

**LA6/1**

# **Community Infrastructure Levy: Gosport Draft Charging Schedule**

## **Statement on Issues and Questions**

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### **Response to Barton Willmore's answer to the Examiner's question 6**

Date: 5<sup>th</sup> March 2015

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**GOSPORT**  
Borough Council

## **Response to Barton Willmore's answer to Question 6c**

The respondent claims that housebuilders would assume a similar profit rate for affordable housing and market units, but no further evidence for this is provided. In the previous response on this topic, Adams Integra set out their reasons for adopting a lower profit level for affordable housing, based upon the reduced level of risk attached to receiving the revenue from these units. A scenario was set out, in which the affordable units are built for a registered provider, by the developer, and transferred to the registered provider when complete, at a pre-agreed price. There is, therefore, a reduced risk attached to both the amount of receipt and its timing, resulting in both certainty and cashflow benefits to the developer. With regard to the market units, however, there can be no certainty over the timing or the price level, both of which are at the mercy of the market. This justifies the differential rate.

The rates adopted for different CIL viability studies were set out in a table of appraisal inputs from other assessments which, the Council believes, justify the adopted rates. Further examples are set out below:

1. South Downs National Park Authority: report dated January 2014: market profit 20%, affordable profit 6%.
2. Winchester City Council: CIL adopted in 2014: market profit 20%, affordable profit 10%.
3. South Gloucestershire Council: examination December 2014 with examiner's acceptance of rates: market profit 20%, affordable profit 6%