

# Community Infrastructure Levy (CIL)

*Improving access to services and facilities for all*

## Preliminary Draft Charging Schedule

Summary of Comments

November 2018

Building a world-class city for everyone



## Summary of responses to the Preliminary Draft CIL Charging Schedule consultation

30 respondents commented on the Preliminary Draft CIL Charging Schedule. The table below summarises the main issues raised.

The Draft Charging Schedule is the same as the Preliminary Draft, with the exception that strategic sites, e.g. Northern Gateway, have been removed from nil charge. Alongside the consultation on the draft Charging Schedule will be a consultation on the Regulation 123 list.

Ref.	Topic	Summary of comments
1	Evidence to support viability assessment	If the proposals affect only new developments or those that involve the creation of a new residential unit, agree with the CIL charges. The background evidence supporting could be direct to develop better the public transport and education.
2	Viability	The city council should be encouraging new development, particularly anything that helps the housing situation. Imposing higher charges will discourage property developers or end up increasing costs to users. How can this possibly improve things?
3	Viability	Concerned that the levy on residential buildings will make such development uneconomic at a time when Oxford is desperately in need of new housing.
4	CIL rates for housing	Concern the increased charges for housing will only increase rents in the city which are already unaffordable to many key workers. The rule of thumb cost of housing development is £1,400 per sqm; the proposed £200 per sqm represents about 14% increase in development costs which will reflect in rental values
5	CIL rates for hotel development	While the proportionate rise to £200 seems large, the market attraction of Oxford should justify it. Indeed, one wonders why potentially profitable developments such as hotels should be 'let off' with what amounts to a 75% discount at the proposed lower rate of £50. Perhaps I have missed something in the supporting documents, which are admirably clear and informative.
6	CIL rates for hotels	All good. Levy should be further increased on Hotels
7	Viability/CIL for new ventures	The average person would not understand how to calculate the CIL charges. Also the council should support new groups by having a separate charge rate, which would enable them to start their venture.
8	Viability	The proposed rate seems high. Background evidence is adequate but there is not much distinction between very large developers and smaller ones. The charges should be payable in installments or before occupation of the property. 60 days from commencement of construction can put smaller developers in a challenging position when all resources are geared towards construction.
9	CIL rates for housing	Generally I support the concept and the rates. I don't see why business and warehouse developments should only attract a quarter of the rates for non-HMO housing though, surely we need to be encouraging house building above business development?
10	Viability	Reps made objecting that there is to be CIL on the creation of new playing fields, changing rooms and sports facilities. A number of clubs have to rely on fund raising and public funding for new facilities. NB not all clubs are charitable and have VAT to pay on top of the build cost and professional fees and the imposition of CIL could make projects unviable.
11	CIL rates for housing	The rate is too high, particularly for smaller developments. There is a shortage of new homes being built in Oxford city as it is and this does nothing to encourage developers to take on sites in Oxford. The council should raise the funds necessary by other means.

12	CIL rates for housing/student accommodation	1) Doubling (or more than doubling) the levy in a single go seems excessive 2) No comment 3) The priorities implied by the different charges seem inappropriate. Why is commercial development treated so much more favorably than housing and student accommodation, when there is general agreement that what Oxford most desperately needs is more residential accommodation, not more offices?
13	Viability	CIL charge of £200 per square metre on residential dwellings (Class C3) excessive and if implemented will further restrict the viability of residential schemes across the City. This is particularly so when factored in against a 50% affordable housing requirement.
14	CIL rates for housing/student accommodation	Recommend that Table 1 explicitly mentions exemptions from point 23 to make clear the lack of charges for affordable housing and charitable work. The industry should contribute more. HMOs should be charged at a lower rate as they are a cost effective way to house people in the city. Reduced rates in most deprived areas of Oxford.
15	Viability	Oxford city needs more housing; CIL payments are making this hard for small builders. The fact that it is payable at the outset of the project has an effect on project viability. Council needs to take a pragmatic view and perhaps defer payment until the units are built. The council should do whatever it can to help the housing crisis in this city raising the CIL does not achieve this
16	CIL rates for C1 Hotel developments	Reps made in relation to the proposed increase in CIL for C1 hotel developments. Aware that there is a need to further hotel development to meet unmet demand and help generate future growth. Increasing the CIL rate for hotel developments by 150% from the current rate of £20 to the proposed rate of £50 per sqm could hinder or deter investment, which is essential to ensure that longer stay tourism is encouraged and the local economy is not impaired by a lack of accommodation. The proposed rate should therefore be reduced to help encourage the development of tourist accommodation in the city.
17	Spending of CIL receipts	Important to involve professionals in the cultural development team in the decision making process around the spend of CIL money or by discussing what cultural projects are funded by CIL money.
18	Evidence to support viability assessment	There are a number of serious concerns with the evidence base to support the £200 CIL rate for residential development. The Economic Viability Assessment by GVA is not transparent, the result of the modelling is not made clear and there are a number of assumptions that are not robust. More specifically, the requirement for retirement housing has not been assessed at all and it is clear from our own modelling that any affordable housing contribution will be very difficult in the City on retirement sites. This may mean that much needed housing for older people is not achievable.
19	Exemptions	Representation considers that water and wastewater infrastructure buildings should be exempt from CIL payments. Firstly because CIL was not taken into account in the preparation of representative's latest business plan, and hence, if for any reason they were required to pay it, this would impact on the ability to deliver important water and wastewater infrastructure required to support growth; and secondly, that water and wastewater infrastructure usually has no significant impact on wider infrastructure provision.
20	N/A	Natural England does not consider that this Draft Charging schedule for your Community Infrastructure Levy poses any likely risk or opportunity in relation to our statutory purpose, and so does not wish to comment on this consultation.
21	Strategic Sites/ infrastructure	There must be acknowledgement through the Regulation 123 list and the spend process that these funds should be used to deliver strategic priorities of the City Council and the Growth Deal and over comparatively small scale capital projects. The level at which CIL rates should be set to support infrastructure delivery in comparison to delivering affordable housing does not appear to have been transparently considered with a clear balancing exercise not undertaken. Due to the lack of CIL rate options or sensitivity testing, it is completely unknown as to whether the CIL rate could actually be set higher bringing in additional infrastructure funding and still maintaining the

		<p>viability of the majority of sites. Crudely demonstrated, if a further 5% was added to the CIL rates of £200 and £50, this could generate a further £2.39m in CIL income, which could fund the next phase of the Botley Road corridor improvements or the Churchill Hospital improved bus and cycle access.</p> <p>Northern Gateway (Oxford North) and other strategic sites (tbc) are proposed to be excluded from CIL to allow the full use of S106 agreements to deliver infrastructure. There is a real danger that allowing S106 for such sites will significantly delay the granting of planning permission as there will need to be considerable negotiation over each S106 element unlike with CIL where it is a known and non-negotiable levy.</p>
22	CIL rate for D1 non residential use	<p>The substantial housing growth planned for Oxford, particularly at strategic sites such as Oxford North/Northern Gateway, will place additional pressure on social infrastructure such as education facilities. A need for a new primary school, a new secondary school and extensions to primary schools is identified in the latest Infrastructure Delivery Plan (IDP) for the period to 2026. The timely delivery of these schools alongside phased development of housing will be critical to meeting education needs and supporting housing delivery. The DfE notes that while the new schools are expected to be fully funded, the school extension costs have not yet been estimated, nor have the funding sources and anticipated funding shortfall been quantified. This information should be clarified for the next consultation.</p> <p>The preliminary draft charging schedule includes a proposed higher CIL rate for D1 non-residential uses of £50 per square metre of applicable floorspace. Request that this is amended so that D1 uses are excluded from the list of development types that will be subject to a CIL charge. D1 development (more specifically state funded schools) is an important type of supporting infrastructure, which commercial developments should help to fund. The preliminary draft charging schedule states that the Council is proposing a nil CIL rate for strategic sites larger than a particular threshold of C3 dwellings (tbc), including Oxford North/Northern Gateway. Paragraph 19 states that these strategic sites are expected to contribute towards infrastructure through Section 106 (S106) agreements. This approach is supported, but it will require amendments to the Regulation 123 list to ensure that all forms of infrastructure required to mitigate the impacts of these large-scale developments, including for example school expansions, can be funded via S106.</p>
23	Spending of CIL receipts	<p>The respondent recommends that the City Council considers whether any heritage-related projects within the District would be appropriate for CIL funding, which may be identified from the Local Plan's evidence base.</p> <p>Suggests that development-specific planning obligations may still continue to offer further opportunities for funding improvements to and the mitigation of adverse impacts on the historic environment, such as archaeological investigations, access and interpretation, and the repair and reuse of buildings or other heritage assets.</p>
24	Viability	<p>The respondent does not consider the proposed CIL rate of £50 per sqm for B2/B8 industrial development to be justified, appropriate or consistent with support for the economic health of the City. The Development Viability Assessment offers no new evidence to support the proposed CIL rate for industrial floorspace. Viability testing has been undertaken for a single sample industrial development comprising of a scheme of just 3,500m<sup>2</sup>. This demonstrates that with any CIL for new B2/B8 floorspace the scheme would be unviable. This issue needs to be considered in the context of the development costs which might be incurred for new B2/B8 industrial development in other charging authority areas, where industrial floorspace for manufacturing uses is nil rated for CIL.</p>
25	Strategic sites	<p>Respondent supports the position set out in the Preliminary Draft Charging Schedule that the site at Northern Gateway should be zero rated for CIL. This would enable all necessary infrastructure supporting the development to be paid for under a Section 106 Agreement. However, it is important to have regard to the Regulation 123 List to understand what infrastructure projects will be covered by CIL and therefore the mechanism</p>

		by which infrastructure can be paid for by Section 106 contributions even though the site is zero rated.
26	Strategic sites	Respondent welcomes the positive steps taken to ensure contributions are maximised but is concerned that the increase in rates could impact upon the viability of future schemes, particularly in light of the yet-to-be examined Oxford City Local Plan 2036. The EIP may result in significant changes to the policies within the plan, which could have a consequential impact upon CIL levels. CIL should not restrict the City Council from delivering its strategic priorities, including maximising affordable housing within its administrative area.
27	Timing of LP and CIL examination	The review of the charging schedule should properly take place only after the Local Plan has been subject to examination in public. This will allow the City and neighbouring Councils to review the policies which have been approved by the Secretary of State, amend them where necessary and ensure that appropriate housing numbers are provided. The infrastructure to support that housing will have to be secured, but, as at North Oxford, it may be more appropriate to do so through a site-specific agreement rather than a blanket CIL charge which prevents development from proceeding and reduces investment in Oxford City.
28	CIL rates for new education floorspace and student/staff accommodation	Respondent believes the proposed increase to the CIL charges is too great and could undermine future development. In particular the potential increase to CIL will, if applicable, mean that it is not viable to provide staff and student housing on its sites. The viability assessment indicates it is intended that the developer will factor the CIL charge into the price it pays for the land, effectively reducing the land value to reflect CIL payments. In this case, where the respondent will be developing its land for staff and student housing, and subsequently retaining and managing that housing in perpetuity, the impact of the increased CIL charges could result in increased student rents, and impact of the viability of subsidised staff housing where rents are not able to absorb this CIL rate. Another problem is that the CIL charge is not negotiable on a development-by-development basis. The level of affordable housing to be provided on any particular development can be negotiated. The city is already finding it difficult to deliver more than 27% affordable housing on developments. The GVA assessment does not appear to be the appropriate test for “Build to Rent” development, and this is recognised by the viability assessment at paragraph 7.14.
29	CIL rates for retail	Having reviewed the draft Charging Schedule and the Economic Viability Study, the proposed levy of £200 per sqm for retail is unreasonable and unjustified. It will be too onerous to developers and operations in respect of retail development and will put otherwise acceptable development at serious risk. Of the 29 sample sites included in the viability test in the Economic Viability Study, only one is representative of the retail site. Therefore consider the proposed retail rate is flawed, resulting in CIL charge that is unrealistic and unreasonable, and needs to be reassessed with a greater variety of retail units. Believe the levy will conflict with national policy aims and the NPPF. Retail development is an important contributor to economic growth and provides jobs for the local area. If the levy is to be brought forward, it should be capped at £100 per sqm. It is unreasonable that the levy of £200 per sqm effectively acts as a restriction on development within the area. This is too high and unjustified.
30	CIL rates for new education floorspace and student accommodation	Respondent extremely concerned that the City Council is seeking to increase contributions on new education floorspace by nearly 100% and student accommodation by nearly 60%, which will have adverse impacts on the investment plans for the institution, its ability to house its students and the diversity of its student body. Increase in CIL could mean other projects have to be cancelled or postponed and it will constrain the supply of purpose-built student accommodation. 3. Likely to eliminate the delivery of affordable student accommodation within Oxford that allows students from less affluent backgrounds to access university education.