

From: [REDACTED]
Sent: 09 April 2014 14:36
To: Local Development Plan
Cc: [REDACTED]
Subject: CIL Draft Charging Schedule - Statement of Modifications

Attachments: Consultation on Statement of Modifications.pdf; ATT4514544.txt
Please see attached representations in respect of the CIL Draft Charging Schedule – Statement of Modifications on behalf Home Builders Federation and a consortium of house builders.

I would also confirm that we are not intending to attend the examination in person and will rely upon our written representations. We will notify the Programme Officer accordingly.

Kind regards

[REDACTED]

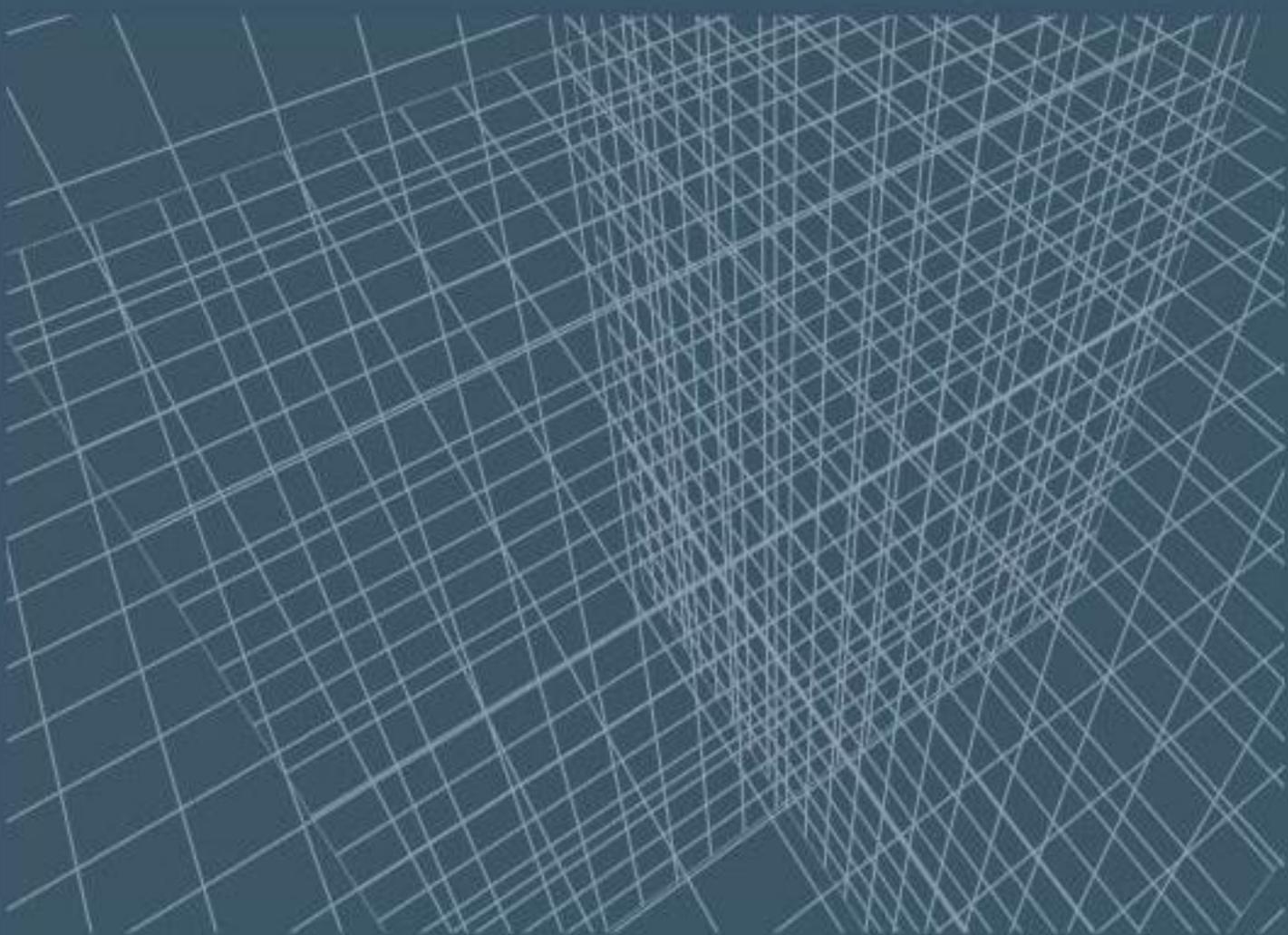
Director
Development

[REDACTED]



Before printing, think about the environment

CONSULTATION RESPONSE
RHONDDA CYNON TAFF COUNTY BOROUGH COUNCIL
COMMUNITY INFRASTRUCTURE LEVY (CIL) DRAFT
CHARGING SCHEDULE – STATEMENT OF MODIFICATIONS



In Conjunction with HBF for
the Housebuilder Consortium

8 APRIL 2014



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Introduction

- 1.1 This representation has been prepared by Savills in conjunction with the Home Builders Federation (HBF) on behalf of a developer and landowner consortium (the Consortium) in response to the Statement of Modifications dated 27 February 2014.
- 1.2 We also note that Mr. Philip Staddon BSc, Dip, MBA, MRTPI has been appointed as the Independent Examiner to conduct the Examination of the Rhondda Cynon Taf County Borough Community Infrastructure Levy Charging Schedule which will take place on Wednesday 7 May 2014.
- 1.3 The examination library contains two documents, one produced by DVS named “Further Viability Testing and Review of Proposed Community Infrastructure Levy in light of representations received by Rhondda Cynon Taff County Borough Council” and one other named “Updated Viability Testing February 2014”. It appears that these documents were used as part of the justification in making the proposed modifications and as such, we have also provided our comments in respect of those documents.
- 1.4 Our representation relates only to residential development.

2.0 Response to Draft Charging Schedule – Statement of Modifications

- 2.1 The Consortium supports the modifications to the residential CIL charging zones which now place Tonyrefail within Zone 2.

- 2.2 Whilst the Consortium is supportive of the reduction in the CIL rate for Zone 3 from £100 to £85 per sq m, it does not consider that this goes far enough to ensure that the majority of development within Zone 3 remains viable. Further support in respect of this statement is provided within Section 3.

3.0 Response to DVS Further Viability Testing

- 3.1 Originally DVS tested 10 sites within RCT; four of these are within Zone 1, where a £0 CIL rate is proposed and three each within Zones 2 and 3. The residual for CIL in relation to each Zone 2 and 3 site, based on the DVS assumptions are as follows:

Site	Charging Zone	Residual for CIL	Proposed CIL Rate
26	3	£233	£85
27	3	£147	
31	3	£116	
28	2	£58	£40
29	2	£39	
30	2	£68	

- 3.2 In the Further Viability Testing report dated October 2013, DVS confirm that one of the reasons of the need for further viability testing is that RCT's original CIL study was published some 12 months ago and since then the property and development markets have seen some improvements and so it is appropriate that the evidence base be refreshed and RCT's proposed CIL charges reviewed in light of this.
- 3.3 In completing the further viability testing, DVS have prepared test appraisals based on appraisals that Savills submitted as part of early consultation exercises and the results of these appraisals identify that a CIL rate of £53 to £57 per sq m (inclusive of a 30% buffer could be delivered for Zone 2 and £82 to £87 per sq m for Zone 3.
- 3.4 However, it appears from the residual appraisals that whilst the Gross Development Values have been "refreshed" by providing up to date sales values, the construction costs have not. The original viability report prepared by DVS state that *"the BCIS's median average costs have been adopted for the purpose of the study and these have been adjusted to reflect the study areas locality"*.
- 3.5 Within the appraisals, a construction cost of £753.50 per sq m (£70 per sq ft) has been adopted. However, the correct median regionally adjusted construction costs, according to BCIS as of October 2013 (the date that the further viability testing was undertaken) was £815 per sq m (£75.70 per sq ft) as demonstrated at **Appendix 1**.

3.6 Application of the correct construction costs within the appraisals provided as appendices in the DVS Further Viability Testing report would provide differing results as demonstrated in the table below:

Site	Increased Construction Cost	Increased Contingency	Increased External Allowances	Increased Prof Fees	Total Increase Costs	DVS Residual	Residual for CIL (DVS Residual less increase in costs)	£psm Market Hsg
TEST SITES								
App A	£297,654	£8,929	£59,530	£23,812	£389,925	£396,678	£6,753	£1.60
App B	£595,308	£17,859	£119,061	£47,624	£779,852	£736,095	-£43,757	-£5.19
App C	£297,654	£8,929	£59,530	£23,812	£389,925	£604,939	£215,014	£51.07
App D	£595,308	£17,859	£119,061	£47,624	£779,852	£1,133,413	£353,561	£41.99
STRATEGIC SITES								
App F	£4,256,846	£106,421	£851,369	£340,547	£5,555,183	£13,063,882	£7,508,699	£110
App G	£2,580,294	£64,507	£516,058	£206,423	£3,367,282	£4,314,645	£947,363	£23
App H	£9,547,383	£238,684	£1,909,476	£763,790	£12,459,333	£20,322,486	£7,863,153	£51.68

3.7 Adopting the up-to-date BCIS construction costs has a dramatic impact on the overall viability of each of the sites and demonstrates that the majority of development would not be viable at the proposed CIL rates.

4.0 Conclusions

- 4.1 This document does not intend to re-state many of the comments made in our earlier consultation responses.
- 4.2 The Consortium support the modifications to the residential CIL charging zones which now place Tonyrefail within Zone 2.
- 4.3 Whilst the Consortium is supportive of the reduction in the CIL rate for Zone 3 from £100 to £85 per sq m, it does not consider that this goes far enough to ensure that the majority of development within Zone 3 remains viable.
- 4.4 The original viability report prepared by DVS state that “*the BCIS’s median average costs have been adopted for the purpose of the study and these have been adjusted to reflect the study areas locality*”. However, within the further testing undertaken by DVS, a construction cost of £753.50 per sq m (£70 per sq ft) has been adopted. The correct median regionally adjusted construction costs, according to BCIS as of October 2013 (the date that the further viability testing was undertaken) was £815 per sq m (£75.70 per sq ft).
- 4.5 Adopting the up-to-date BCIS construction costs has a dramatic impact on the overall viability of each of the sites and demonstrates that the majority of development would not be viable at the proposed CIL rates.

Appendix 1



Results

Rebased to 4Q 2013 (238; forecast) and Mid Glamorgan [Edit](#)

£/m2 study

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 06-Apr-2014 07:00

Maximum age of results:

Building function (Maximum age of projects)	£/m ² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
Estate housing							
Generally (15)	837	419	715	815	927	1,783	1515
Single storey (15)	910	487	779	884	1,048	1,429	265
2-storey (15)	820	419	712	804	903	1,597	1134
3-storey (15)	832	539	668	782	924	1,783	115
4-storey or above (25)	1,198	910	-	1,085	-	1,599	3
Estate housing detached (15)	901	657	741	904	1,058	1,172	11
Estate housing semi detached							
Generally (15)	828	430	715	820	917	1,429	329
Single storey (15)	937	581	799	944	1,069	1,429	58
2-storey (15)	806	430	708	806	893	1,386	253
3-storey (15)	789	584	648	748	862	1,259	18
Estate housing terraced							
Generally (15)	857	419	713	820	963	1,783	340
Single storey (15)	906	549	716	851	1,086	1,407	56
2-storey (15)	848	419	721	821	941	1,458	237
3-storey (15)	848	539	681	781	919	1,783	47

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