned development at risk.

<u>Local Plan</u>

6.4 The council's Joint Core Strategy and Development Management Policies Development Plan Document (the 'Joint DPD') was adopted in November 2011. The Joint DPD forms part of the Local Plan and is the key document setting out a vision, strategic objectives and a spatial strategy for Oldham. It includes a number of planning policies, including Policy 25 'Developer Contributions' which sets out the basis for collecting monies for infrastructure.

<u>Infrastructure Delivery Plan</u>

6.5 The council prepared an Infrastructure Study (including updates) as part of the evidence for the Joint DPD. This showed a funding gap, however some of the infrastructure projects within this Infrastructure Study such as the Metrolink extension have now been completed. To support preparation of the CIL a IDP is therefore being prepared. This will:

1 DCLG (*NPPG CIL,* June 2014, paragraph 009)

- Update the existing Infrastructure Study to identify current infrastructure provision in the borough;
- Identify the level of infrastructure required to support proposed development; and
- Identify the infrastructure funding gap.

6.6 The IDP will be available to view at the next stage of consultation on the Draft Charging Schedule.

Oldham Economic Viability Study

6.7 The council has published the Oldham Economic Viability Study (2014) as part of the CIL evidence base. The Viability Study looked at the types of development that are likely to come forward over the plan period (up to 2026) and included an analysis of which types of developments can accommodate a CIL charge. The Study also proposed charging zones for different areas within Oldham for residential development.

6.8 The Viability Study identified the theoretical maximum CIL charge rates. The Study recognised that it is important to draw away from the maximum rates to take account of potential market changes and sites where costs may be slightly higher. The Study recognised that the key test is the need to balance generating adequate revenues to fund infrastructure delivery with maintaining the viability of development.

6.9 To achieve this balance the Viability Study set a charge between 50% and 75% of the identified theoretical maximum charge.

6.10 The council hosted a CIL Stakeholder workshop in July 2014. The aim of the workshop was to engage developers and commercial agents on the evidence sources, assumptions and the initial findings at the evidence base stage of the Viability Study. The stakeholders were happy with the geographical charging zones and agreed with the assumptions. Build costs were refreshed as a result of the workshop. The evidence presented led to the proposed CIL charges in this PDCS.

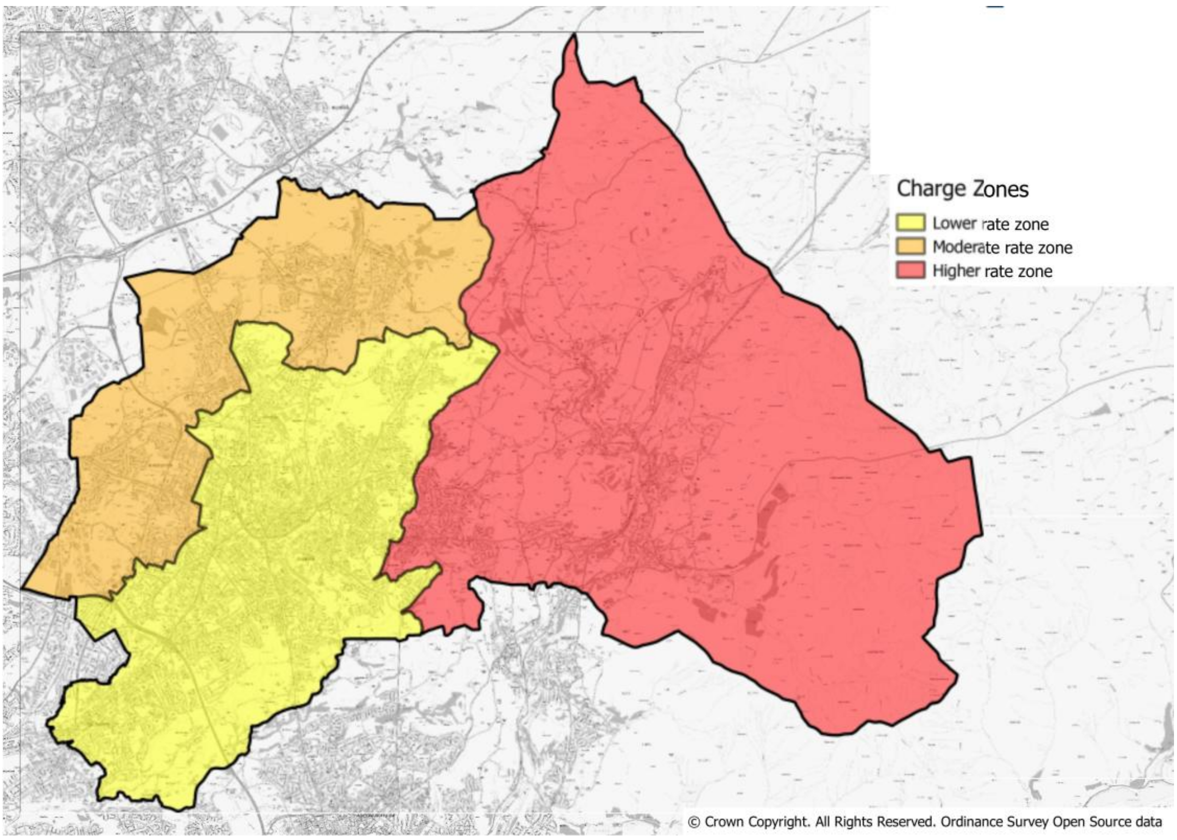
7 Preliminary Draft Charging Schedule Map

7.1 The PDCS map is shown below. This shows the higher, moderate and lower value charging zones where charges for residential development differentiate due to viability evidence. Charges for non-residential development do not differentiate across the zones.

7.2 The three zones were informed by the Viability Study and are defined by the following wards:

- Lower rate zone: Alexandra, Chadderton South, Coldhurst, Failsworth East, Failsworth West, Hollinwood, Medlock Vale, Royton South, St James', St Mary's, Waterhead and Werneth.
- Moderate rate zone: Chadderton Central, Chadderton North, Crompton, Royton North and Shaw; and
- Higher rate zone: Saddleworth North, Saddleworth South and Saddleworth West and Lees.

Map 1: Preliminary Draft Charging Zone Map



8 Preliminary Draft Charging Schedule

8.1 The PDCS is shown in Table 1. The charges reflect the viability evidence presented in the Oldham Economic Viability Study.

Table 1 Preliminary Draft Charging Schedule

Use	CIL Charge (per sq.m)
Market houses in lower value zone	£0
Market houses in moderate value zone	£30
Market houses in higher value zone	£80
Market apartments in higher value zone	£45
Supermarket	£160
Retail Warehouse	£70
Neighbourhood Convenience Retail	£20
All other Development	£0

8.2 Definitions of retail development are provided below:

Supermarkets – Supermarkets are large convenience-led stores where the majority of custom is from people doing their main weekly food shop. As such, they provide a very wide range of convenience goods, often along with some element of comparison goods. In addition to this, the key characteristics of the way a supermarket is used include:

- The area used for the sale of goods will generally be above 500 sq. m.
- The majority of customers will use a trolley to gather a large number of products;
- The majority of customers will access the store by car, using the large adjacent car parks provided; and
- Servicing is undertaken via a dedicated service area, rather than from the street.

Retail Warehouse – Retail warehouses are usually large stores specialising in the sale of household goods (such as carpets, furniture and electrical goods), DIY items and other ranges of goods. They can be stand-alone units, but are also often developed as part of retail parks. In either case, they are usually located outside of existing town centres and cater mainly for car-borne customers. As such, they usually have large adjacent, dedicated surface parking.

Neighbourhood Convenience - Neighbourhood convenience stores are used primarily by customers undertaking 'top-up' shopping. They sell a limited range of convenience goods and usually do not sell comparison goods. The key characteristics of their use include:

- Trading areas of less than 500 sq. m;

- The majority of customers will buy only a small number of items that can be carried around the store by hand or in a small basket;
- The majority of customers will access the store on foot and as such there is usually little or no dedicated parking; and
- Servicing is often undertaken from the street, rather than dedicated service areas.

9 Next Steps

9.1 The next stages and an indicative timetable for the CIL is shown in Table 2.

Table 2 Next Steps

Stage	Timetable
Consider representations on the PDCS; if necessary amend evidence and the Draft Charging Schedule. Finalise evidence including the Infrastructure Delivery Plan.	February - Summer 2015
Public Consultation on the Draft Charging Schedule and evidence	Late Summer 2015
Consolidate evidence and responses and prepare for submission to examiner	Autumn 2015
Submit Charging Schedule to independent examiner	Autumn - Winter 2015
Examination	Winter 2015 / 2016
Adoption	Spring / Summer 2016