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9 September 2014

S U M M O N S

MEETING: Economic Development Board
DATE: 17 September 2014
TIME: 6.00pm
PLACE: Committee Room 1, Town Hall, Gosport
Democratic Services contact: Lisa Young

LINDA EDWARDS
BOROUGH SOLICITOR

MEMBERS OF THE BOARD

The Mayor (Councillor Gill) (ex officio)
Chairman of the Policy and Organisation Board (Councillor Hook) (ex officio)

Councillor Philpott (Chairman)
Councillor Beavis (Vice Chairman)

Councillor Ms Ballard	Councillor Hylands
Councillor Edgar	Councillor Langdon
Councillor Mrs Forder	Councillor Mrs Searle
Councillor Geddes	Councillor Mrs Wright

FIRE PRECAUTIONS

(To be read from the Chair if members of the public are present)

In the event of the fire alarm sounding, please leave the room immediately. Proceed downstairs by way of the main stairs or as directed by GBC staff, follow any of the emergency exit signs. People with disability or mobility issues please identify yourself to GBC staff who will assist in your evacuation of the building.

IMPORTANT NOTICE:

- If you are in a wheelchair or have difficulty in walking and require access to the Committee Room on the First Floor of the Town Hall for this meeting, assistance can be provided by Town Hall staff on request

If you require any of the services detailed above please ring the Direct Line for the Democratic Services Officer listed on the Summons (first page).

NOTE:

- i. Councillors are requested to note that, if any Councillor who is not a Member of the Board wishes to speak at the Board meeting, then the Borough Solicitor is required to receive not less than 24 hours prior notice in writing or electronically and such notice shall indicate the agenda item or items on which the member wishes to speak.
- ii. Please note that mobile phones should be switched off or switched to silent for the duration of the meeting.

AGENDA

1. APOLOGIES FOR NON-ATTENDANCE
2. DECLARATIONS OF INTEREST

All Members present are required to declare, at this point in the meeting or as soon as possible thereafter, any personal or personal and prejudicial interest in any item(s) being considered at this meeting.

3. MINUTES OF THE MEETING OF THE BOARD HELD ON 2 JULY 2014.
4. DEPUTATIONS – STANDING ORDER 3.5

(NOTE: The Board is required to receive a deputation(s) on a matter which is before the meeting of the Board provided that notice of the intended deputation and its object shall have been received by the Borough Solicitor by 12 noon on Monday 15 September 2014. The total time for deputations in favour and against a proposal shall not exceed 10 minutes).

5. PUBLIC QUESTIONS – STANDING ORDER 3.6

(NOTE: The Board is required to allow a total of 15 minutes for questions from Members of the public on matters within the terms of reference of the Board provided that notice of such Question(s) shall have been submitted to the Borough Solicitor by 12 noon on Monday 15 September 2014).

6. COMMUNITY INFRASTRUCTURE LEVY – DRAFT CHARGING SCHEDULE

PART II

This report seeks approval to publish the Community Infrastructure Levy (CIL) Draft Charging Schedule for public consultation and subsequent submission to the Secretary of State.

Contact Officer:
Chris Payne
Ext 5216

7. ANY OTHER ITEMS
-which the Chairman determines should be considered, by reason of special circumstances, as a matter of urgency.

AGENDA ITEM NO. 6

Board/Committee:	Economic Development Board
Date of Meeting:	17 th September 2014
Title:	Community Infrastructure Levy – Draft Charging Schedule
Author:	Borough Solicitor and Deputy Chief Executive
Status:	FOR DECISION

Purpose

This report seeks approval to publish the Community Infrastructure Levy (CIL) Draft Charging Schedule for public consultation and subsequent submission to the Secretary of State.

Recommendation

1. That the Board agrees to the publication of the Gosport CIL Draft Charging Schedule (as set out in Appendix A) for public consultation;
2. That the Head of Planning Policy is authorised to prepare a summary of representations received and then submit the Gosport CIL draft charging schedule together with the summary of representations and supporting evidence to the Secretary of State.

1 Background

- 1.1 At the Economic Development Board's meeting of 9th October 2013 approval was given to consult on a Preliminary Draft Charging schedule with the purpose of introducing a Community Infrastructure Levy (CIL) in the Borough. The infrastructure to be funded by the levy is needed to support the development envisaged by the Council's draft Local Plan 2011-2029.
- 1.2 It was reported at the Economic Development Board that in the future the scope to negotiate and then use Section 106 developer contributions will be more limited. In most cases it will no longer be possible to accumulate Section 106 funds from more than five different developments for infrastructure projects. This restriction on the use of section 106 funds is due to be in force by April 2015.
- 1.3 The Preliminary Draft Charging Schedule identified the actual or expected total cost of infrastructure required to support the development of the area and together potential sources of funding. It

then identified if there was a gap between the cost of the infrastructure and the potential funding. Accordingly, it set out the rates of levy to be charged to address this gap in funding. However, when setting its rates in the charging schedule the Council must strike an appropriate balance between:

- the desirability of funding from CIL (in whole or part) the actual or expected total cost of infrastructure required to support the development of the area, taking into account other actual and expected sources of funding; and
- the potential effects taken as a whole of the imposition of CIL on the economic viability of the development across its area.

1.4 In order to establish an appropriate and viable rate at which CIL could be levied, a CIL viability report was needed. Consultants were appointed who had significant experience in preparing CIL viability studies. The Viability Report looked at different types and locations of development. The Viability Report concluded that despite the current depressed economy and reduced level of development activity, the collection of CIL is still viable on some forms of development.

1.5 Local Authorities are required to specify the types of infrastructure for which it intends to use CIL. This needs to be identified in a 'Regulation 123 List'. This was based on the Infrastructure Assessment Report and Infrastructure Delivery Plan. A draft 'Regulation 123 List' for Gosport together the Infrastructure Assessment Report and Infrastructure Delivery Plan were published alongside the Preliminary Draft Charging Schedule and Viability Report.

2 Report

2.1 The Gosport Preliminary Draft Charging Schedule and its supporting evidence reports were subject to public consultation for a period of six weeks ending on 25th November 2013. Nineteen individuals, organisations and interested parties made representations. A summary of these representations and the proposed response is included in Appendix B. The majority of comments were in connection with the Viability Report and how planning obligations made under Section 106 of the Town and Country Planning Act 1990 and payments taken under CIL would operate in the future.

2.2 The consultants who prepared the Viability Report were asked to prepare an addendum to their report addressing the points made in the representations relating to viability. This addendum is contained in Appendix C. The consultants considered the points made in the representations and where appropriate they adjusted their calculations but still concluded that that the proposed CIL rates in the Preliminary Draft Charging Schedule are still viable.

2.3 Accordingly it is proposed that the Preliminary Draft Charging Schedule subject to minor changes and other updates is revised to form the Draft Charging Schedule as included in Appendix A. These minor changes include:

- revisions to make it consistent with the 2014 CIL (Amendment) Regulations;
- providing more up to date information in Table 1: Funding Gap for indicative infrastructure requirements;
- changing the description of the charging zones in Table 2 to those below 10 residential units and those of 10 and above (this corresponds with the draft Local Plan's requirement for affordable housing but is in line 2014 CIL Regulations which requires differential rates to be set by reference to the intended number of dwellings or units to be constructed);
- clarifying that residential development means Class C3 as specified in the Town and Country Planning (Use Classes Order) 1987 as amended;
- clarifying that Extra Care and Sheltered Accommodation within the Use Class C3 will not be liable for CIL charging if it provides affordable housing.
- clarifying that it is not viable to charge MoD Service Family Accommodation CIL;
- providing a map of the different zones on OS base map
- reference to the need to prepare protocols on adoption on the charging schedule for the following;
 - Exemptions for CIL relief (mandatory and discretionary) for social housing, self build dwellings and charities;
 - Exceptional circumstances where a specific scheme cannot afford to pay the levy;
 - Payment by instalment
 - In kind payments

2.4 The Draft Charging Schedule sets out the following rates for CIL. These have not change from the Preliminary Draft Charging Schedule.

Development Type	CIL charge £ per m ²
1. Residential:	
Developments with less than 10 dwellings or units	
Charging Zone 1	£60
Charging Zone 2	£100
Charging Zone 3	£100
Developments with 10 or more dwellings or units	
Charging Zone 1	£0
Charging Zone 2	£80

Charging Zone 3	£100
2. Non Residential:	
Retail warehouses and supermarkets ¹	£60
Other non-residential	£0
3. Gosport Waterfront site	
All Residential	£40
Retail warehouses and supermarkets	£60
Other non-residential uses	£0

1. A simple definition of a Supermarket for this purpose is a food based, self-service, retail unit greater than 280 square metres and governed by the Sunday Trading Act 1994. A retail warehouse can be defined as a large store, typically on one level, that specialises in the sale of bulky goods such as carpets, furniture, electrical goods or DIY items.

- 2.5 The types of infrastructure for which CIL will be used is set out a 'Regulation 123 list'. The Regulation 123 list included in Appendix D has been updated in light of fresh evidence. In order to address the issues concerning when Section 106 planning obligations will still be used a 'Planning Obligations and Developer Contributions Strategy' has been prepared and is included as Appendix E. This strategy sets out when financial contributions will be taken under Section 106 planning obligations. The intention of the strategy is to make it clear that there will not be any double charging for items that are included on the Regulation 123 list.

Next Steps

- 2.6 The Council needs to publish the Draft Charging Schedule together with its supporting evidence for further consultation. It is intended that a 6 week period of consultation will take place between 19th September and 30th October 2014.
- 2.7 The Council is then required to submit the draft Charging Schedule together with a summary of any representations received and all the supporting evidence to the Government for examination by an inspector. Authorisation is sought for the Head of Planning Policy to prepare a summary of representations for submission. The draft charging schedule will then will be considered together with any representations by an inspector at an examination in public (EIP), which is anticipated being concurrent with the Local Plan EIP. Following the examination the inspector will issue a report and if favourable Members will be in a position to adopt the CIL Charging Schedule with a view to collecting CIL.
- 2.8 Once adopted the Council will monitor the factors affecting the proposed CIL charging schedule, and there may be circumstances

that will necessitate an early review. These could include changes in land values, interest rates, development costs, construction costs, or affordable housing requirements.

3 Risk Assessment

- 3.1 The collection of contributions from Section 106 obligations will continue until April 2015 when legislation comes into force which restricts the collection of money under Section 106 obligations. Unless the Council has introduced the Community Infrastructure Levy the Council will not be able to pool developer contributions from more than five section 106 planning obligations for a specific infrastructure project or type of infrastructure.

4 Conclusion

- 4.1 The CIL viability report concludes that collection of a Community Infrastructure Levy is viable on residential development and retail warehouses and supermarkets in the present economic climate. The amount that is viable is reflected in the charges proposed in the attached Draft Charging Schedule (Appendix A).

Financial Services comments:	Contained in the report
Legal Services comments:	Contained in the report
Crime and Disorder:	No direct issues, but the use of money collected through CIL could be used for measures to reduce local crime and disorder.
Equality and Diversity:	The collection of CIL will enable the provision of additional infrastructure which will improve quality of life for all members of the community.
Service Improvement Plan implications:	This preparation of a CIL charging schedule directly relates to other components of the Local Plan.
Corporate Plan:	The collection of CIL will support the provision of infrastructure that will be in line with the aims of the corporate plan.
Risk Assessment:	see paragraph 3.1
Background papers:	Report to Economic Development Board on 9 th October 2013 CIL Viability Report (Adams Integra 2013) Infrastructure Assessment Report Infrastructure Delivery Plan
Appendices/Enclosures:	
Appendix 'A'	Draft CIL Charging Schedule
Appendix 'B'	Summary of representations received and

	proposed responses
Appendix 'C'	CIL Viability Report Addendum
Appendix 'D'	Regulation 123 list
Appendix 'E'	Planning Obligations and Developer Contributions Strategy
Report author/ Lead Officer:	Chris Payne

Community Infrastructure Levy

Gosport Draft Charging Schedule

September 2014



GOSPORT
Borough Council

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1. Purpose of this Document

- 1.1 The draft Charging Schedule has prepared following consultation on the Preliminary Draft Charging Schedule. It sets out:
- Gosport Council's charging rate for its Community Infrastructure Levy (CIL) for developer contributions to help fund infrastructure in the Borough; and
 - A summary of the evidence base that was used to calculate the charges proposed in the charging schedule.
- 1.2 The consultation on the Council's Draft Charging Schedule provides a further opportunity for interested parties to comment on the appropriateness of the Council's proposed Community Infrastructure Levy, which has been prepared in accordance with the Planning Act 2008 and the Community Infrastructure Levy Regulations 2010, and the Community Infrastructure Levy (Amendment) Regulations 2011, 2012, 2013 & 2014.
- 1.3 Once adopted, the CIL Charging Schedule will form the main basis for collecting developer contributions arising from new development in the Borough. It will be used to help fund provision of much-needed infrastructure to support development.

2. What is in this Document?

- 2.1 Sections 3-8 of this document set out the consultation process and the background to CIL. It then sets out a summary of the evidence base which has been used to set the levies proposed in the Charging Schedule (Section 9). The evidence base consists of three elements:
- the Gosport Local Plan 2011-2029 and its supporting evidence;
 - the Infrastructure Assessment Report and Infrastructure Delivery Plan; and
 - the CIL Viability Report and its Addendum.

The detailed evidence documents which support the Draft Charging Schedule are available to view at www.gosport.gov.uk/cil. In addition past performance of planning obligations under Section 106 in securing developer contributions has been monitored.

- 2.2 Sections 10-12 set out how CIL will be calculated, what it will be spent on and its relationship section 106 planning obligations and how it will be monitored.

3. Consultation Process

- 3.1 The draft Charging Schedule (this document) is subject to six weeks' consultation from 19th September 2014 to 30th October 2014.
- 3.2 Representations should be sent by mail to:

Head of Planning Policy
Gosport Borough Council
Town Hall
High Street
Gosport PO12 1EB

or by email to:
planning.policy@gosport.gov.uk

There is also an online comment form which is available at www.gosport.gov.uk/cil

- 3.3 If you have any queries regarding the Draft Charging Schedule or about making any representations please contact the Planning Policy Section at the above postal or E-mail address, or by telephone on 023 9254-5228.

4. Process after Consultation

- 4.1 Following consultation a summary of representations together with the draft Charging Schedule and its supporting evidence will be submitted for examination.
- 4.2 It is likely that the examination in public will take place in 2015 by an independent inspector. They will consider any outstanding representations and whether the Council's proposed Charging Schedule is acceptable. Following the examination the Inspector will publish a report and if necessary propose changes to the Charging Schedule which they believe are required to make it acceptable in terms of legislation and Government planning policy.
- 4.3 Once the Charging Schedule has gone through the consultation and examination process described above the Borough Council must then formally adopt the Charging Schedule in order for it to come into effect.
- 4.5 The Charging Schedule will then be used to calculate and secure developer funding for necessary infrastructure to serve the types of developments permitted in accordance with the Gosport Borough Local Plan 2011-2029.

5. What is CIL?

- 5.1 The Community Infrastructure Levy (CIL) is a system to enable the Council to collect contributions from developers to help fund the infrastructure for which development creates a need. These contributions help fund a wide range of infrastructure such as transport schemes, flood defences, education and health facilities, open space and leisure facilities.
- 5.2 The power for local authorities ('charging authorities') to set and use CIL came into force in April 2010¹ and is required to be implemented on the basis of an up-to-date development plan. The Regulations allow a charging authority to base its Charging Schedule on a draft plan if they are planning a joint examination of their Local Plan and their Community Infrastructure Levy. This is the approach being taken by Gosport Borough Council, and the draft local plan can be seen at www.gosport.gov.uk/localplan2029.
- 5.3 The CIL works on the basis of a per-square-metre tariff with each developer paying a set amount for each additional square metre of development, in accordance with an adopted CIL Charging Schedule. The level of the tariff is set by local authorities for their area of jurisdiction, and is based on the needs identified through the authority's infrastructure assessment evidence relating to new development (the Infrastructure Assessment Report and Infrastructure Delivery Plan) and then tested to ensure that it is viable for the local market. It is acknowledged in accordance with the Regulations that CIL is not intended to pay for all infrastructure; instead it will assist in filling the gap between the cost of infrastructure and other sources of funding.

¹ Community Infrastructure Levy Regulations 2010 (as amended by the Community Infrastructure Levy (Amendment) Regulations 2011 and the Community Infrastructure Levy (Amendment) Regulations 2012, 2013& 2014).

6. Collecting Authority

- 6.1 The collecting authority for CIL tariffs in Gosport Borough will be Gosport Borough Council, as the determining authority and charging authority for the Borough. Depending on the location and nature of the development, part of the CIL may be passed on to Hampshire County Council or other relevant infrastructure providers.

7. Who will pay CIL?

- 7.1 CIL may be charged on the construction of most buildings that people normally use and where more than 100 square metres of floorspace (net), or a new dwelling is created (including dwellings of less than 100 square metres net floorspace). The tariff for each type of development is as set out in the CIL Charging Schedule (see Section 10).

- 7.2 The following do not pay the levy:

- development of less than 100 square metres (see Regulation 42 on Minor Development Exemptions) – unless this is a whole house, in which case the levy is payable
- houses, flats, residential annexes and residential extensions which are built by ‘self builders’ (see Regulations 42A, 42B, 54A and 54B, inserted by the 2014 Regulations)
- social housing that meets the relief criteria set out in Regulation 49 or 49A (as amended by the 2014 Regulations)
- charitable development that meets the relief criteria set out in Regulations 43 to 48
- buildings into which people do not normally go (see Regulation 6(2))
- buildings into which people go only intermittently for the purpose of inspecting or maintaining fixed plant or machinery (see Regulation 6(2))
- structures which are not buildings, such as pylons and wind turbines
- specified types of development which local authorities have decided should be subject to a ‘zero’ rate and specified as such in their charging schedules
- vacant buildings brought back into the same use (see Regulation 40 as amended by the 2014 Regulations)

Where the levy liability is calculated to be less than £50, the chargeable amount is deemed to be zero so no levy is due.

Mezzanine floors of less than 200 square metres, inserted into an existing building, are not liable for the levy unless they form part of a wider planning permission that seeks to provide other works as well.

- 7.3 The Council will prepare appropriate notices and protocols on these matters when the Charging Schedule is adopted.

8. Evidence Base

8.1 Draft Gosport Local Plan 2011-2029

- 8.1.1 The Draft Gosport Local Plan 2011-2029 is the key planning document which sets the development framework for the Borough during the period 2011-2029. It identifies quantum for residential, commercial, industrial and other forms of development and where this will be

accommodated. It also plans for land uses needed to support these forms of development, including open space and community facilities.

8.2 Infrastructure Assessment Report and Infrastructure Delivery Plan

- 8.2.1 The Infrastructure Assessment Report (IAR) sets out key issues relating to infrastructure in the Borough including current and proposed facilities as well as identifying key requirements to support both existing and new development.
- 8.2.2 The Infrastructure Delivery Plan (IDP) identifies the infrastructure which will be needed to cater for the development identified in the Local Plan. Some of this infrastructure needs, for a number of reasons, to be in specific locations or to be accommodated on specific sites, whereas there is a degree of flexibility in the location of other infrastructure.
- 8.2.3 The IDP contains estimates of the cost for each required piece of infrastructure, where known. Research to identify the infrastructure needed to support future development as indicated in the Local Plan included research into the costs of providing this infrastructure.
- 8.2.4 The Infrastructure Delivery Plan will be subject to monitoring and will be reviewed as more up to date information becomes available.
- 8.2.5 This work has identified the ‘funding gap’ as it presently stands between the estimated cost of key infrastructure and the secured funding for this infrastructure. The costs and shortfalls are summarised in Table 1.

Table 1: Funding gap for indicative infrastructure requirements

Infrastructure Category	Estimated Cost (£)	Estimated Funding Gap (£)
Coastal Defences (<i>see note 1</i>)	15,788,000	Significant
School Education (<i>see note 2</i>)	At least 4,000,000	At least 4,000,000
Transport (<i>see note 3</i>)	At least 18,791,000	At least 10,290,000
Green Infrastructure & Public Open Space (<i>see note 4</i>)	2,500,000	2,500,000
Due to the fact that some costs cannot be yet quantified, as they depend on work currently in progress, a total cannot be yet provided. For further project and cost details, see the Infrastructure Delivery Plan. The purpose of this table is simply to demonstrate the difference between known infrastructure costs and funding gaps. These numbers change over time.		

Notes:

1. The Eastern Solent Coastal Partnership recognises that a funding gap exists in respect of the required coastal defences.
2. A specific requirement has been identified in South Gosport to support expected development. However, in most cases it is likely that education will form a generic infrastructure requirement, in order that contributions can be directed towards providing and supporting additional school places required as a result of new development placing pressure on existing school places. In most cases it is not possible to identify specific schemes at this stage as it is not known which schools will experience this pressure over the Plan period as school rolls for individual schools can fluctuate over time.
3. It is important to note that these figures only include those schemes within Gosport Borough with the exception of the Daedalus site access scheme. There are numerous other schemes on the Gosport Peninsula (including the Newgate Lane improvements and proposals for a Western Access Road) which would benefit new developments and could potentially be funded partly from developer contributions. The

purpose of these figures is to emphasise that even without including these schemes there is a funding gap to provide necessary infrastructure required to support new development.

4. Includes provision for a Country Park at the Alver Valley.

8.2.5 As part of the background evidence information has been assembled about the amount of funding collected in recent years through section 106 agreements for the provision of infrastructure.

8.3 CIL Viability Report

8.3.1 The CIL Viability Report (July 2013) was prepared for the Council by independent consultants, Adams Integra and supplemented by an Addendum in July 2014. It assessed the ability of development for different types of uses to make a contribution towards funding new infrastructure. This evidence assesses the ability of a sample of different types of development across the Borough to make financial contributions to help fund infrastructure while remaining viable. The conclusions of the report are that:

- residential development on the sites allocated in the Draft Local Plan for residential development (Draft Local Plan Table 6.2) is sufficiently viable to be able to contribute towards infrastructure funding at present.
- the only other forms of development other than residential development which are able to support a CIL charge are supermarkets and retail warehouses.

8.3.2 It is not intended that CIL fully funds new infrastructure, and the proposed CIL level reflects this issue. The Council will continue to rely on other sources of funding to help pay for new infrastructure. In accordance with the requirements of the CIL Regulations, the CIL Viability Report demonstrates that the proposed level of CIL will not place an undue burden on new development. The amount expected to be raised by CIL will not exceed the new infrastructure requirements (eligible to be funded by CIL) identified in the IDP.

8.3.3 The methodology used for testing viability was to compare the residual land values resulting from a range of hypothetical developments with those sites' current use values. The residual land value was then compared with a benchmark valuation that represents the minimum value that a landowner might be willing to accept to release their site for development. If the residual value was above the benchmark value, the development was considered viable and the difference between the two valuations represents the maximum amount that could potentially be captured by CIL.

8.3.4 However, there are a number of reasons why CIL should not be set at the margin of viability. In other words, it should not seek to capture too much of the residual value above the benchmark value:

- i) The viability evidence undertaken is a snapshot in time and property markets change constantly over time, which means that the CIL rates that are set reflect this snapshot in time. Therefore CIL must remain appropriate for the life of the charging schedule, and not result in preventing significant amounts of development, for example, if there was a further downturn in the market. The Government guidance on CIL specifically requires charging authorities to take this aspect into account.
- ii) The viability appraisals are undertaken using generalised assumptions to find an 'average' valuation for the type of development being appraised. In reality, both values and costs vary significantly which means that the levy rates chosen must allow for the

fact that some developments have abnormally high costs, for example, where the remediation of contaminated land is required.

- iii) The viability appraisals themselves involve a relatively wide margin of error due to the assumptions that have to be made. Levy rates must take this into account when being set.

8.3.5 Taking these factors into account, the consultants have proposed charges that secure the best possible level of funding for infrastructure but avoid the problems of setting rates too close to the margin of viability.

8.4 Viable CIL Levels

8.4.1 The Council considers that the proposed rates put forward in the CIL Viability Report strike an appropriate balance between:

- the desirability of funding from CIL (in whole or part) the actual or expected total cost of infrastructure required to support the development of the area, taking into account other actual and expected sources of funding; and
- the potential effects taken as a whole of the imposition of CIL on the economic viability of the development across its area

Residential Development (Use Class C3)

8.4.2 The Viability Report tested a range of possible CIL charging rates and concluded that residential development in the Borough could support a charging rate of £100 per square metre and still remain viable, other than the Rowner Regeneration Area, where a rate of £60/m² is recommended. Although property values in this area have increased at a faster rate than the Borough average since the commencement of the Rowner Renewal Project (also known as Alver Village), they are not yet at a level which could sustain the same CIL rate as the rest of the Borough.

8.4.3 The Report recognised that where development is required by the Local Plan to make provision for affordable housing on sites of 10 or more dwellings its viability is reduced. The Report considered that the land values in the area in the south and west of the Borough as indicated on the map in Appendix 1 would be still be capable of sustaining a CIL charging rate of £100 per square metre if affordable housing is required. However, due to lower land values in the area to the north residential development with affordable housing would only be viable if the CIL charging rate was reduced to £80 per square metre, and in the Rowner Regeneration Area reduced to zero.

8.4.4 In the case of the Gosport Waterfront Regeneration Area, the report recommends a rate of £40 per square metre due to identified abnormal site redevelopment costs. These reduce the profit margin of redevelopment on this site. However it is considered that affordable housing could be sustained at this rate so this rate would apply to residential development.

8.4.5 The Council is proposing to charge the following differential CIL rates in the zones identified on the map in Appendix 1:

Zone 1	£60 per square metre (£0 for developments of 10 and above dwellings);
Zone 2	£100 per square metre (£80 for developments of 10 and above dwellings)
Zone 3	£100 per square metre (all dwellings)
Gosport Waterfront	£40 per square metre (all dwellings)

Extra Care

- 8.4.6 The Council's consultants have investigated this issue and in their addendum to the Viability Report they have concluded that it not viable to charge CIL on extra care and sheltered accommodation within Use Class C2.
- 8.4.7 It further considered that Extra Care within the public sector which is designed to meet an identified need should benefit from the affordable housing exemption and therefore no CIL charged.
- 8.4.8 The addendum to Viability Report concludes that sheltered accommodation and extra care accommodation that built for the private market within Use Class C3 should still be viable if subject to the residential CIL rates proposed in 8.4.5.

Service Family Accommodation

- 8.4.9 The Council's consultants have investigated this issue and in their Addendum to the Viability Report they have concluded that it not viable to charge CIL on Service Family Accommodation. The Council is therefore proposing a **zero** rate of CIL for Service Family Accommodation development.

Residential Institutions (Use Class C2) and Secure Residential Institutions (Use Class 2A)

- 8.4.10 The Viability Report looked at these types of institutions and considered that it was not viable to charge CIL. The Council is therefore proposing a **zero** rate of CIL for developments within Use Class C2 and C2A.

Hotel Development (Use Class C1)

- 8.4.11 The consultants assessed the viability of development for hotels. Whilst these are unlikely to be speculative developments, and thus will be built to the requirements of a client, the assessment showed that there is no scope to impose CIL on hotel development in Gosport. The Council is therefore proposing a **zero** rate of CIL for hotel development.

Student Accommodation

- 8.4.12 Like hotels, development for student residential accommodation is unlikely to be speculative, and thus would only occur for a client who had commissioned such development. The Report concluded that viability based on local values was such that there was no scope to impose CIL. The Council is therefore proposing a **zero** rate of CIL for student accommodation development.

Retail Development

- 8.4.13 Different locations, types and sizes of shops have different levels of viability. The Viability Report and its addendum showed that the only forms of retailing that would be viable subject to CIL are supermarkets² and retail warehouses³. Consequently the Report recommends a CIL rate of £60 per square metre for supermarkets and retail warehouses only. The Council is therefore proposing a rate of **£60 per square metre** for supermarkets and retail warehouses.

Office Development (Use Class B1a)

- 8.4.14 Assessment of the viability of speculative development for office use was also undertaken. The results indicated that there was a negative viability (ie at present it is unprofitable to build offices in Gosport) and therefore no potential for any levy charge at the present time. This is consistent with the findings in respect of other authorities outside central London

² The CIL Viability Report defines a supermarket as a food based, self-service, retail unit greater than 280 square metres and governed by the Sunday Trading Act 1994.

³ The CIL Viability Report defines retail warehouse as a large store, typically on one level, that specialises in the sale of bulky goods such as carpets, furniture, electrical goods or DIY items.

that have already introduced CIL. The Council is therefore proposing a **zero** rate of CIL for office development.

Industrial Development (Use Class B)

8.4.15 Assessment of the viability of speculative development for industrial use (including warehouses) indicated that although industrial development is occurring in Gosport, the low rate at which this is presently occurring suggests that there is not sufficient viability in this form of development to allow CIL to be levied on it. This is also consistent with the findings in respect of other authorities outside central London that have already introduced CIL. The Council is therefore proposing a **zero** rate of CIL for industrial development.

Leisure Development (Use Class D2)

8.4.16 The consultants examined commercially operated leisure facilities such as cinemas, bowling alleys and fitness centres. The profitability of these types of land uses depends largely on the amount of discretionary expenditure that consumers are able to undertake. The Viability Report considers that a combination of factors including the investment yields and rental values does not provide sufficient viability to charge CIL. The Council is therefore proposing a **zero** rate of CIL for commercially-operated leisure development.

Community Facilities (Use Class D1)

8.4.17 Community Facilities can include facilities for education, health, culture, youth and children community halls and places of worship. The provision of these facilities usually depends on public investment or subsidy in one form or another in order to be delivered, even when privately operated. They are therefore inherently unviable in developer terms, even without the imposition of CIL. Rather than helping fund CIL, these developments are funded by CIL. The Council is therefore proposing a **zero** rate of CIL for community facility development.

9. Draft Charging Schedule

Table 2: Proposed CIL rates (see map in Appendix 1 for locations of residential charging zones)

Development Type	CIL charge £ per m ²
1. Residential:	
Developments with less than 10 dwellings or units	
Charging Zone 1	£60
Charging Zone 2	£100
Charging Zone 3	£100
Developments with 10 or more dwellings or units	
Charging Zone 1	£0
Charging Zone 2	£80
Charging Zone 3	£100
2. Non Residential:	
Retail warehouses and supermarkets ¹	£60
Other non-residential	£0
3. Gosport Waterfront site	

All Residential	£40
Retail warehouses and supermarkets	£60
Other non-residential uses	£0

1. A simple definition of a Supermarket for this purpose is a food based, self-service, retail unit greater than 280 square metres and governed by the Sunday Trading Act 1994. A retail warehouse can be defined as a large store, typically on one level, that specialises in the sale of bulky goods such as carpets, furniture, electrical goods or DIY items.

10. Calculating the Chargeable Amount

- 10.1 The amount to be charged for each development will be calculated in accordance with Regulation 40 of the Community Infrastructure Levy Regulations 2010, as amended. CIL applies to the gross internal area of the net increase in development.

11. The Regulation 123 List and future Section 106 Contributions

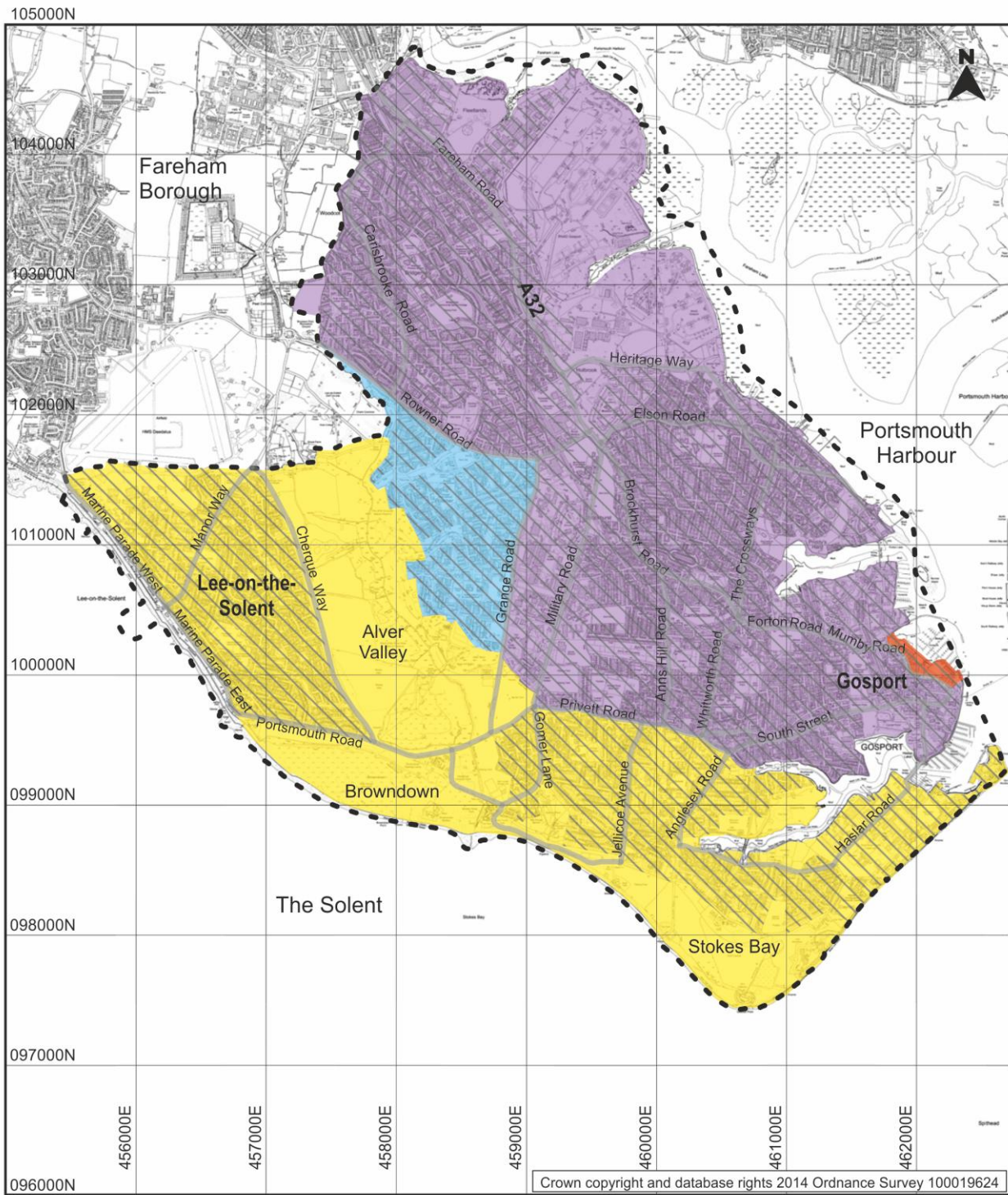
- 11.1 CIL is required to be spent on infrastructure to benefit the Borough. This includes facilities for transport, education, and health, flood defences and green infrastructure (land identified as performing a role in protecting or enhancing biodiversity). The Council is required to publish a 'Regulation 123' list, which lists infrastructure projects or types of infrastructure that it intends to fund through CIL. It can specify that CIL income from certain sites or from certain areas will not be spent on specific items or any of the items on the list. A draft Regulation 123 list has been prepared to accompany this charging schedule.
- 11.2 Once the CIL charging schedule is adopted, or no later than 6th April 2015 if a charging schedule is not adopted by then, the scope for pooling financial contributions secured by section 106 planning obligations is reduced. It will no longer be possible to pool contributions from five or more developments for each infrastructure project or type. However, notwithstanding this condition, there will still be instances in which the Council will collect contributions through section 106 rather than through CIL. This will be most likely where the development has site-specific requirements which are essential to enable the development to commence (for example flood management measures).
- 11.3 The Council has prepared a Planning Obligations and Developer Contributions Strategy setting out further details on the likely circumstances when a development will be subject to a Section 106 Agreement.
- 11.4 The legislation requires that developments are not charged for the same items of infrastructure through Section 106 agreements and through CIL, so the wording of the Regulation 123 list and the Planning Obligations and Developer Contributions Strategy will make it clear that they fund different infrastructure.






12. Implementation and Monitoring CIL

- 12.1 Once the Charging Schedule is adopted the Council will produce a number of protocols outlining the various procedures involved in collecting CIL. These will include details of exemptions (social housing, self-build homes and charities), payment by instalments and payments in kind.

- 12.2 Charging authorities are under an obligation to keep their CIL rates under review to ensure that they remain appropriate, for instance as market conditions change or as changes in the Borough's planning context give rise to significantly different gaps in infrastructure funding. This means that the Council recognises that, if market conditions improve and therefore margins increase, the CIL rates would need to be reviewed, subject to regulatory procedures.
- 12.3 CIL could also be reviewed as part of an overall review of developer contributions, because it is recognised that Section 106 contributions also affect development viability and together they must not exceed a level which makes development unviable.
- 12.4 The Council will monitor the factors affecting the proposed CIL charging schedule, and there may be circumstances that will necessitate an early review. These could include changes in land values, interest rates, development costs, construction costs or affordable housing requirements.
- 12.5 In addition the Council recognises that CIL will form part of the long term financial planning for developments and infrastructure investment to keep pace with growth and recognises that infrastructure projects will be added and delivered. Therefore the infrastructure programme needs to be updated regularly.
- 12.6 The Council is committed to ensure that the use of CIL income is open and transparent, and will therefore monitor CIL income and expenditure and report on these in its annual monitoring reports.

APPENDIX 1: Map of CIL Residential Charging Zones



- - - Gosport Borough Boundary
-  Gosport Borough Urban Area
-  Zone 1 : £60/m² (£0 for 10 and above dwellings)
-  Zone 2 : £100/m² (£80 for 10 and above dwellings)
-  Zone 3 : £100/m² all dwellings
-  Waterfront : £40/m² all dwellings



CIL Preliminary Draft Charging Schedule

SUMMARY OF REPRESENTATIONS RECEIVED AND PROPOSED RESPONSES

Summary of Representations Received and Proposed Responses

Introduction

Gosport Borough Council conducted consultation on the Preliminary Draft Charging Schedule and its supporting evidence for 6 weeks ending on 25th November 2013. The documentation was placed on the Council's website and placed in the Council Offices and the local libraries. In addition notifications were sent to individuals, organisations and interested parties who are on Council's LDF consultation database. The Council received 19 representations from individual, organisations and interested parties.

Representations were received on preliminary draft charging schedule and the supporting evidence. The analysis has been separated into five sections:

1. Preliminary Draft Charging Schedule
2. CIL Viability Report
3. Draft Regulation 123 List
4. Infrastructure Delivery Plan
5. Infrastructure Assessment Report

Summary of Representations Received and Proposed Responses

1. CIL Preliminary Draft Charging Schedule - Response Table

Ref No.	Respondee	Summary of Key Points	GBC Comment/Action
P1	Advanced Marine Innovation Technology Subsea Ltd	<p>Section 8.2 states that there is no CIL charged where the development relates to change of use.</p> <p>Does this mean that a developer can redevelop what is currently industrial / employment ground to housing use without incurring the CIL?</p> <p>My comment as the owner of a company that has been endeavouring to expand in Gosport is that this will only further exacerbate the over-valued status of industrial ground.</p> <p>By not charging CIL on a change of use from employment to housing makes holding out for high prices followed by a change of use application a viable high profit option for property developers.</p> <p>I would suggest that any property conversion from employment industrial / office to housing should attract the top rate CIL.</p>	<p>Further guidance has been issued in 2014 by the Government clarifying which forms of development are exempt from CIL.</p> <p>A development which would result in a change of use from employment to residential would be liable to CIL.</p> <p>The Draft Charging Schedule has been revised to indicate which forms of development are exempt.</p>
P2	Homes and Communities Agency	No comments	Noted. However HCA have made comments via Carter Jonas (see Ref No.P16)
P3	Marine Management Organisation	No comments	n/a
P4	English Heritage - South East	<p>English Heritage advises that CIL charging authorities identify the ways in which CIL, planning obligations and other funding streams can be used to implement the policies within the Local Plan aimed at and achieving the conservation and enhancement of the historic environment, heritage assets and their setting.</p> <p>We suggest that the Borough Council should consider whether any heritage-related projects within Gosport Borough would be appropriate for CIL funding. Your Local Plan's evidence base may</p>	<p>The Regulation 123 list and the Planning Obligations and Developer Contributions Strategy recognise the scope for CIL or planning obligations to contribute to heritage assets.</p> <p>The Planning Obligations and Developer Contributions Strategy recognises that planning obligations can be used for other</p>

Summary of Representations Received and Proposed Responses

Ref No.	Respondee	Summary of Key Points	GBC Comment/Action
		<p>demonstrate the specific opportunities for CIL to help deliver growth and in so doing meet the Plan's objectives for the historic environment.</p> <p>The Council should also be aware of the implications of any CIL rate on the viability and effective conservation of the historic environment and heritage assets in development proposals.</p> <p>In setting the CIL rate the conservation of its heritage assets should be taken into account so as to safeguard and encourage appropriate and viable uses for the historic environment.</p> <p>We consider it essential, therefore, that the rates proposed in areas where there are groups of heritage assets at risk are not such as would be likely to discourage schemes being put forward for their re-use or associated heritage-led regeneration. In such areas, there may be a case for lowering the rates charged.</p> <p>In addition, we are encouraging local authorities to assert in their CIL Charging Schedules their right to offer CIL relief in exceptional circumstances where development which affects heritage assets and their settings may become unviable it was subject to CIL.</p> <p>For clarity, we would recommend that if such exceptional circumstances are recognised, following guidance set out in the Community Infrastructure Levy Relief Information Document (2011), the conditions and procedures for CIL relief be set out within a separate statement following the Charging Schedule. The statement could set out the criteria to define exceptional circumstances and provide a clear rationale for their use, including the justification in terms of the public benefit (for example, where CIL relief would enable the restoration of heritage assets identified on English Heritage's Heritage at Risk Register).</p> <p>It should also be remembered 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</p>	<p>purposes such as those identified by English Heritage.</p> <p>The Viability Report made an allowance for abnormal costs and it is not considered that a lower charging rate should be introduced for heritage assets.</p> <p>The Borough Council will consider this matter under the exemptions provisions as set out in the CIL regulations and will set out a protocol dealing with this matter outside of the charging schedule.</p> <p>The Planning Obligations and Developer Contributions Strategy addresses this issue.</p>

Summary of Representations Received and Proposed Responses

Ref No.	Respondee	Summary of Key Points	GBC Comment/Action
		and interpretation, and the repair and reuse of buildings or other heritage assets.	
P5	Gosport Society	The only comment we would submit on this consultation is to question why hotels and industrial units are exempted from the proposed levy. Both of these put pressure on the local infrastructure, probably more so than domestic property. We do not subscribe to the view that the exception creates jobs. We believe the same levy should be applied to both categories.	The Council's Viability Report concluded that that it was not economically viable to charge CIL on hotels and industrial units
P6	The Theatres Trust	<p>We support paragraph 9.4.8 which proposes a zero rate for all community facilities. As it is not clear what is meant by the term 'community facilities' we suggest a description is included for clarity in the paragraph along the lines of: The function of community facilities is to provide services and access to venues for the health and wellbeing, social, educational, spiritual, recreational, leisure and cultural needs of the community.</p> <p>Theatre uses are generally unable to bear the cost of CIL for viability reasons. However, due to the unique nature of their use, access requirements, and construction they make a positive contribution to the provision of cultural infrastructure in an area, and their development makes a positive net contribution to that area's infrastructure.</p>	A definition of community facilities will be included in the draft Charging Schedule
P7	Southern Water	Southern Water believes that the CIL is not designed to include utility infrastructure, such as local sewers and associated facilities (e.g. pumping stations). On this basis, it is not appropriate for the company to comment on the specifics of the CIL proposals. However, it would be helpful if this document could recognise that developer contributions towards local infrastructure may be required, which are additional to the CIL and S106 planning obligations.	The Council has prepared Planning Obligations and Developer Contributions Strategy to accompany the Charging Schedule.
P9	Defence Infrastructure Organisation	I note that the City Council is proposing to charge CIL only on retail warehousing, supermarket and residential development. I support the Council's decision to exclude other uses from the proposed CIL charge and in the absence of the inclusion in your Schedule of Secure Residential Institution Use (C2A), I have assumed this use will also be zero-rated to be consistent with the zero-rating of Hotel and Student Accommodation development.	There is no intention of charging Secure Residential Institution Uses (C2A) the Levy.

Summary of Representations Received and Proposed Responses

Ref No.	Respondee	Summary of Key Points	GBC Comment/Action
		<p>Of the two uses on which the Council does intend to impose a levy on, only the inclusion of residential has the potential to impact on MOD projects. You will be aware that married Service personnel often occupy rented accommodation owned by MOD, known as Service Family Accommodation (SFA) and the development of that accommodation would, potentially, be subject to CIL under the preliminary Draft Charging Schedule. However, MOD believes that there are particular reasons why the development of SFA should be exempt from the CIL charge or subject to a significantly discounted rate. Those reasons are based on the characteristics of SFA and the lower demands likely to be made on community infrastructure by occupiers of SFA.</p> <p>The CIL viability study recognised that the Affordable Housing provision reduced a development's viability and this is particularly relevant to SFA. As with affordable housing, SFA is developed and held only to address a specific housing need, rather than with the intention of making a profit through the sale of the dwellings. In this instance, it is intended to address the needs of Service personnel, a recognised group of Key Workers. Rental levels are heavily subsidised by MOD and are generally lower or equivalent to those charged by Registered Social Landlords.</p>	<p>The Councils' viability consultants have investigated this issue and in their addendum to the Viability Report they have concluded that it not viable to charge CIL on Service Family Accommodation.</p>
P11	A resident	<p>The Schedule seeks to differentiate between residential developments on the basis of whether or not the development will provide on-site social housing.</p> <p>Regulation 13 of the CIL Regulations only permits differentiation on the basis of (a) zones or (b) the intended use of the development. With or without the provision of social housing, the use of a site would still be residential. In my view therefore, the DPCS as it currently stands, does not comply with the CIL Regulations.</p> <p>Secondly, the Schedule does not make it clear whether the residential rate only applies to dwellings or also to other residential uses falling with the various C class uses set out in the Use Classes</p>	<p>The Regulations have been further amended and allows differentiation on the numbers of dwellings. As the Local Plan' policy on affordable housing is triggered by dwelling size. It is proposed to change the definition of zones by reference to dwelling size.</p> <p>It is intended that the charge applies to Class C3 dwelling houses. This will be clarified.</p>

Summary of Representations Received and Proposed Responses

Ref No.	Respondee	Summary of Key Points	GBC Comment/Action
		<p>Order such as care homes.</p> <p>Thirdly, the plan that shows the four charging zones does not comply with CIL Regulation 12(c)(iii) in that it does not show the National Grid Lines. I believe that the plan, due to its small scale and lack of detail, does not show with sufficient certainty into which zone a particular site may fall when it is near the boundary of two zones.</p>	<p>The Plan will be amended.</p>
P12	Hampshire County Council	<p>Extra Care housing</p> <p>The requirement for Extra Care housing development is recognised in the Draft Infrastructure Delivery Plan (P5), which identifies that there is likely to be a need for up to 243 units of Extra Care housing in Gosport Borough in the period to 2025. By their nature, Extra Care developments will have a significant proportion of their total floorspace given over to communal areas, service areas and care facilities. Extra Care housing developments are likely to have different funding arrangements than other residential developments, and will need to be assembled from a range of public and private sources, of which the County Council will be one.</p> <p>It is noted that the viability assessment has not specifically look at Extra Care housing. This is specialist provision defined as “purpose-built accommodation in which varying amounts of care and support can be offered and where some services are shared.” Schemes can combine a range of tenures and, as such, the private units can provide some cross-subsidy to the affordable. It is likely that some Extra Care development will fall partly within Class C3 and partly within C2. Therefore, if the Borough Council makes all Class C3 development liable to CIL then some Extra Care housing development will be liable for the charge. For the avoidance of doubt, it is therefore important that the Charging Schedule is explicit about the rate that is applicable for this type of development.</p>	<p>The Councils’ viability consultants have investigated this issue and in their addendum to the Viability Report they have concluded that it not viable to charge CIL on extra care and sheltered accommodation within Use Class 2.</p> <p>It further considered that Extra Care within the public sector which is designed to meet an identified need should benefit from the affordable housing exemption and therefore no CIL charged. The consultants suggest that a Section106 could be secured to ensure that these units remain as public/social provision.</p>
P13	Environment Agency	<p>We have no comments to make on the schedule or the supporting infrastructure documents. We are however pleased to see that flood risk management and green infrastructure have been identified both in the Infrastructure Delivery Plan and Regulation 123 list.</p>	<p>Noted</p>
P14	Barton Willmore on behalf of Milln Gate Gosport LLP	<p>Millngate objects to the Preliminary Draft Charging Schedule on the following grounds:</p> <ul style="list-style-type: none"> • The proposed ‘Retail Warehouse and Supermarkets’ Rate cannot 	<p>see comments on viability study</p>

Summary of Representations Received and Proposed Responses

Ref No.	Respondee	Summary of Key Points	GBC Comment/Action
		<p>be justified based on the limitations of the Report forming the Evidence Base.</p> <ul style="list-style-type: none"> • The proposed 'Residential' Rate cannot be justified based on the limitations of the supporting Report forming the Evidence Base. • The Report forming the Evidence Base only provides a limited assessment of the maximum viable rate for Retail development and has an insufficient relationship with development and flexibility. • The Charging Schedule fails to offer any guidance on Discretionary Relief for Exceptional Circumstances, Phasing Payments and inadequate details of project funding in the 123 List. 	<p>see comments on viability study</p> <p>see comments on viability study</p> <p>The draft charging schedule does not have to provide details of exceptional circumstances, phasing of payments. The project funding does not need to be listed in draft 123 list.</p>
P15	Barton Willmore on behalf of Berkeley Homes (Southern) Ltd	<p>At this stage, having undertaken a high level review of the evidence, we have identified above a number of fundamental concerns regarding the approach and methodology adopted in preparing the PDCS. These are summarised as follows:</p> <ul style="list-style-type: none"> • the appropriate evidence required to support the implementation of the levy does not include an up-to-date relevant Plan for the area, as required by paragraph 11 of the CLG guidance; • there is insufficient infrastructure planning evidence to demonstrate there is an identified funding gap to justify the implementation of CIL within the Borough, as required by paragraphs 12 to 16 of the CLG guidance; • the Viability Report has failed to take account of other development costs in determining its proposed charging rates, as required by paragraph 29 of the CLG guidance. Even if it is argued that the recommendations within the Viability Report do take these into account, these are not reflected within the PDCS as the recommended figures are for 'overall developer contributions' and not the proposed Charging Rates; • the Draft Regulation 123 list is based on inadequate infrastructure planning evidence and as a result will not provide clarity or 	<p>The draft Charging schedule will not be examined until the Gosport Borough Local Plan (2011-2029) has been examined.</p> <p>The funding been shown in the draft charging schedule.</p> <p>See Viability report comments</p>

Summary of Representations Received and Proposed Responses

Ref No.	Respondee	Summary of Key Points	GBC Comment/Action
		<p>transparency to developers about what they will be expected to pay and by which route, raising concerns about potential 'double-dipping' – this would not accord with paragraphs 85 to 87 of the CLG guidance. Furthermore, as drafted it is in conflict with paragraph 88 of the CLG guidance which advises against seeking site-specific contributions via S106 where generic items are included within the Regulation 123 list</p> <ul style="list-style-type: none"> • the Viability Report has failed to undertake sufficient direct sampling of an appropriate range of types of sites expected to come forward within its area, particularly brownfield sites that are likely to be common within the Borough, as required by paragraph 27 of the CLG guidance 	<p>The draft 123 list is based on adequate infrastructure evidence. The Council has prepared Planning Obligations and Developer Contributions Strategy which fully considers the issue of 'double dipping'.</p> <p>See Viability report comments</p>
P16	Carter Jonas on behalf of the Homes and Communities Agency	<p>These comments relate to the HCA's interest at Daedalus. The authority is proposing to charge a rate of £100 per sq m for residential developments within the area within which Daedalus is located. This includes schemes for which full provision is to be made for affordable housing. At this stage, the HCA has two observations on this proposal.</p> <p>First, is it reasonable to charge the same amount for schemes that provide affordable housing as those that do not? On the basis the latter scheme is more viable than the former, surely a different rate would apply?</p> <p>Second, given the EZ designation affecting part of the area, would it not make more sense to exclude the EZ land from the designation? This could be achieved with an amendment to Appendix 1 (Map of CIL Residential Charging Zones). It is acknowledged that the EZ designation relates to employment uses, however given the objective to create a mixed use community within Waterfront, the HCA considers that a strong case can be made to make this change and encourage mixed use development within this area.</p>	<p>Based on the evidence in the Viability Report it is reasonable to charge the same rate. As it established that schemes with affordable housing will be viable at the £100 per sq m rate.</p> <p>The primary objective of the Enterprise Zone is to promote economic development and it would not be appropriate to exclude the EZ from the charging zones. To do so may encourage further residential development and compromise the overall objectives for the Enterprise Zone.</p>
P17	Gosport Allotment Holders and Gardeners Association	<p>The Allotment Association recognises the proposed CIL will provide a welcome source of funding for the provision and maintenance of Allotment Sites. Unlike adjacent Councils, Gosport has never had a funded programme of investing in allotment infrastructure and it is</p>	

Summary of Representations Received and Proposed Responses

Ref No.	Respondee	Summary of Key Points	GBC Comment/Action
		<p>pleasing to note that introducing the CIL provides a means to remedy this.</p> <p>We note in the supporting documentation there is only passing reference to Allotments and there is no mention whatsoever in the Infrastructure Delivery Plan. It is suggested this should be corrected and updated to show the requirement for new land for allotments and on-going investment to provide Toilet Facilities on most sites, Boundary security updating/replacement, water distribution renewal and flood mitigation particularly at Rowner and Elson Allotment Sites.</p>	<p>This matter will be considered in the Infrastructure Assessment Report, the Infrastructure Delivery Plan and in Regulation 123 list</p>
P18	Eastern Solent Coastal Partnership	<p>We are pleased to see that flood risk management infrastructure is one of the areas considered under the Draft Regulation 123 List that Gosport Borough's CIL may be used to fund.</p> <p>The Coastal Partnership therefore gives its support to the content of the document and has no further comment on the CIL consultation documents.</p>	Noted
P19	A resident	<p>The timing of these proposed changes is unfortunate, given the possibility that business rates are under active consideration for abolition or reform. Will abolition or reform of business rates necessitate any review of CIL?</p> <p><u>Para 1.2</u> – The authority for CIL is claimed from four sets of Regulations, rather than original Statute. The consultation is therefore happening in the context of an incomplete picture. Reliance on Regulations alone also implies more centralisation, because Regulations are much quicker to amend than primary Statute.</p> <p><u>Para 3.3</u> – The involvement of an Inspector on finalisation of the Council's Schedule alerts the onlooker to the real reasons for CIL, namely to speed up development, even against the Council's wishes as LPA. The use of a Government Inspector to determine the Council's charges is in itself a novelty in centralisation, and the Council could be burdened with a schedule it does not want, meaning that the Council's position as Local Planning Authority is undermined by substantive loss of its present freedoms and discretions under the Section 106 process.</p>	<p>CIL is independent of business rates.</p> <p>Reference to the Planning Act 2008 can be made but the charging schedule has to be in accordance with the regulations.</p> <p>The regulations stipulate that the draft charging schedule has to be examined by an inspector.</p>

Summary of Representations Received and Proposed Responses

Ref No.	Respondee	Summary of Key Points	GBC Comment/Action
		<p><u>Para 4.1 – Last Sentence</u> – This states that CIL is to benefit users of new developments only, meaning existing residents are left out. Yet Para 6.1 directly contradicts 4.1, in implying CIL is in response to pressures on existing infrastructure (line 1) including roads and public transport, services and community facilities and on the environment generally? Para 9.2.1 further confuses, claiming that the IAR Infrastructure Assessment Report sets out key issues relating to infrastructure in the Borough including current and proposed facilities as well as identifying key requirements to support both existing and new development.</p> <p><u>Para 12</u> – What CIL will be spent on seems to relate development to existing infrastructure, not infrastructure for new developments. Is the scheme to deal with proposed infrastructure or existing infrastructure? Which is it?</p> <p>If it is to relate to existing infrastructure as well, the implication is that infrastructure for existing developments is deficient, undermining the justification for new developments.</p> <p><u>Para 4.3</u> – This comments CIL is not intended to pay for all infrastructure, instead it will assist in filling the gap between the cost of infrastructure and other sources of funding? Apart from admitting a gap will remain, is this gap to be filled by business rates alterations? How will the Council’s accounts reflect this anticipated gap and how will this gap be monitored and managed?</p> <p><u>Para 7.1</u> – I note that CIL will be collected by GBC, but then shared with Hants County Council. This is a recipe for bureaucracy and inter-local authority argument, since both authorities will be simultaneously seeking to maximise their share.</p>	<p>There is no confusion CIL is intended to contribute towards infrastructure provision that is required as a result of new development. In some case this new infrastructure will also benefit existing residents.</p> <p>Paragraph 4.1 will be clarified. The IAR looks at all the infrastructure in the Borough so that a full and proper assessment can be made.</p> <p>Paragraph 12 does not suggest that CIL will be spent on existing infrastructure. It is to be spent on infrastructure that is required to support new development as set in the CIL Guidance (page 38).</p> <p>It is not intended that the gap will be filled by business rates. The Council along with its partners will seek to identify alternative funding streams.</p> <p>Some of the infrastructure will be provided by HCC so it is appropriate that a proportion of CIL is allocated to HCC. GBC will determine the allocation.</p>
P19	A resident	<p><u>Paras 9.2.2/9.2.5</u> – These emphasise the intention to render development easier and imply centralisation against the wishes of the Council as LPA.</p> <p><u>Para 9.2.5</u> – The anticipated funding gaps for indicative infrastructure requirements question the reliability of the figures shown. Table 1 admits that some figures cannot yet be quantified. If this is the case, what collective procedures will be in place to cover shortfalls?</p> <p><u>Footnote 2 top page 5</u> – This identifies an expectation of development in South Gosport. Why? This is an area already urbanised. I hope this does not induce development at Browndown</p>	<p>Proposals for development will still need to be considered through the normal planning process.</p> <p>The Council along with its partners will seek to identify alternative funding streams</p> <p>HCC have identified that there are potential pressures at primary schools in South Gosport and that it is likely that new development would</p>

Summary of Representations Received and Proposed Responses

Ref No.	Respondee	Summary of Key Points	GBC Comment/Action
			need to contribute towards additional places. The Schedule does not allocate sites for development that is the role of the Local Plan.
P19	A resident	<p><u>Para 9.3.2</u> – The document hopes that the proposed level of CIL does not place an undue burden on new development. So how real is the wish for infrastructure provision? Is the whole CIL set-up a cover to enable large scale developments using existing infrastructure alone?</p> <p><u>Para 9.3.4</u> – The margin of viability is a recipe for corruption and political favouritism by relating the decision-making process to the profitability of schemes and on whether affordable housing is to be included.</p> <p><u>Paras 13.2, 3 & 4</u> – If the S.106 procedure is to remain available why are all these changes really necessary?</p> <p><u>Para 14.3</u> – The words “to keep pace with growth” emphasises the real reasons for the CIL scheme, namely to facilitate development, even against the wishes of the LPA. Or will the Council as LPA allow developments without infrastructure? The Council’s first loyalty is to existing residents, not to adhering to government policy, whether publicised or concealed from the public.</p> <p><u>Incomplete Consultation</u> – The documentation appears to limit public consultation to the charging schedule rather than the whole CIL scheme. This is not your fault, but the incompleteness of consultation reminds me of incomplete public consultations of the past, namely on the design of the Millennium Tower as opposed to whether we wanted the Tower at all.</p> <p><u>Draft Charging Schedule Zones</u> – The geographical zones and related financial “burdens” for each zone appear to deter affordable housing in Zone 3, while encouraging it in Zone 1, and to a lesser degree in Zone 2 The Waterfront.</p>	<p>Viability is a key consideration set out in the NPPF and CIL Regulations.</p> <p>The CIL Regulations will in the future restrict the pooling of funds from more than 5 planning obligations under Section 106.</p> <p>It is important infrastructure is provided and that is why CIL is charged.</p> <p>Noted</p> <p>The Local Plan sets out policies for affordable housing which apply across the whole Borough. CIL does not determine where affordable housing will be built.</p>

Summary of Representations Received and Proposed Responses

2. CIL Viability Report: Response Table

Ref No.	Respondee	Summary of Key Points	GBC Comment/Action
P14	Barton Willmore on behalf of Milln Gate Gosport LLP	<p>Retail Warehouse and Supermarkets</p> <p>The Report includes a series of Development Appraisals (see Appendices 10A-D) for various forms of retail development to inform an assessment of viability and affordability for the proposed Rate. Millngate consider the Appraisal to be unrealistic due to inadequacies in the inputs and assumptions on the following basis:</p>	<p>On behalf of the Council, Adams Integra have met with Barton Willmore and Milln Gate to seek to resolve the issues raised in the representation. Adams Integra have produced an Addendum to their report to address the issues raised.</p>
		<ul style="list-style-type: none"> • Site Value: we note at paragraph C3.2.3 of the Report that Adams Integra has found very limited evidence of non-residential land transactions in the Borough to reach an adequate judgement for the different use categories. This is reflected in the limited samples provided at Appendix 13 of the Report. This is a very concerning conclusion given the sensitivity that existing site value can have on the viability of development. In this regard, the Borough will be aware that ‘appropriate available evidence’ is to be used to inform the Schedule. As per paragraphs 26-27 of the Guidance a Charging Authority should draw on available existing data and an appropriate sample of sites across the administrative area. The approach and findings of the Report are clearly at odds with the Guidance. In the absence of existing data, the conclusions reached on Existing Site Value within all appraisals are not justified and thus not sound. • Rental Levels: the commentary at paragraphs C5.1-5 of the Report, illustrate the limitations of publically available data on rents particularly in the retail sector. It is therefore essential that the conclusions reached are robust and seek to achieve an appropriate assumption on anticipated rental levels in the Borough. In Millngate’s experience, the rental level quoted for Retail Warehouse schemes are too high. The appraisal also needs to make allowance for incentives that a Developer would provide as part of the rental package in order to attract a potential occupier to a town and scheme. This is particularly significant given present market 	<p>Milln Gate have not provided alternative evidence. Adams Integra’s, despite the limited amount of evidence available, have reassessed site values in the Addendum.</p> <p>Adams Integra’s have reassessed rental values in the Addendum.</p>

Summary of Representations Received and Proposed Responses

Ref No.	Respondee	Summary of Key Points	GBC Comment/Action
		<p>conditions in the Food Retail and Retail Warehouse sectors where occupier demand is low.</p> <ul style="list-style-type: none"> • Building Costs & External Works: the assumption on building costs and external works is too low for the type of scheme that is being assessed. In Millngate's experience, inadequate allowance has been made for the quality of building that retailers and local planning authorities expect from contemporary retail development. No allowance has also been made for external works such as landscaping, public realm and potential abnormal costs such as contamination, reduction in developable area (due to design and other constraints), highway works and demolition costs. In this regard, the 5% contingency allowance is insufficient. • Professional Fees / Planning Costs: in Millngate's experience the allowance for professional fees is inadequate in both the Retail Warehouse and Supermarket appraisals. Greater allowance needs to be provided in the appraisals for pre-application costs due to the emphasis on 'front-loading' the process with community consultation and discussions with decision makers such as the Local Planning Authority and statutory consultee. Adequate allowance also needs to be made for the cost of producing application documents in accordance with the Authority's validation checklist. Such costs are generally higher for Retail projects due to their nature and the number of policy issues that tend to be raised. Aside from planning, both Appraisals also make inadequate allowance for other types of professional fees. For example, no allowance has been made for legal fees in association with the letting of individual units. In Millngate's experience, allowance of at least 5% of the rental value needs to be made. • Development Duration: in Millngate's experience, the durations for both forms of retail development are unrealistically low. Development finance is secured on both the pre-application, application and construction phases of a development. Due to the complicated and lengthy periods that such forms of development can attract, an allowance of at least 36 months should be allowed. 	<p>Adams Integra's have reassessed building costs in the Addendum.</p> <p>Adams Integra's have reassessed professional fees in the Addendum.</p> <p>Adams Integra consider that development finance would normally only be required once the site has been acquired. It would be normal to secure pre-lettings before these types of development were started or detailed planning permission applied for. No further allowance should be made.</p>

Summary of Representations Received and Proposed Responses

Ref No.	Respondee	Summary of Key Points	GBC Comment/Action
		<p>• BREEAM: it is unrealistic to set a Rate based on a ‘with’ or ‘without’ BREEAM analysis. It is a clear expectation of the emerging Gosport Local Plan (see Policy LP38) that new development “must” achieve BREEAM rating of ‘Excellent’. This applies to any form of retail development irrespective of the specific goods sold and building form where it is above 500 sq.m GIA. No distinction should therefore be made between development that does and does not provide BREEAM as the latter scenario is very unlikely to occur upon proper application of a policy requirement that is expected to form part of the Development Plan during the lifetime of the Charging Schedule. If the Borough Council were to realistically expect all CIL liable development to be able to proceed (as is the CIL Guidance expectation) then the BREEAM requirement should be removed from the emerging Local Plan.</p> <p>• S106: no allowance is made for potential residual S106 Obligations cost following the adoption of CIL. This is justified at paragraph C7.4 of the Report on the basis that CIL will replace S106 / 278 contributions in respect of general infrastructure provision funding. It does however add that S106 and S278 can still be used by a Council where the items are already not accounted for in the 123 List in order to avoid ‘double-dipping’. In this regard, the Draft Regulation 123 List refers to a series of infrastructure projects and improvements that will be funded by CIL to ensure there is no ‘double-dipping’. These are generally ‘offsite’ improvements which may or may-not be related to the effect of development</p> <p>In order to provide an appropriate assessment of existing and post CIL liability, the evidence base development appraisal should therefore include an allowance for potential S106 costs within a typical development. Millngate recommends the appraisal includes an allowance for a typical S106 contribution either as a stand-alone land use or a mixed use development.</p>	<p>Since the consultation on the preliminary draft Charging Statement the Government published the Housing Standards Review which radically changes how Code for Sustainable Homes and BREEAM will operate in future with the emphasis passing to building regulations rather than the planning system. Consequently policy LP38 sustainable construction has been deleted in the Local Plan.</p> <p>Allowances have been made for the planning costs over and above other non-residential uses. This has been in recognition of the high impact retail warehousing and supermarkets have on the infrastructure. It is a generic allowance and it is not appropriate to allow for site specific demands which would be negotiated through the section 106 system in the normal way.</p> <p>The Council has produced a Planning Obligations and Contributions Strategy which addresses the issues of ‘Double Dipping’.</p>
P14	Barton Willmore on behalf of Milln Gate Gosport LLP	<p>Residential</p> <p>The Report also includes a series of Development Appraisals (see Appendices 1-7) for residential development to inform an assessment of viability and affordability for the proposed Rate.</p>	

Summary of Representations Received and Proposed Responses

Ref No.	Respondee	Summary of Key Points	GBC Comment/Action
		<p>These Appraisals are unrealistic due to inadequacies in the inputs and assumptions on the following basis:</p> <ul style="list-style-type: none"> • Sales & Marketing Costs: the quoted sales and marketing rate within the Appraisals is unrealistically low at 3%. In Millngate's experience, this should be increased to 6% which is consistent with the HCA EVA toolkit guidelines. • Professional Fees: the allowance for professional fees within the appraisals is too low and generalised given the differing scale of scheme that could occur throughout the Borough. This should be increased to 12% to make appropriate allowance for the costs of promoting development, particularly for larger strategic projects. • House Types: the mix quoted in the appraisals is unrealistic. In Millngate's experience this should also include a wider variation of mixes and scheme types including lower density schemes providing predominantly 3 and 4 bedroom units. This offers a more realistic profile of the type of schemes that will be delivered in the local area to meet market requirements during the Local Plan and CIL periods. • Site Specific Issues: The Development Appraisals should include or make allowances for sites with specific viability implications. This can include larger sites where there is a greater likelihood of strategic infrastructure and / or extensive enabling works being required. • Development Profit: the level of developer's profit in the appraisal is too low by differentiating affordable from private market housing and applying a lower profit level to the former. A financial institution will only accept a 20% profit on GDV for any form of development whether it is private or affordable housing. The assumption that Registered Providers (RPs) of Affordable Housing accept a lower profit on GDV is now outdated. A lower profit level was accepted and originally set by RPs to assist in preparing bids for HCA Grant Funding. Such Funding has now been removed and in light of the risks associated with development, RPs now generally seek a 20% profit level in order to secure an acceptable level of viability and 	<p>Adams Integra in their Addendum believe that 3% is consistent with the assumptions of other consultants but have tested 5% value but this did not merit a change to recommended CIL rates.</p> <p>Adam Integra in their Addendum consider that their allowance for professional fees is reasonable.</p> <p>The mix quoted is realistic give the urban form of Gosport and the likely mix of development that is likely to come forward.</p> <p>Adams Integra in their Addendum have allowed a buffer for abnormal costs and allowed a sum for site preparation. It is inevitable that some sites will have abnormal costs specific to them but this cannot be address in a study of this nature.</p> <p>Adams Integra based their 6% profit figure for affordable housing from the adopted Portsmouth viability study. It is assumed that a developer will build affordable units and he is paid by a registered provider for each unit upon build completion. In this event ,there is a reduced sales risk to the developer for these units and this is reflected in the lower percentage profit</p>

Summary of Representations Received and Proposed Responses

Ref No.	Respondee	Summary of Key Points	GBC Comment/Action
		<p>development funding. Given the level of affordable housing that will be sought in schemes in the Borough, this should be reflected in the appraisals.</p> <ul style="list-style-type: none"> • S106: for the reasons outlined above, there also needs to be a continued allowance for onsite S106 requirements in the appraisals. <p>Residential land sales The appraisal also provides no reliable and factual evidence of residential land sales in the Borough. It is essential that any assumptions made in the appraisal are based on actual and accurate examples of land sales in the area in order to achieve a robust evidence base. This should be reviewed further.</p>	<p>The Council has produced a Planning Obligations and Contributions Strategy which addresses this issue.</p> <p>Adams Integra in their Addendum have considered the issue of residential land sales.</p>
P15	Barton Willmore on behalf of Berkeley Homes (Southern) Ltd	<p>The CLG guidance requires that the proposed charging rates must take full account of other development costs (such as on-going S106 site-specific infrastructure contributions) and affordable housing targets, to ensure development is not compromised on viability grounds (noting paragraph 173 of the NPPF) and as a result, should not threaten the delivery of the Plan as a whole (the delivery of affordable housing will no doubt be an important element of the Plan). There is therefore concern that this has not been adequately accounted for in the viability work undertaken to support the proposed rates.</p> <p>This is further demonstrated within Part E of the Viability Report where a number of recommendations are made with regard to contributions within the various proposed charging zones, as informed by the viability evidence.</p> <p>Reference to ‘overall developer contributions’ in the recommendation therefore appears to confirm this is a combined figure that includes an allowance for developer contributions by way of on-going S106 contributions. However, the proposed Charging Rates in the PDCS do not reflect this, carrying over the same figure from the Viability Report for each charging zone. This appears to be an error in that the actual Charging Rate for each zone should be a lower figure on the basis that the rates should not be set right at the margins of viability (paragraph 28 of the CLG guidance) and that they should</p>	<p>Adams Integra in their Addendum have considered the issue of development costs.</p> <p>Adams Integra in their Addendum have clarified that their recommendation should not refer to overall developers contributions but to the proposed rate at which CIL can be set. Adams Integra further address the issue of a buffer in their Addendum.</p>

Summary of Representations Received and Proposed Responses

Ref No.	Respondee	Summary of Key Points	GBC Comment/Action
		<p>take account of other development costs (paragraph 29 of the CLG guidance). We therefore suggest that the current rates proposed within the PDCS should be reduced accordingly to allow a viability 'buffer' of a sufficient margin to cater for site-specific infrastructure contributions via a S106 agreement.</p> <p>Finally, as part of preparing the evidence base on economic viability, the CLG guidance refers at paragraph 22 to authorities reviewing the amounts raised in recent years through S106 agreements and the extent to which affordable housing and other targets have been met – in our view this seeks to provide a useful comparison against which to test whether future development will be able to withstand the proposed Charging Rates, again whilst taking account of other development costs. Whilst reference is made at paragraph A4.13 of the Viability Report to the present rates currently applied to development by way of GBC's S106 tariff, this appears to be a way of justifying the proposed rates on the basis that they are not greatly above those the Council presently charge via S106 agreement. This again appears to ignore the fact that S106 contributions will continue to be required and will therefore to be an additional tax over and above CIL.</p>	<p>Evidence will be published to demonstrate how much money has been raised through section 106 agreements. The Council has produced a Planning Obligations and Contributions Strategy which indicates when section 106 agreement will need to be undertaken.</p>
P15	Barton Willmore on behalf of Berkeley Homes (Southern) Ltd	<p>It is noted that in modelling various development scenarios, the Viability Report has only assessed notional sites. Whilst this is acceptable to some extent, paragraph 27 of the CLG guidance also requires authorities to sample directly an appropriate range of types of sites across its area in order to supplement its evidence, with a particular focus on strategic sites and brownfield sites (the latter on the basis that the impact of the levy on economic viability is likely to be most significant).</p> <p>It is apparent that the evidence has looked at the specific case of Gosport Waterfront on the basis the development will have abnormal costs due to decontamination and its proximity close to the shoreline, meaning it will require more expensive foundation design and flood defences. However, this appears to be the only sample brownfield site assessed which takes account of abnormal costs, and in any case is subject to a separate lower charging rate proposed to address the particular circumstances of this site.</p>	<p>The Borough Council considers that a suitable sample of brownfield sites have been considered as the Gosport Waterfront site remains the only site that would require consideration as the other strategic sites are progressing through the planning applications process.</p>

Summary of Representations Received and Proposed Responses

3. Draft Regulation 123 List: Response Table

Ref No.	Respondee	Summary of Key Points	GBC Comment/Action
P10	Natural England	<p>We welcome the inclusion of ‘Habitats and Biodiversity’ on the Draft Regulation 123 List, and particularly support the use of CIL to deliver mitigation for the in-combination impacts of recreational impacts as part of the Solent Disturbance and Mitigation Project (SDMP).</p> <p>If your authority will be reliant on CIL as a delivery mechanism for this project, it should be set out as the first priority in the top tier of any priority list. This is to ensure there is certainty over delivery of mitigation measures identified in the SDMP to ensure your plan is compliant with the Habitat Regulations.</p>	Noted
P12	Hampshire County Council	<p>The County Council is keen to work in partnership with the Borough Council to help set spending priorities, taking account of the key infrastructure requirements for which the County Council is responsible for delivering (notably schools and transport infrastructure).</p> <p>It is vitally important that the County Council as Highway Authority can continue to ensure that any works that are required in order to access or mitigate a development are delivered at the appropriate time by the developer by way of a section 278 agreement.</p>	Noted
P14	Barton Willmore on behalf of Milln Gate Gosport LLP	<p>Infrastructure Funding: the 123 List should be expanded to provide specific reference to the projects that will be funded by CIL as identified by the Infrastructure Assessment Report and Delivery Plan. This will improve the transparency of the Schedule and continued S106 liabilities as per paragraph 15 of the Guidance.</p>	The draft 123 list does not need to be expanded but it will be accompanied by a planning obligations strategy a Planning Obligations and Contributions Strategy which ensure that ‘Double Dipping’ does not occur.
P15	Barton Willmore on behalf of Berkeley Homes (Southern) Ltd	<p>Authorities are required to be clear about what developers will be expected to pay through which route so that there is no actual or perceived ‘double dipping’ where developers pay twice for the same infrastructure. As such they are required to draw up a list of projects or types of infrastructure it intends to fund through CIL, and for which S106 contributions should not therefore be sought.</p>	The draft 123 list does not need to be expanded but it will be accompanied by a Planning Obligations and Contributions Strategy which ensure that ‘Double Dipping’ does not occur.

Summary of Representations Received and Proposed Responses

Ref No.	Respondee	Summary of Key Points	GBC Comment/Action
		<p>Hampshire Strategic Infrastructure Statement, published by the County Council, identifies the need to engage with the police on larger development proposals in order to identify whether provision of facilities for Safer Neighbourhood Teams (SNTs) are required to be delivered on site. As the IDP states, consultation with Hampshire Constabulary on such schemes is therefore essential.</p> <p>Hampshire Constabulary is currently examining the policing needs that arise from planned development and therefore are keen to engage with the Borough regarding the proposed approach to the Regulation 123 list, and would welcome discussions about the future allocation of CIL funds towards meeting the cost of this infrastructure.</p>	
P10	Natural England	<p>We strongly support the inclusion of Alver Valley Country Park and the SDMP mitigation in the IDP. In addition, the IDP should secure delivery of any Green Infrastructure (GI) included in Local Plan policy.</p>	Noted.
P12	Hampshire County Council	<p>There have been some alterations to the schemes that are identified within the Borough's Infrastructure Delivery Plan. Appendix 1 of this letter sets out the updates required to Table 1, containing the Strategic Transport Schemes, and to Table 2, containing the roads and traffic schemes in 'Out of Borough Strategic Transport Schemes affecting Gosport'.</p> <p>In addition to the tables, the 'A27 St. Margaret's dualling to Mill Road' scheme contained within the 'public and community transport' of Table 2 can be deleted as this scheme is included within Phase 2 of the A27 Fareham to Segensworth scheme.</p>	<p>The Infrastructure Delivery Plan will be amended</p> <p>The Infrastructure Delivery Plan will be amended</p>
P15	Barton Willmore on behalf of Berkeley Homes (Southern) Ltd	<p>Whilst an Infrastructure Delivery Plan (IDP) has been prepared to determine the likely requirements and cost of infrastructure required to support future development, this is very much 'work in progress'. This is evident by the content of the IDP which whilst listing the various likely infrastructure requirements, provides very limited detail regarding their likely costs, what contribution may be made via other alternative sources and as a result, the likely shortfall to be funded by CIL'. As such there is no accurate assessment of whether or not there is a funding gap.</p>	The schemes that are known with the most up to date information are included within the IDP

Summary of Representations Received and Proposed Responses

5. Infrastructure Assessment Report: Response Table

Ref No.	Name of Respondee	Summary of Key Points	GBC Comment/Action
P7	Southern Water	<p>Southern Water welcomes the section on 'Waste Water' contained in this document.</p> <p>It may be useful to mention in the 'Key issues for Gosport' section that although there is insufficient capacity in the sewerage network, this could be overcome by the provision of new and/or improved local sewerage infrastructure.</p> <p>In the section on 'Required/Planned Provision, and Funding', in addition to the requirement to provide 'New and/or improved local sewerage infrastructure' reference should also be made to separating surface water which currently drains to the combined system. The suggested wording is as follows: <u>'However, the discharge from any redevelopment should be no greater than the existing levels or involve the removal of surface water runoff from the foul system. Also a new and/or improved local sewerage infrastructure.....'</u> The third paragraph in this section can also be updated as follows:</p> <p><u>'In the last price review, Southern Water has identified a proposal which has been put forward in the 2010-2015 period to reduce odour surrounding the Peel Common Wastewater Treatment (WTW). This scheme is proposal is subject to Ofwat approval through the periodic review period.'</u> <u>currently being implemented with completion due in Spring 2014.</u></p>	<p>The Infrastructure Assessment Report will be amended.</p>
P8	Hampshire Constabulary	<p>I am pleased to note that table 10.2 of the Infrastructure Assessment Report examines the policing needs that are likely to arise from future development within the Borough. As stated in this document, it is difficult to predict future funding arrangements, and indeed the needs that may arise as a result of developments in the future. The Hampshire Strategic Infrastructure Statement, published by the County Council, identifies the need to engage with the police on larger development proposals in order to identify whether provision</p>	<p>Noted</p>

Summary of Representations Received and Proposed Responses

Ref No.	Name of Respondee	Summary of Key Points	GBC Comment/Action
		<p>of facilities for Safer Neighbourhood Teams (SNTs) are required to be delivered on site. As the IDP states, consultation with Hampshire Constabulary on such schemes is therefore essential.</p> <p>Hampshire Constabulary is currently examining the policing needs that arise from planned development and therefore are keen to engage with the Borough regarding the proposed approach to the Regulation 123 list, and would welcome discussions about the future allocation of CIL funds towards meeting the cost of this infrastructure.</p>	
P12	Hampshire County Council	<p>Public Health Comments</p> <p>Haslar Peninsular: The local health landscape has changed considerably over the last three years and planners need to consult with Fareham and Gosport Clinical Commissioning Group on the future of the Haslar site</p> <p>Social and community facilities: Should include deprivation and social isolation key issues for Gosport, especially as evidence suggests they have implications for morbidity and mortality.</p> <p>Indoor sports centre (p49) parks and children’s play provision (p53) and green infrastructure (p56): Implications for the local plan: childhood obesity and deprivation should be drivers of future requirements</p>	<p>Noted</p> <p>The Infrastructure Assessment Report will be amended to reflect these issues.</p>

ADAMS
INTEGRA



GOSPORT
Borough Council

Community Infrastructure Levy Viability Assessment

Addendum Report in Response to the Consultation

July 2014

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1 INTRODUCTION

Adams Integra produced a Community Infrastructure Levy (CIL) Viability Assessment in July 2013. Following consultation on the Preliminary Draft Charging Schedule the Borough Council requested further supporting work to be undertaken. As a result of this work the recommended CIL rates are:

1.1 Residential:

Charging zone 1:

£60 with no affordable housing, or £0 when affordable housing is provided.

Charging zone 2:

£100 with no affordable housing, or £80 when affordable housing is provided.

Charging zone 3:

£100 in all cases.

Gosport Waterfront regeneration site - £40 for residential development only.

1.2 Non-residential:

£60 for supermarkets and retail warehouses.

All other uses - nil.

2 BACKGROUND

2.1 In October 2013 the Council consulted on its Preliminary Draft Charging Schedule and this produced a number of responses. This addendum report will address these responses and conclude with a recommendation as to whether the recommended CIL rates should change. As part of the methodology for this report, we did invite the main objectors to meet with us. These invitations were taken up by only one party and the outcome of that meeting is included below. Otherwise we respond to the written comments received.

2.2 It should be noted that certain comments from objectors relate to matters that are more for the Council to address, for example matters relating to general compliance with the CIL regulations or other aspects of policy. We will concentrate on those issues that relate to viability and the Adams Integra methodology and findings.

- 2.3 Having considered sites of up to 25 units for the original report, we were asked by the Council to also consider, for this addendum, sites of 50 units. These sites might incur s106 contributions in connection with public open space, in addition to CIL. We have, therefore, tested the viability of these sites at Value Points 3 and 4 only, on the basis that our recommended CIL rate for Value Point 2 locations is zero. The 50 unit sites have been tested on the assumption of 40% affordable housing and Code Level 4, at varying densities. We consider the implications of this further testing in Section 6.
- 2.4 We are attaching, at Appendix 1, tables that show the outcomes of current sales research in the Gosport plan area. These tables show both asking and sold prices for the different locations that were identified in the original 2013 report. We will discuss the outcomes of the research below.
- 2.5 We attach, at Appendix 2, tables that illustrate the outcomes of sensitivity testing around both sales and marketing costs and sales revenue, as discussed in the report.
- 2.6 We attach, as Appendix 3, a table that illustrates the land value outcomes for the 50 unit sites.
- 2.7 We attach, as Appendix 4, commercial development appraisals for retail warehouses, supermarkets and extra care uses.

3 RESIDENTIAL SALES VALUES

- 3.1 As part of the exercise to consider the objections to the Preliminary Draft Charging Schedule, we have also considered whether current sales evidence would suggest any variation in the recommended CIL rates. The outcome of the new sales research is shown at Appendix 1. From this, we do not believe that any significant upward movement in values can be demonstrated, although we recognise that this would be counter to the much-publicised rise in values, particularly for London and the South-East. Therefore we have checked this against web-based data and consulted Home.co.uk and the Land Registry.
- 3.2 Home.co.uk showed an overall price rise for Gosport between July 2013 and February 2014 of 4%. For Lee on the Solent, over the same period, the rise was 7%. The Land Registry's House Price Index does not specify Gosport by location, but the price rise for Portsmouth between July 2013 and March 2014 was 4.7%. The rise for Hampshire over the same period was 4%.

- 3.3 On this basis, we felt it reasonable to sensitivity test a rise in prices of 5% between July 2013 and May 2014.
- 3.4 The outcomes of this exercise are shown in Appendix 2, where we relate the potential sales increase to an increase in sales and marketing costs, which we have also tested as an outcome of the consultation process.

4 MAIN POINTS FROM THE CONSULTATION

4.1 We would list the main points arising from the consultation as follows:

1. Challenge to the evidence base for retail warehouses and supermarkets.
2. Challenge to the evidence base for residential uses, including appraisal inputs, housing mixes, s106 contributions and the Waterfront site.
3. Viability Buffer.
4. The Housing Standards Review.
5. Key worker housing.
6. Extra Care housing.

We will set out, first, our responses to the objections for residential uses and then we will consider objections relating to non-residential uses.

4.2 Residential Uses

- 4.2.1 It should be noted that an inception meeting was held between the Council and Adams Integra on 31st August 2012. The purpose of this meeting was to establish the parameters within which the viability study would be carried out. In particular, the meeting settled upon the housing numbers, mixes and densities for the notional site valuations, designed to test a wide range of development scenarios that might be experienced within the plan area. These scenarios were then tested for the different geographical market areas that were illustrated in the Value Points table.
- 4.2.2 In addition, Adams Integra were advised as to the appropriate level of s106 costs that should be used in the appraisals, based upon the Council's experience of s106 receipts and the likely s106 costs that would remain in place once CIL was adopted. It was concluded that a zero s106 charge for

sites of 10, 15 and 25 units would apply. Since the original report only considered sites of up to 25 units, there was no separate allowance for s106 costs in addition to CIL. For this addendum report, however, we have also considered 50 unit sites with s106 costs that would relate to open space provision, as provided by the Council. This addresses the provisions of the draft Gosport Borough Local Plan for sites of 50 units or more. These s106 costs are as follows:

1 bed units	£1,343 per unit
2 bed units	£1,806 per unit
3 bed+ units	£2,579 per unit.

4.2.3 The outcome of these appraisals is shown on the table at Appendix 3. It should be noted that the s106 figures in Appendix 3 are the averages, when the above figures are applied across the whole development.

4.2.4 It should be noted that all residential developments in Gosport are required to mitigate the impact of recreation disturbance on the European designated nature conservation sites in the Solent. The Solent Recreation Mitigation Partnership have determined, in their interim Mitigation Strategy, that a sum of £172 is required from each dwelling as a contribution to the mitigation. Accordingly, we have tested this sum, in addition to the above s106 costs, on the 50 unit sites. It is concluded that the addition of this cost does not adversely affect the viability of proposed residential schemes, as shown in Appendix 3.

4.2.5 Furthermore, the inception meeting concluded that the viability study should test the proposed Gosport Waterfront site, on the basis that it is the most likely to be affected by new CIL charges, and given the different nature of costs and values that would be applicable in this situation. It was decided that it was not necessary to test any further existing strategic sites.

4.3 Residential appraisal inputs

The objectors questioned the following appraisal inputs:

1. Sales and Marketing Costs
2. Professional fees
3. House Types
4. Site specific issues
5. Development profit

4.3.1 In response to the sales costs, fees and profit, we believe that it is relevant to consider not only our own experience of these costs through our other studies, but also the views of other consultants, when producing reports for either Gosport or for neighbouring authorities. We have set out below, therefore, a comparison of our assumed values for each heading, together with those of other consultants. The consultants are:

- DTZ viability report for Gosport 2010.
- Roger Tym and Partners 2012 CIL viability report for Fareham.
- Dixon Searle Partnership 2011 CIL viability report for Portsmouth.

Figure 1: Comparison of valuation inputs

Item	Adams Integra 2013	DTZ 2010	Roger Tym 2012	Dixon Searle 2011
Sales and Marketing Costs	3% on total revenue	3% on market sales only	£1,000 per unit plus 1% of market sales	3% on market sales
Professional Fees	7% consultants, plus extra for insurances, surveys and planning, see below. Total 10-11%	10%	8%	12%
Development Profit	20% on market housing. 6% on affordable housing	15%	20%	20% on market housing. 6% on affordable housing.

4.3.2 With regard to **sales and marketing costs**, it will be seen that our allowance of 3% is in line with the assumptions of other consultants. We do believe, however, that whereas the actual cost of sales and marketing might be similar in different locations, the percentage that this cost bears to the sales revenue could be greater in lower value areas. We have, therefore, considered this in the tables attached at Appendix 2, which show the cumulative impact of increasing marketing costs to 5% and then increasing the sales revenue by 5%.

4.3.3 For each table at Appendix 2, the first land value column shows values as they appear in Appendix 5B of the 2013 report. At the bottom of each

column we show an average land value per hectare. The second column shows the impact of increasing the sales and marketing percentage to 5%, while the third column shows the impact of both the increased marketing costs and sales values.

4.3.4 From this we would conclude that, whilst it might be reasonable to test a higher sales and marketing cost, it is also reasonable to relate this to a rise in sales values over the period since our last report. As a result of this exercise, the average land values per hectare do show a rise since the 2013 report but, when also considered against a marginal rise in build costs, we do not believe that the results merit a change to the recommended CIL rates.

4.3.5 In connection with the **professional fees**, we set out below the outcomes from two of the appraisals, to illustrate the total fee allowance that we have made.

4.3.6 Example 1

25 units at 45dph with 40% affordable housing and assuming Code Level 4 build costs.

Total build costs £2,488,340.

Architect and consultants	7%	£174,184
Insurances		£ 62,209
Land survey costs		£ 12,500
Planning application costs		<u>£ 8,375</u>

Total £257,268

Equates to 10.3% of the build cost.

4.3.7 Example 2

10 units at 80dph with 40% affordable housing and assuming Code Level 4 build costs.

Total build costs £629,000.

Architect and consultants	7%	£44,030
Insurances		£15,725
Land survey costs		£ 7,500
Planning application costs		<u>£ 3,350</u>

Total £70,605

Equates to 11.2% of the build cost.

4.3.8 On this basis, we would conclude that the overall allowances that we have made for fees are reasonable.

4.3.9 With regard to **development profit**, the objectors appear to be specifically addressing the profit level assumed for the affordable housing, which we took at 6%. We would make a couple of points in this connection:

1. It will be seen from the above table that a lower percentage for affordable housing was assumed for the Portsmouth viability study.
2. We are assuming that a developer will build the affordable units and that he is paid by a registered provider for each unit upon build completion. In this event, there is a reduced sales risk to the developer for these units and this is reflected in the lower profit percentage.
3. This is not, therefore, a profit to the registered provider, as suggested in the objection.

4.3.10 The objection in relation to **site specific issues** states that “the Development Appraisals should include or make allowances for sites with specific viability implications.” We would comment as follows:

4.3.11 In establishing appropriate build costs for the viability study, we consulted the BCIS cost index, as is common practice for reports of this nature. This index provides a range of build costs for samples of developments that take place in specific locations. In this instance, we adopted the costs applicable to the upper quartile, as opposed to the median, of the quoted range. The purpose of this was to provide a level of buffer within the build costs that would allow for an element of abnormal costs in specific circumstances. We then add 15% to this base cost to take into account external works.

4.3.12 In addition, our appraisals allow a sum of between £2,000 and £4,000 per unit as site preparation costs, to address potential issues such as demolition, levels and extra depth foundations.

4.3.13 Whilst it is inevitable that some sites will have abnormal costs that are specific to them, we believe that a study of this nature can only address the more general build costs that might be experienced.

5 VIABILITY BUFFER

5.1 In February 2014 the Department for Communities and Local Government updated its Community Infrastructure Levy Guidance. At paragraph 2.2.2.4 the guidance states that “it would be appropriate to ensure that a

“buffer” or margin is included, so that the levy rate is able to support development when economic circumstances adjust. We would say that we have allowed for a buffer in the following ways, demonstrating that we have not adopted CIL rates that would test the limits of viability:

1. We derived our build costs from the upper quartile build costs of the BCIS index, as opposed to a lower median figure. Based on current BCIS figures, this adds some 15% to the costs, before externals are added. In doing so, we believe that we have applied a level of build cost buffer that would absorb a degree of adjustment to “economic circumstances” and/or abnormal costs.
2. We believe that the buffer can also be demonstrated through an analysis of land values per hectare, compared to the assumed viability thresholds. At paragraph B5.13.1 of our July 2013 report, we stated that “the identified housing supply is expected to be provided on sites that are currently in employment, garage court or greenfield use”. We also noted that a proportion of windfall sites could be in existing residential uses.
3. In order to comply with current Council policy, we are particularly interested in those development scenarios that reflect 40% affordable housing and Code Level 4. The full set of these scenarios is set out at Appendix 5B of the 2013 report, where we need to consider those columns that show outcomes for £80 CIL in Charging Zone 2 and £100 CIL in Charging Zone 3, being the proposed CIL rates for these locations with on-site affordable housing.
4. In Appendix 5B, each column shows a range of land value outcomes for a series of development scenarios. If we look at the outcomes for £80 CIL in Charging Zone 2, we see that the average land value per hectare for that £80 column is £900,747 per hectare, equating to the employment threshold. As noted above, however, the identified housing supply will also arise on existing garage court or Greenfield sites, which have much lower threshold values of £550,000 and £450,000 per hectare respectively. At Appendix 5B we can also see that 77% of land value outcomes for zone 2 (value point 3) at £80 CIL exceed the garage court threshold. On this basis, we do not believe that we are recommending a rate that pushes the margins of viability.
5. At Appendix 2 of this addendum report, we have tested the sensitivity of viability by showing land value outcomes that result from an increase in both the sales and marketing fee, and the sales values. This results in an increase in the average land value per hectare to £976,000 from £900,747. Whilst we have concluded, above, that this exercise does not allow us to change the recommended residential CIL

rates, we do believe that it further enhances the buffer that has been assumed.

6. We would say, therefore, that we have considered the buffer principles at different stages of the appraisal process, being aware of the need for a cushion against unforeseen costs or market movements that could test viability.

6 50 UNIT SITES

- 6.1 For this addendum report, the Council asked us to consider sites of 50 units, that would incur a s106 open space charge, as well as a CIL cost, in order to test policy requirements. The land value outcomes are shown at Appendix 3. Since we had already tested 25 unit sites, we created the 50 unit scenarios by doubling the housing numbers for the 25 unit schemes, with the result that the proportions of units, both affordable and market, are the same in both instances. In light of the fact that we are adding s106 costs, as in Section 4 above, the land values per hectare are inevitably reduced, when compared to sites with a similar CIL charge, but with zero s106 costs. It will be seen from Appendix 3 that a range of land values per hectare is produced, depending upon density. In the report of July 2013, it was felt that the main sites identified for development would have existing uses corresponding to our MOD and garage court uses; existing residential uses might be linked to future windfall sites.
- 6.2 From the outputs in Appendix 3 we see that, with 40% affordable housing and at Value Point 3, there is one scenario that falls below the lowest threshold level, while others correspond to greenfield and MOD uses. One scenario corresponds to residential uses. At Value Point 4, the land values match both higher value employment uses and residential.
- 6.3 If we look at the outcomes with 30% affordable housing, we see that the land values are matching at least the higher value employment uses and, in some instances, the residential uses.
- 6.4 These outputs show that, whilst some flexibility might be required in zone 2 locations with a s106 charge and 40% affordable housing, the average land value per hectare is matching greenfield, garage court and MOD site thresholds.
- 6.5 Whilst the Council would not to expect to receive a significant number of applications for sites of more than 50 units, we should consider the potential viability implications, when compared to the 50 unit testing that we have undertaken. We believe that the main implication of a larger number of units would be in the finance costs, as a result of the longer development and sales period. This would be incurred on both the fees

and the land value, assuming that the land had been paid for in a single instalment at the beginning of the project. In this instance, there could be an adverse impact on viability. It is possible, however, that the development would be viewed as a number of phases and that the land would be paid for phase-by-phase. In this case, any adverse impact on viability, resulting from the larger number of units, would be reduced and our conclusions for such sites would be as for the 50 units.

7 HOUSING STANDARDS REVIEW

7.1 The Housing Standards Review has been hailed by Government as introducing a simplified system of design and construction standards for new homes, to be introduced by the end of the current Parliament. There was a consultation in 2013, particularly around the following five areas:

7.1.2 Accessibility. The question was posed as to whether there is a need for dwellings to meet accessibility requirements beyond those of Part M of the Building Regulations.

7.1.3 Space standards. Should a national space-labelling system be introduced, that will allow consumers to compare space provision and improve standards in the private sector?

7.1.4 Security. Measures to reduce burglary and crime are desirable, such that a case could be made for security standards to be included within housing standards.

7.1.5 Water efficiency. There remains a strong case for a minimum level of water efficiency in new homes.

7.1.6 Energy. Building Regulations Part L 2013 is estimated to sit somewhere between Code Levels 3 and 4 of the Code for Sustainable Homes. For new homes, the Government is committed to Building Regulations as the way to drive up energy performance standards.

7.2 With regard to the assumptions made for our 2013 report, we carried out a series of valuations at Code Level 4 (see Appendix 5B to the 2013 report). In addition, we allow a cost heading called Renewables, which adds a further sum of £3,500 per unit to the Code 4 base costs. Figures taken from our valuations would show that the resultant build costs per square metre would be:

7.3 Example 1:

25 units at 45dph with 40% affordable housing, being all houses.

Floor area is 2,106 sqm

Base build cost, code 4, is £1,140 per sqm

Total base build cost is £2,400,840

Add renewables @ £3,500 £ 87,500

Total build cost is £2,488,340 equating to **£1,182** per sqm.

7.4 Example 2:

25 units at 100dph with 40% affordable housing, being all flats.

Floor area is 1,215 sqm

Base build cost, code 4, is £1,240 per sqm

Total base build cost is £1,506,600

Add renewables @ £3,500 £ 87,500

Total build cost is £1,594,100 equating to **£1,312** per sqm

7.5 By way of comparison with a recent study completed nearby, we have looked at the build costs assumed for the CIL viability study of Fareham Borough Council, dated March 2012. From this, we note that a base build cost, to Code 4, was assumed at £1,000 and £1,100 per square metre for houses and flats respectively. In addition, there was added a cost for infrastructure at £250,000 per hectare. At our average density levels, this would equate to approximately £4,000 to £5,000 per unit. It will be seen that we adopted slightly higher Code 4 base costs as at July 2013, of £1,140 and £1,240, to which we added the renewables costs of £3,500 per unit, as mentioned above. In addition, we have added a further cost of between £2,000 and £2,500 per unit for abnormals/site preparation.

7.6 From a reading of the Impact Assessment that accompanied the consultation, we believe that the above allowances would cover the new draft proposals. We understand, however, that the final proposals will not be forthcoming until later in 2014, at which point we would advise that the Council should seek further confirmation in this regard.

8 KEY WORKER HOUSING

- 8.1 The Defence Infrastructure Organisation submitted an objection, on grounds that Service Family Accommodation is provided to supply a specific need, in the same way as affordable housing. On this basis, such a use should be exempt from a CIL charge, or significantly discounted.
- 8.2 We understand that Service Family Accommodation is either rented at below market rents, or is provided through the Government's Private Finance Initiative (see the Defence Infrastructure Organisation website). On this basis, it would appear to be similar to affordable housing, provided through a registered provider, for those who cannot afford accommodation in the open market. In both instances, there is an element of subsidy, which sets it apart from housing that is either sold or rented at full market rates. It is the full market sales values or rents that justify the proposed CIL rates and we would suggest, therefore, that Service Family Accommodation should be exempt from CIL, on the same basis that affordable housing is exempt.

9 RESIDENTIAL CONCLUSIONS

- 9.1 In connection with residential uses, we have considered the objections and have provided our responses, as above. We have considered it reasonable to test a higher level of sales and marketing fee, but believe it is reasonable to offset this against likely rises in sales values. We have not recommended a change to the CIL rates, on account of this, but have assumed that any rise in sales values would contribute to the buffer that cushions against site specific abnormal costs.
- 9.2 With regard to the other objection headings, raised by objectors, we do not believe that it has been necessary to change our previous positions; instead we have provided further clarification of those positions.
- 9.3 Having tested the 50 unit sites with the Council's proposed levels of s106 cost, we would conclude that, with 40% affordable housing, the combination of s106 and CIL will put pressure on some scenarios, with the result that some flexibility could be required in certain specific instances, being dealt with on a case-by-case basis.
- 9.4 We await final details of the impact of the Housing Standards Review, but our initial assessment is that our existing cost allowances should cover the cost impact that might result.

- 9.5 On the basis of the above, we have concluded that the residential CIL rates, as proposed in our report of July 2013, should remain the same.

10 NON- RESIDENTIAL COMMENTS

- 10.1 The proposed CIL charges for all non-residential uses were nil other than for retail warehouses and supermarkets. The findings and recommendations were based on a limited amount of transactional data due to the poor economic climate and the local market dynamics. However, in accordance with the CIL Guidance it was demonstrated that what evidence that was available was used and other appropriate evidence drawn from historical data, neighbouring authorities, local and regional trends or national statistics.
- 10.2 Three comments on the proposed non-residential charges were submitted. The Gosport Society challenged the zero charge for offices and industrial on the grounds that these uses put pressure on infrastructure, more so than residential uses. There was some misunderstanding that these categories are not being proposed to be exempt from a CIL charge. Rather it has been demonstrated that these uses are not currently sufficiently viable to support a charge. If and when they show sufficient viability a charge could be imposed.
- 10.3 Secondly, The Theatre Trust requested specific definitions within the schedule for community facilities which are proposed to be zero rated. We consider that as the Guidance recommends simplicity and clarity in the charging schedule, that the current category of 'All other uses' is adequate to address this concern.
- 10.4 The third comment came from Barton Wilmore planning consultants on behalf of developers Milln Gate Gosport LLP. These being a challenge to the £60 per m² charge for retail warehouses and supermarkets. Milln Gate was selected by Defence Estates (now Defence Infrastructure Organisation) as the preferred development partner to develop 4.65 Ha [11.5 acres] of former Ministry of Defence land at Brockhurst Gate, Heritage Way, Gosport, PO13 0AF.
- 10.5 Milln Gate's proposals include a mixed use scheme for which a planning application is expected to be submitted shortly. A meeting was held with Milln Gate and their advisors on 9th June 2014 to investigate their objections to the data used and the viability study's findings.
- 10.6 In essence the issue was whether the values and costs used in the residual appraisals used by Adams Integra were sound, based on the available evidence. Furthermore that the approach used was considered

'inconsistent with the advice provided in the Community Infrastructure Levy Guidance, April 2013 ("the Guidance")'.

- 10.7 Firstly we respond to whether the approach used and the methodology employed were sound.
- 10.8 The methodology used was set out in the 2013 Viability Report. The system of residual appraisals used to test various scenarios has been established now as a robust test of whether a particular form of development can generate sufficient surplus to allow for a CIL charge to be made without affecting that type of development coming forward. 2:2:2:4 of the Community Infrastructure Guidance February 2014 sets out how development should be valued for the purpose of the levy. It states that there are a number of valuation models and methodologies available. The methodology used by Adams Integra has been widely used and tested at Public Examination and in particular by nearby Winchester City Council and has been found to be sound.
- 10.9 Barton Wilmore refer to section 14(1) of The Community Infrastructure Levy Regulations 2010 requiring viability appraisal to be fit for purpose and contain relevant evidence. In fact 14(1) states that the charging authority must strike what appears to be an appropriate balance to funding infrastructure from CIL charging and the likely effects (taken as a whole) on development across the charging authority's area.
- 10.10 The method of using residual appraisals has been used to demonstrate that an appropriate balance has been struck to allow a sufficient developers profit and "buffer" or surplus to allow a modest CIL charge to be made on the two types of retail development. We now go on to examine the detailed comments made by Milln Gate in this regard.

11 RETAIL WAREHOUSES AND SUPERMARKETS

- 11.1 2:2:2:4 of the CIL Guidance states that 'the outcome of the sampling exercise should be to provide a robust evidence base about the potential effects of the rates proposed, balanced against the need to avoid excessive detail'.
- 11.2 It is against this guidance that a residual appraisal model has been developed that is simple to understand and avoids the more detailed and complex residual appraisal software used elsewhere in the industry. Furthermore the comparable evidence used is not required to be listed in detail although a sample of the evidence used was set out in Appendix 13 of the 2013 report.

11.3 Milln Gate go on to request that Adams Integra are instructed to review their evidence and undertake an updated Development Appraisal to test the sensitivity based on the evidence given under the following headings:

1. Site Value
2. Rental Levels
3. Building Costs & External Works
4. Professional Fees/Planning Costs
5. Development Duration
6. BREEAM
7. S106

11.4 We address these matters raised in the same order:

11.4.1 Site Value - no data or figures have been provided by Milln Gate for appropriate existing use site values. As stated in the 2013 report there has been very little non-residential development activity since 2008 and consequently few freehold transactions both within Gosport and locally on which to base values. The residential appraisals use a standard fixed threshold of £650,000 per Ha for Ministry of Defence land and £900,000 per Ha for employment land, against which to bench mark viability. Because the non-residential market is much more diverse, it is deemed appropriate to use more relevant bench mark values to reflect how such issues as location and potential for alternative non-residential uses impact on the value of the land.

Hence, in the absence useful evidence, the method of deducing an existing use value from the scenario of a redevelopment of a brown field site is still considered to be the most robust and is tested against what evidence is available. The figure previously used for retail warehouses is £615,515 equating to £1,324,500 per Ha [£536,236 per acre] based on a sample building of 1,858 m² [20,000 sqft] and the industry standard of 40% site cover. Milln Gate recommend that a standard retail warehouse is now smaller and 1,580 m² [17,000 sqft] is a more appropriate size to test and 30% site cover this requires a plot of 0.5 Ha [1.3 acres].

It was agreed that there was no current demand for new stores in Gosport from the main 4 supermarket operators (Tesco, Sainsbury, Asda, Morrisons) but that there was demand from the discount food retailers such as Aldi and Lidl. These types of stores use a smaller format store with 2,323 sqm [25,000 sqft] being the average. Based on 30% site cover which allows for customer parking, circulation space, landscaping, loading areas and trolley parks, the notional 2,323 sqm [25,000 sqft] store is estimated to require site area of 0.77 Ha [1.9 acres]. Therefore the threshold site values used equate to approximately £960,000 per Ha [£390,000 per acre].

In the light of the comments made we have amended both of the appraisals to reflect a threshold site value of approximately £650,000 per Ha [£263,000 per acre].

11.4.2 Rental Levels - we have reviewed the comments that the rental levels we have used are too high. No further evidence of values has been provided. We do not consider that £162 per m² for retail warehouses is high based on our findings. We have further researched discount supermarket rents and consider that a rate of £162 per m² is also appropriate. We have adjusted the appraisals accordingly.

11.4.3 Building Costs and External Works - whilst our appraisals have taken into account all of the items the objector has identified, these may be included within different categories within our appraisals. We recognise that supermarkets generally attract larger s106 contributions than other forms of non-residential development. This is due to the higher impact of supermarkets on the local infrastructure. These contributions have been accounted for, in part, through an increase in the planning fees. However we have also avoided the effect of 'double dipping' through a CIL charge as well.

We have increased the costs suggested to take into account the developers experiences.

11.4.4 Professional Fees/Planning Costs - we have taken on board the comments and reviewed the costs allowed for these elements and adjusted our data accordingly.

11.4.5 Development Duration - development finance would normally only be required once the site has been acquired. It would be normal to secure pre-lettings before these types of development were started or detailed planning permission applied for. Therefore we do not consider it necessary to make further allowances for finance costs.

We have listened to the need to account for different forms of development funding and to include an allowance for additional finance costs associated with forward funded schemes where an additional 0.5% on the investment yield has been allowed for to cover these costs.

11.4.6 BREEAM - In the light of the Housing Standards Review Gosport Borough Council are reviewing their requirement for BREEAM standards as part of the local plan review. Therefore there is no longer a need to examine the effect of a requirement for BREEAM standards as Building Regulations will be relied on to control sustainability issues.

11.4.7S106 – as stated above allowances have been made for additional planning costs over and above other non-residential uses. This has been in recognition of the higher impact retail warehousing and supermarkets have on the infrastructure. It is a generic allowance and it is not appropriate to allow for site specific demands which would be negotiated through the s106 system in the usual way.

11.5 In the light of these comments we have reviewed the two appraisals for retail warehousing and supermarkets. Copies are included in the Appendix 3. The outcomes of both continue to show a significant surplus. After allowing for a £60 CIL charge there remains a sufficient buffer that is considered large enough not to unduly affect a development coming forward. The CIL contribution at £60 per m2 equates to 2.55% of the Gross Development Value for retail warehouses and 2.11% for supermarkets. These are well below the level of 4%-5% being used by Public Examiners to assess the levels of viability.

12 CIL IN NEIGHBOURING CHARGING AREAS

12.1 We list the CIL charges for retail warehouses and supermarkets in the context of other neighbouring areas.

Fareham Borough Council	All retail other than comparison retail in town, district and local centres: £120
Winchester City Council	High Street/Centre Retail A1 Retail in Winchester Town Centre : £120 All other areas: £nil Out of Centre Retail All other areas other than Winchester Town Centre: £nil All areas other than Winchester Town Centre – Convenience Stores, Supermarkets and Retail warehouse: £120
Portsmouth City Council	Basic CIL rate: £105 A1-A5 Retail In Centre Retail of any size and small (less than 280 sqm) out of centre: £52
Eastleigh Borough Council	Supermarkets and superstores and retail warehousing over 280 sqm outside of centre: £120

12.2 As can be seen the proposed charges for Gosport at £60 are considerably lower than the surrounding charging authorities where many of the values and costs are similar to those that would be used in Gosport.

13 EXTRA CARE

13.1 Following comments from Hampshire County Council we have been specifically asked to examine Extra Care uses.

13.2 Extra Care housing is often defined as “purpose built accommodation in which varying amounts of care and support can be offered and where some services are shared”.

13.3 The key feature of an extra care scheme is that the design, layout, facilities and support services available enhance the life of the occupier. Facilities can include:

- On site carers
- 24 hour cover
- Ability to provide hot meals daily
- Enhanced bathing and toilet facilities

13.4 The amount of care provided and the level of facilities needed is often a determining factor as to whether the Extra Care facility will sit within class C3 (dwelling houses) or class C2 (residential institutions) of the Town and Country Planning (Use Classes Order) 1987 as amended.

13.5 If the occupiers can live in independent flats and receive care either into their home, which may be designed to be adaptable to their changing needs, and there are some communal facilities then a C3 use is appropriate. Where perhaps more concentrated needs are required to be met, and consequently there are more intensive shared facilities, the actual accommodation may not be designed to allow fully independent living within the unit. Hence the scheme could sit within Class C2.

13.6 The residential care homes market is split almost equally between those that are used, and hence paid for by the public sector, and those that provide for private patients and income. It is our view that public sector provision whether it be providing Extra Care in a C2 or a C3 scheme will benefit from the affordable housing exemption as it is being designed and developed to meet an identified housing need and therefore no CIL will be charged.

- 13.7 We would expect some form of protection to be afforded through S106 agreements to schemes which are developed solely for public sector use so that they remain as public/ social provision. We have considered C3 Extra Care private sector developments and note that they exhibit similar viability dynamics to that of sheltered accommodation where schemes are built for sale. The independent units are sold with support paid for through a service charge and top up charges for more intensive care.
- 13.8 We understand that there are issues with this type of development such as potentially slower sales rates, the need to complete schemes before sales can take place, higher build costs and recognise that these issues could impact on the return to the developer. On the other hand this form of development makes very efficient use of land and there may be a premium attached to sheltered housing schemes and potentially these issues could balance each other out.
- 13.9 We have undertaken some modelling to cover this aspect particularly in terms of the values associated with sheltered development within C3 use class. We have found from the evidence available a significant premium attached to the values generated by sheltered housing when compared to similar apartment developments unencumbered by an age restriction. Our modelling shows that the premium on sales values compensates for the concerns expressed above, about the particular characteristics of this form of development.
- 13.10 We have undertaken sensitivity analysis in this area. At this stage of the economical cycle we see no overriding reason to amend the CIL charging recommendation in order to treat sheltered/Extra Care housing differently from the overall C3 charge. In terms of Extra Care within C2 we have modelled provision in accordance with the methodology we use to assess the impact of CIL on cost and revenue. In this case we have mirrored the testing undertaken to inform the Fareham Borough Council CIL C2 assessment but with Gosport economic dynamics within our appraisal.
- 13.11 The modelling shows (see Appendix 4) that with the current state of the market, C2 Extra Care proposals appear very marginal and show no surplus able to support a CIL charge. We are therefore not recommending a CIL charge against C2 Extra Care.
- 13.12 For all other C2 and C2a (secure residential institution) uses, the occupation generally do not generate revenue and is usually funded by public subsidy. Even when services within these categories are contracted out, they are usually subsidised by public funding. Therefore we consider that a zero CIL charge rate is appropriate.

14 NON-RESIDENTIAL CONCLUSIONS

- 14.1 Our conclusions are that no new evidence has been provided that changes the outcomes for retail warehouses or supermarkets. Also that Extra Care uses do not show sufficient surplus to be able to afford a CIL charge.
- 14.2 Consequently our recommendation is that no change is made to the Draft Charging Schedule.

Adams Integra
July 2014



GOSPORT
Borough Council

Community Infrastructure Levy Viability
Assessment

Addendum Report in Response to the Consultation

APPENDICES

Appendix 1

Gosport

Sales Research April 2014

Newbuild for sale

Address	Housetype	Floor area sqm	Asking price	Assumed value deducting 3%	Assumed value per sqm
Alver Village, Gosport Plot 388	4 bed terr townhouse	112.18	£220,000	£213,400	£1,902
Alver Village, Gosport Plot 315	2 bed apartment	67.40	£130,000	£126,100	£1,871
Alver Village, Gosport The Barrel	1 bed apartment	42.70	£105,000	£101,850	£2,385
Jamaica Place, Gosport	1 bed apartment	36.90	£97,500	£94,575	£2,563
Magister Sq, Lee	3 bed semi	77.48	£257,500	£249,775	£3,224
Seacrest Gardens, Lee Barratt	Aylsham 1 bed flat	58.84	£195,000	£189,150	£3,215
	Tiverton 2 bed terrace	66.00	£218,000	£211,460	£3,204
	Barwick 3 bed terrace	74.00	£250,000	£242,500	£3,277
	Lincoln 4 bed detached	110.00	£360,000	£349,200	£3,175

Appendix 1

Gosport

Sales Research April 2014

Sold prices

Lee on Solent

Address	Housetype	Floor area sqm	Price paid	Price paid per sqm	Date of sale	Notes
23 Grayson Close PO13 8BH	5 bed detached		£379,950		3.12.13	
34 Proctor Drive	4 bed detached	143	£338,000	£2,364	25.10.13	
33 Fitzroy Drive PO13 8LY	4 bed detached double garage	142	£395,000	£2,782	14.3.14	
1 Darwin Close PO13 8LS	4 bed detached single garage	118	£355,000	£3,008	28.2.14	Area is an estimate
8 Saunders Close PO13 8LX	4 bed detached single garage		£290,000		28.2.14	
20 Holt Close PO13 8FA	3 bed semi	92	£192,500	£2,092	27.2.14	Area is an estimate
30 Martinet Drive	3 bed terr townhouse		£229,000		7.2.14	
12 Wessex Close PO13 8FL	3 bed link detached		£236,500		28.1.14	
86 Westland Drive PO13 8GJ	3 bed semi townhouse		£235,000		19.12.13	
36 Blanchard Avenue PO13 8FW	3 bed semi		£190,000		6.12.13	
42 Blanchard Avenue PO13 8FW	3 bed semi		£192,000		6.12.13	

Appendix 1

Gosport

Sales Research April 2014

Sold Prices

Alverstoke

Address	Housetype	Floor area sqm	Price paid	Price paid per sqm	Date of sale	Notes
29 Waterloo Road PO12 2AL	3 bed terrace		£175,000		16.1.14	
32 Cheriton Road PO12 3RQ	3 bed terrace	62.8	£131,000	£2,086	20.12.13	
11 Bury Hall Lane PO12 2PL	3 bed semi	108.1	£220,000	£2,035	20.12.13	
23 Beatty Drive PO12 2 JZ	3 bed detached		£385,000		10.1.14	
11 Friary Close PO12 2EZ	3 bed terr townhouse		£175,000		2.12.13	
98 Village Road PO12 2LG	4 bed terrace		£244,000		10.12.13	
21 Solent Way PO12 2 NR	5 bed detached	167.2	£387,000	£2,315	1.11.13	Area is estimated

Appendix 1

Gosport

Sales Research April 2014

Second hand for sale

Address	Housetype	Floor area sqm	Asking price	Assumed value deducting 3%	Assumed value per sqm
Gosport					
Hayling Close, Priddys Hard	2 bed flat	67	169995	£164,895	£2,461
Heritage Way, Priddys Hard	2 bed flat		165000	£160,050	
Weevil Lane Royal Clarence Yard	2 bed flat		160000	£155,200	
Priddys Hard	2 bed flat	64.8	159950	£155,152	£2,394
Weevil Lane	2 bed flat	67.3	146950	£142,542	£2,118
Warrior Court, Gosport	2 bed flat		144999	£140,649	
Rowner	2 bed terrace		£139,000	£134,830	
Ensign Drive Rowner	2 bed terrace		£140,000	£135,800	
St Faiths Close, Gosport	2 bed terrace	54.00	£141,950	£137,692	£2,550
Cowslip Close, Rowner	2 bed semi	55.00	£144,995	£140,645	£2,557
Sapphire Close, Priddy's Hard	2 bed terrace		£159,000	£154,230	
Magennis Close, Rowner	3 bed terrace	70.00	£165,000	£160,050	£2,286
Challenger Drive, Priddys Hard	3 bed semi		£185,000	£179,450	
Priddys Hard	3 bed terrace	74.90	£186,000	£180,420	£2,409
Primrose Close, Bridgemaury	3 bed detached	78.00	£229,950	£223,052	£2,860
Rowallan Av Rowner	3 bed detached	98.00	£242,500	£235,225	£2,400
Graftons Close Priddys Hard	4 bed detached	134.00	£335,000	£324,950	£2,425

Appendix 1

Gosport

Sales Research April 2014

Second hand for sale

Address	Housetype	Floor area sqm	Asking price	Assumed value deducting 3%	Assumed value per sqm
Alverstoke					
Monckton Road	2 bed flat	71.3	249950	£242,452	£3,400
Anglesey Arms Road	2 bed terrace	69.00	£199,995	£193,995	£2,812
Bramley Gardens	3 bed terrace	111.00	£280,000	£271,600	£2,447
Somervell Close	4 bed detached	120.00	£389,950	£378,252	£3,152

Appendix 1

Gosport

Sales Research April 2014

Second hand for sale

Address	Housetype	Floor area sqm	Asking price	Assumed value deducting 3%	Assumed value per sqm
Lee on Solent					
Gibson Close	2 bed semi	60.00	£176,000	£170,720	£2,845
Martlet Close	3 bed semi	77.24	£245,000	£237,650	£3,077
Fitzroy Drive	3 bed semi	86.00	£249,995	£242,495	£2,820
Tiger Moth Close	3 bed detached	84.50	£272,500	£264,325	£3,128
Fitzroy Drive	3 bed detached	126.00	£295,000	£286,150	£2,271
David Newberry Drive	3 bed detached	104.70	£289,995	£281,295	£2,687
Cherque Farm	4 bed detached	144.30	£339,950	£329,752	£2,285
Fitzroy Drive	4 bed detached	139.00	£399,995	£387,995	£2,791
Wellington Drive	4 bed detached	160.00	£399,995	£387,995	£2,425
Cherque Farm	4 bed detached	125.70	£339,950	£329,752	£2,623
Howard Close	4 bed detached	114.90	£335,000	£324,950	£2,828

Appendix 1

Gosport

Sales Research April 2014

Sold Prices

Gosport town

Address	Housetype	Floor area sqm	Price paid	Price paid per sqm	Date of sale	Notes
9 Netley Court PO12 4LX	2 bed flat	72	£143,000	£1,986	8.11.13	Sea views, balcony, ensuite
7 Tennyson Gardens PO12 1LW	2 bed flat	87.3	£125,000	£1,432	22.11.13	
7 Dartmouth Court PO12 4BQ	2 bed flat	74.4	£115,000	£1,546	18.12.13	
St Matthews Court PO12 1AN	2 bed flat	56.3	£105,000	£1,865	28.11.13	Poor surrounding area
55 Ham Lane Gosport PO12 4AN	2 bed mid terrace		£157,000		13.2.14	
22 Blackthorn Drive PO12 4AZ	2 bed mid terrace	56.8	£122,000	£2,148	30.1.14	
84 Military Road PO12 3AS	2 bed terrace		£113,000		10.12.13	Appears very small
24 Highcliffe Road PO12 3RD	2 bed terrace	66.3	£139,995	£2,112	15.11.13	
39 Ensign Drive PO13 9XE	2 bed terrace		£129,500		6.12.13	
74 Military Road PO12 3AS	2 bed mid terrace		£138,000		22.11.13	
2 Helm Close PO13 9XG	3 bed end terrace		£148,000		14.2.14	
34 Bucklers Road PO12 4LT	3 bed end terrace	77	£183,000	£2,377	6.1.14	
9 Lanyard Drive, Rowner PO13 9UY	3 bed end terrace		£163,000		20.12.13	
22 Challenger Drive PO12 4GA	3 bed semi		£195,000		17.2.14	Integral garage. 2 storey
220 Brockhurst Road PO12 3BD	3 bed end terrace	59.7	£145,000	£2,429	11.12.13	
19 Compass Close PO13 9XF	3 bed end terrace		£156,000		6.12.13	
69 Ensign Drive PO13 9XN	3 bed end terrace		£152,000		2.12.13	
42 Howe Road PO13 8GR	3 bed terrace		£145,000		25.11.13	
4 Laurel Close PO12 4GN	3 bed semi		£229,300		20.11.13	
1 Queens Road PO12 1LJ	4 bed townhouse	109	£185,000	£1,697	18.2.14	

Appendix 2

Gosport

Post Consultation Addendum

Testing 40% affordable, VP3 locations, £80 CIL. Cumulative impact of increased marketing costs to 5%, from 3%, and increasing sales values by 5%.

Figures are land value per hectare (LV/ha)

No. units	Density	LV/ha in July 2013	LV/ha with marketing	LV/ha with marketing
	dph	report	costs at 5%	costs at 5% and sales
				increased by 5%.
10	35	£768,993	£627,248	£848,662
	45	£264,051	£133,424	£325,124
	60	£633,113	£477,628	£717,253
	80	£1,414,441	£1,246,968	£1,498,086
15	35	£869,633	£727,615	£947,650
	45	£502,855	£367,068	£562,391
	60	£679,534	£521,661	£750,554
	80	£1,447,286	£1,296,646	£1,521,921
25	35	£819,433	£681,567	£895,546
	45	£442,752	£319,719	£511,492
	60	£629,797	£489,272	£707,241
	80	£1,397,729	£1,220,529	£1,475,724
	100	£1,840,091	£1,624,667	£1,928,471
	Average	£900,747	£748,770	£976,163
	LV/ha			

Appendix 2

Gosport

Post Consultation Addendum

Testing 40% affordable, VP4 locations, £100 CIL. Cumulative impact of increased marketing costs to 5%, from 3%, and increasing sales values by 5%.

Figures are land value per hectare (LV/ha)

No. units	Density	LV/ha in July 2013	LV/ha with marketing	LV/ha with marketing
	dph	report	costs at 5%	costs at 5% and sales
				increased by 5%.
10	35	£1,675,099	£1,511,621	£1,746,525
	45	£929,422	£782,302	£989,877
	60	£1,527,358	£1,380,597	£1,608,386
	80	£2,836,715	£2,622,766	£2,937,846
15	35	£1,805,833	£1,640,159	£1,894,712
	45	£1,201,369	£1,050,785	£1,262,963
	60	£1,560,381	£1,383,726	£1,636,045
	80	£2,894,111	£2,681,305	£2,987,356
25	35	£1,716,080	£1,554,372	£1,802,552
	45	£1,137,885	£991,150	£1,204,251
	60	£1,508,584	£1,336,605	£1,584,660
	80	£2,780,046	£2,568,422	£2,875,107
	100	£3,648,411	£3,387,889	£3,763,729
	Average	£1,940,100	£1,760,900	£2,022,616
	LV/ha			

Appendix 3

Testing 50 unit scenarios with Gosport's achieved s106 levels and CIL, at value points 3 and 4. CIL is £80 for VP3 and £100 for VP4.

S106 costs are: 1 bed unit £1,343, 2 bed unit £1,806, 3 bed + unit £2,579.

Appraisals carried out at 30% and 40% affordable housing. All are at code 4 of CfSH.

Density per ha	Average S106 per unit		30% affordable		VP4	Average S106 per unit		40% affordable	
	S106 per unit		VP3			VP3		VP3	
35	£2,579	land value	£1,435,343	£2,772,655	land value	£2,579	land value	£936,252	£2,174,233
		land value per ha	£1,004,740	£1,940,858	land value per ha		land value per ha	£655,376	£1,521,963
45	£2,208	land value	£848,603	£1,717,422	land value	£2,300	land value	£309,104	£1,057,296
		land value per ha	£763,743	£1,545,680	land value per ha		land value per ha	£278,194	£951,566
60	£1,787	land value	£622,067	£1,391,011	land value	£1,900	land value	£367,166	£1,076,382
		land value per ha	£746,480	£1,669,213	land value per ha		land value per ha	£440,599	£1,291,658
100	£1,380	land value	£1,009,468	£1,972,771	land value	£1,380	land value	£776,583	£1,659,599
		land value per ha	£2,018,935	£3,945,543	land value per ha		land value per ha	£1,553,167	£3,319,198
		Av. Land value per hectare	£1,133,475	£2,275,324				£731,834	£1,771,096

Threshold values per ha

Greenfield	£450,000
Garage Courts	£550,000
MOD sites	£650,000
Employment	£900,000
Residential VP3	£1,285,000
Residential VP4	£1,530,000

Appendix 3

Testing 50 unit scenarios with Gosport's achieved s106 levels and CIL, at value points 3 and 4.

CIL is £80 for VP3 and £100 for VP4.

S106 costs are: 1 bed unit £1,515, 2 bed unit £2,751, 3 bed + unit £2,751, including £172 per unit for recreational disturbance to habitats.

Appraisals carried out at 30% and 40% affordable housing. All are at code 4 of CfSH.

Density per ha	Average S106 per unit	30% affordable VP3	VP4	Average S106 per unit	40% affordable VP3	VP4
35	£2,751	£1,428,401	£2,765,713	£2,751	£929,310	£2,167,291
		land value per ha	land value per ha			
		£999,880	£1,935,999		£650,517	£1,517,104
45	£2,380	£841,661	£1,710,480	£2,472	£302,090	£1,050,354
		land value per ha	land value per ha			
		£757,495	£1,539,432		£271,881	£945,318
60	£1,959	£615,125	£1,384,069	£2,072	£360,152	£1,069,440
		land value per ha	land value per ha			
		£738,150	£1,660,883		£432,182	£1,283,328
100	£1,552	£1,002,526	£1,965,829	£1,552	£769,641	£1,652,657
		land value per ha	land value per ha			
		£2,005,051	£3,931,659		£1,539,283	£3,305,314

Av. Land value (LV)
per hectare
higher s106

£1,125,144

£723,466

£1,762,766

Av. Land value (LV)
per hectare
lower s106

£1,133,475

£731,834

£1,771,096

Threshold values per ha

Greenfield	£450,000
Garage Courts	£550,000
MOD sites	£650,000
Employment	£900,000
Residential VP3	£1,285,000
Residential VP4	£1,530,000

Appendix 4
Commercial Development Appraisal

Use Class: Retail Warehouse

DEVELOPMENT VALUE			
Rental Income	GIA sqm	£ per sqm	£ per annum
Rent	1,580	162.00	£255,960
Total Rental Income 1,580 £255,960			
Rent free/voids (years)	2	0.943	£241,370
Total revenue, capitalised (incl all costs)		6.50%	£3,713,389
Gross Development Value £3,713,389			
Less Purchaser's Costs 5.75% £213,520 £3,499,869			

DEVELOPMENT COSTS			
	Area	£ per sq m	Total
Demolition Costs	930	£65	£60,450
Building Costs		£629	£993,820
Area	1,580		
Contingency		7%	£69,567
External Works		5.00%	£49,691
Professional Fees		12%	£126,512
Planning Costs		15%	£149,073
Community Infrastructure Levy		60	£94,800
Total			£1,543,914
Disposal Costs			
		%	Total
Legal Letting Fees (% of Rent)		5%	£12,798
Letting Agent's Fee (% of Rent)		10%	£25,596
Sales Agent's Fees (on capital value)		1%	£37,134
Legal Fees (% of capital value)		0.75%	£27,850
Total			£90,580
Interest on Finance			
	Months	%	Total
Total Development duration	24		
Loan arrangement fee		1%	£15,439.14
Finance Costs		7.0%	£114,415
Total			£129,854
Profit			
Developer's Profit on Total Development Costs		20%	£352,870
Total Development Costs			£2,117,217

LAND VALUE			
		%	Total
Land Surplus			£1,596,172
Stamp Duty		4%	£63,847
Agent's Fees		1.25%	£19,952
Legal Fees		0.50%	£7,981
Total			£91,780
Interest on land finance		7.00%	£105,307
Total			£197,087
RESIDUAL LAND VALUE			£1,399,084

Existing Site Value			
		%	Total
Assumes existing space is % of new	50%	790	
Rent per sqm		£76.60	
Rental income per annum		£60,514	
Rent free/voids (years)	3	0.7513	£45,464
Total revenue, capitalised (incl all costs)		10.00%	£454,642
Refurbishment costs (per sqm)	£175	£138,250	
Fees	7%	£9,678	
Total			£147,928
Purchaser's Costs	4.75%	£21,595	
Total Costs			£169,523
Existing Site Value			£285,119

Site Value incl Landowner Premium 20% £57,024 £342,142

Surplus available to fund CIL **£1,056,942**

Surplus to fund CIL - sensitivity

Rent/sqm	£152.00	£162.00	£172.00
Yield			
6.00%	£1,218,785	£1,429,777	£1,640,770
6.25%	£1,089,420	£1,291,902	£1,494,384
6.50%	£970,007	£1,164,632	£1,359,258
6.75%	£859,439	£1,046,790	£1,234,141
7.00%	£756,768	£937,365	£1,117,962

Surplus after CIL Charge £1,056,942

CIL Charge as % of GDV 2.55%

Commercial Development Appraisal

Use Class: Supermarket

DEVELOPMENT VALUE			
Rental Income	Area sq m	£ per sq m	£ per annum
Rent - (GIA)	2,323	172	£399,556
Total Rental Income			
	2,323		£399,556
Rent free/voids (years)	1	0.952	£380,377
Total revenue, capitalised (incl all costs)		5.75%	£6,615,258
Gross Development Value			£6,615,258
Less Purchaser's Costs		5.75%	£380,377
			£6,234,880

DEVELOPMENT COSTS			
	Area	£ per sq m	Total
Demolition Costs	1,162	£64	£74,336
Building Costs		£1,178	£2,736,494
Area	2,323		
Contingency		5%	£136,825
External Works		5%	£136,825
Professional Fees		12%	£337,300
Planning Costs		10%	£273,649
Community Infrastructure Levy		60	£139,380
Total			£3,834,808
Disposal Costs			
		%	Total
Letting Agent's Fee (% of Rent)		10%	£39,956
Letting Legal fees (% of rent)		5%	£19,978
Agent's Fees (on capital value)		1%	£66,153
Legal Fees (% of capital value)		0.75%	£49,614
Total			£175,700
Interest on Finance			
	Months	%	Total
Total Development duration	36		
Loan arrangement fee		1%	£38,348.08
Finance Costs ('S' curve)		7.0%	£561,471
Total			£599,819
Profit			
		%	Total
Developer's Profit on Total Development Cost		20%	£922,066
Total Development Costs			£5,532,394

LAND VALUE		
	%	Total
Land Surplus		£702,487
Stamp Duty	4%	£28,099
Agent's Fees	1.25%	£8,781
Legal Fees	0.50%	£3,512
Total		£40,393
Interest on land finance	7.00%	£46,347
Total		£86,740
RESIDUAL LAND VALUE		£615,747

Existing Site Value			
	%		
Assumes existing space is % of new	50%	1,162	
Rent per sqm		£63	
Rental income per annum		£73,175	
Rent free/voids (years)	3	0.7938	£58,086
Total revenue, capitalised (incl all costs)		8.00%	£726,074
Refurbishment costs (per sqm)		£215	£249,723
Fees	7%		£17,481
Total			£267,203
Purchaser's Costs	5.75%		£41,749
Total Costs			£308,952
Existing Site Value			£417,122

Site Value incl Landowner Premium 20% £83,424 £500,546

Surplus available to fund CIL **£115,201**

Surplus to fund CIL - sensitivity

Rent/sqm	£152.00	£162.00	£172.00
Yield			
5.00%	£378,858	£730,793	£1,082,728
5.25%	£121,100	£456,077	£791,054
5.50%	-£113,226	£206,335	£525,896
5.75%	-£327,175	-£21,690	£283,796

Surplus after CIL Charge 115,201

CIL Charge as % of GDV 2.11%

Commercial Development Appraisal

Use Class: Extra Care Home

DEVELOPMENT VALUE			
Capital Value			
	No of Rooms	Area sq m	£
	60	2,550	
Capital value per room			£90,000
Total Capital Value			£5,400,000.00
Gross Development Value			£5,400,000
Less Purchaser's Costs			5.75% £310,500 £5,089,500

DEVELOPMENT COSTS			
	Area	£ per sq m	Total
Demolition Costs	1,500	£65	£97,500
Building Costs		£1,479	£4,437,000
Contingency	3,000	5%	£221,850
External Works		3.00%	£133,110
Professional Fees		10%	£453,450
Community Infrastructure Levy		0	£0
Total			£5,342,910
Disposal Costs			
Agent's Fees (on capital value)		1%	£54,000
Legal Fees (% of capital value)		0.75%	£40,500
Marketing		1.00%	£52,454
Total			£94,500
Interest on Finance			
Total Development duration	24		
Loan arrangement fee		1%	£53,429
Interest on Construction Costs		7.0%	£380,619
Total			£434,048
Profit			
Developer's Profit on Total Development Cost		25%	£1,467,864
Total Development Costs			£7,339,322

LAND VALUE		
	%	Total
Land Surplus		-£1,939,322
Stamp Duty	4%	-£77,573
Agent's Fees	1.25%	-£24,242
Legal Fees	0.50%	-£9,697
Total		-£111,511
Interest on land finance	7.00%	-£127,947
Total		-£239,458
RESIDUAL LAND VALUE		-£2,178,780

Existing Site Value			
	%		
Assumes existing space is % of new	50%	1,500	
Rent per sqm		£85	
Rental income per annum		£127,500	
Rent free/voids (years)	3	0.7938	£101,210
Total revenue, capitalised (incl all costs)		9%	£1,124,550
Refurbishment costs (per sqm)		£270	£405,000
Fees	7%		£28,350
Total			£433,350
Purchaser's Costs	5.75%	£64,662	£498,012
Existing Site Value			£626,538

Site Value incl Landowner Premium 20% £125,308 £751,846
 Surplus available to fund CIL -£2,930,626

Surplus to fund CIL - sensitivity

Capital value per room	£80,000	£90,000	£100,000
Build Costs			
£1,379	-£3,052,025	-£2,393,717	-£1,735,410
£1,479	-£3,588,933	-£2,930,626	-£2,272,319
£1,579	-£4,125,842	-£3,467,535	-£2,809,228
£1,679	-£4,662,751	-£4,004,444	-£3,346,136

Surplus after CIL Charge -£2,930,626

CIL Charge as % of GDV 0.00%



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Community Infrastructure Levy –Draft Regulation 123 List

Regulation 123 of the Community Infrastructure Regulations 2010 (as amended) restricts the use of planning obligations for infrastructure that will be funded in whole or in part by the Community Infrastructure Levy (CIL).

Infrastructure types or specific projects that are listed below will not be secured through Section 106 Agreements as planning obligations. Instead they will be wholly or partly funded through CIL. This is to ensure that CIL and planning obligations relating to a particular development do not fund the same infrastructure projects i.e. to ensure that there is no 'double-dipping'.

The list identified by Gosport Borough Council relates to the available information known at this stage and is likely to be amended as further requirements are identified and projects completed. The list is not in any particular order of priority. The list will be reviewed on a regular basis as part of the Council's monitoring of the collection and use of CIL funding. Infrastructure projects to be funded at least in part by CIL are:

Community Facilities (including cultural and built leisure) excluding:

- the replacement of such facilities lost as a result of new development; and/or
- where a site specific measure is required to secure the future use of an existing building for a community use (for example a historic building); and /or
- facilities are required for a major residential development (normally over 100 dwellings) where it may be necessary to provide community buildings on the site or close by to serve the new community.

Education excluding any specific identified measures required to serve a major development.

Flood management excluding specific flood risk measures required to facilitate the alleviation of flood risk in relation to the development site.

Open space excluding the provision of on-site open space and maintenance arrangements for developments of 50 or more dwellings or off-site provision in-lieu of this provision (to be specified by a Section 106 Agreement within the locality of the development)

Transport schemes. A number of schemes have been identified in liaison with Hampshire County Council as being most suited for CIL:

- BRT Improvements within Gosport Borough;
- Strategic Improvements to the capacity and management of existing traffic signal controls on the A32 Fareham Road, except where a development proposal would require specific highway or signal improvement;
- Military Road to Browdown Road off-road shared cycle track (south side);
- Improvements in cycle access from Rowner to Daedalus

Planning Obligations and Developer Contributions Strategy

July 2014

Supporting document to the Community Infrastructure Levy:

Draft Charging Schedule



GOSPORT
Borough Council

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1 Purpose and content of this document

- 1.1 The Council is proposing to introduce a Community Infrastructure Levy (CIL), introduced by Government legislation in 2010. It allows local authorities to raise funds from developers undertaking new developments in their area. The money can be used to fund a wide range of infrastructure that is needed to support development of the area. As a result of this it will be necessary for the Council to scale back its use of planning obligations secured by Section 106 Agreements to fund infrastructure in accordance with the CIL Regulations.
- 1.2 This document sets out the Borough Council's approach for using planning obligations as required by the CIL Regulations. Related to this it is also necessary to consider how planning conditions and other agreements related to planning (for example Section 278 Agreements) interact with planning obligations and CIL and the overall viability of a development. A fuller explanation of the terms used in this report is included in the Glossary at the end of this document.
- 1.3 The principal purpose of this document is to provide transparency on what the Council, as the local planning authority, intends to fund in whole or part through the Community Infrastructure Levy (CIL) and those matters where planning obligations or other mechanisms may continue to be sought.
- 1.4 When a charging authority introduces the Community Infrastructure Levy, the CIL Regulations require that planning obligation requirements should be scaled back to those matters that are directly related to a specific site, and are not set out in a 'Regulation 123 list'. This document aims to identify those known site specific matters which may still be liable to a planning obligation and where this or other mechanisms may be more appropriate to secure requirements not normally covered by CIL.
- 1.5 This document should also be read in conjunction with the following documents
 - the Publication version of the Gosport Borough Local Plan 2011-2029;
 - the Infrastructure Assessment Report and the Infrastructure Delivery Plan;
 - the Draft Charging Schedule for the Community Infrastructure Levy. This sets out the Council's proposed tariff rates;
 - the draft 'Regulation 123' List which is a draft list of projects or types of infrastructure that are to be funded in whole or part by the levy; and
 - the CIL Viability Report (July 2013) and Addendum Report (July 2014) (Adams Integra).
- 1.6 This document will be reviewed at regular intervals to take account of the outcome of consultation and any amendments to the CIL Charging Schedule, national and local priorities, changes to legislation, and on-going updates of the Council's Infrastructure Delivery Plan.

2 Policy Background

Community Infrastructure Regulations and Guidance

2.1 The Community Infrastructure Levy (CIL) was introduced under part 11 of the Planning Act 2008. Details were set out in the Community Infrastructure Levy Regulations 2010¹ and have since been amended by:

- The Community Infrastructure Levy (Amendment) Regulations 2011²;
- The Community Infrastructure Levy (Amendment) Regulations 2012³;
- The Community Infrastructure Levy (Amendment) Regulations 2013⁴;
- The Community Infrastructure Levy (Amendment) Regulations 2014⁵

2.2 The Government has produced a Guidance note (DCLG June 2014) as part of the National Planning Practice Guidance⁶ which explains the salient points relating to CIL and its relationship with planning obligations secured by Section 106 Agreements and planning conditions. The 2010 Regulations as amended ('CIL Regulations') also set out the statutory tests for planning obligations which are detailed in Section 3.

National Planning Policy Framework (NPPF)

2.3 The key objective of CIL is to provide infrastructure to support new development without making the development unviable. The NPPF recognises that the provision of infrastructure to support development is one of the key roles of the planning system (para 7) and this function is incorporated within most, if not all, the core planning principles set out in the NPPF (para 17).

2.4 In relation to building a strong and competitive economy the NPPF states that planning policies should recognise and seek to address potential barriers to investment, including a poor environment or any lack of infrastructure, services or housing. It states that planning policies should include strategic policies to deliver the provision of infrastructure for transport, telecommunications, waste management, water supply, wastewater, flood risk and coastal change management, and the provision of energy (including heat). It should provide policies that secure health, security and community infrastructure and other local facilities (para 156).

2.5 The NPPF makes it clear that Local Plans should be deliverable. Therefore 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. To ensure viability the costs of any requirements likely to be applied to development, such as affordable housing, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable (para 173).

2.6 Local planning authorities should set out their policy on local standards in the Local Plan including requirements for affordable housing. They should assess the likely

¹ <http://www.legislation.gov.uk/ukdsi/2010/9780111492390/contents>

² <http://www.legislation.gov.uk/ukdsi/2011/9780111506301/note>

³ <http://www.legislation.gov.uk/ukdsi/2012/9780111529270>

⁴ <http://www.legislation.gov.uk/ukdsi/2013/9780111534465/contents>

⁵ <http://www.legislation.gov.uk/ukdsi/2014/9780111106761>

⁶ <http://planningguidance.planningportal.gov.uk/blog/guidance/community-infrastructure-levy/other-developer-contributions/>

cumulative impacts on development in their area of all the various obligations and requirements and ensure that these policies do not pose a serious risk to implementation. Evidence supporting this assessment should be proportionate, using only appropriate available evidence (para 174).

- 2.7 Where practical, Community Infrastructure Levy charges should be worked up and tested alongside the Local Plan. CIL should support and incentivise new development (para 175).
- 2.8 Where safeguards are necessary to make a particular development acceptable in planning terms (such as environmental mitigation or compensation), the development should not be approved if the measures required cannot be secured through appropriate conditions or agreements (para 176). It is equally important to ensure that there is a reasonable prospect that planned infrastructure is deliverable in a timely manner (para 177).

Local Plan Policy

- 2.9 It is envisaged that the proposed Community Infrastructure Levy for Gosport Borough will be implemented following the adoption of the emerging Gosport Borough Local Plan 2011-2029 by the Borough Council. The Local Plan will be subject to an Examination in Public and is likely to be adopted in early-2015.
- 2.10 Consequently this document relates to the requirements set out in the policies of the emerging Local Plan rather than the 'saved' policies of the Gosport Borough Local Plan Review (adopted in 2006) which will continue until such time as the emerging Plan is formally adopted. The Borough's latest draft Local Plan sets out a series of policies and proposals relating to new development and identifies key requirements including the provision of necessary infrastructure to support the proposed development. Further details of each of the policy requirements are set out in Section 4.

3 Mechanisms for securing infrastructure including developer contributions

Community Infrastructure Levy

- 3.1 The Community infrastructure Levy (CIL) delivers additional funding for charging authorities to carry out a range of infrastructure projects that support growth and benefit the local community. It cannot be expected to pay for the entire infrastructure required, but it is expected to make a significant contribution.
- 3.2 Regulation 14 of the CIL Regulations requires that when setting levy rates charging authorities must strike an appropriate balance between the desirability of funding infrastructure from the levy and the potential effects of the imposition of CIL on the economic viability of development across its area.
- 3.3 Regulation 123 of the CIL Regulations requires charging authorities to set out a list of those projects or types of infrastructure that it intends to fund through the levy. Further information relating to the Council's arrangements for CIL is contained in the accompanying Draft Charging Schedule and the 'Regulation 123 List'. This Strategy focuses on the other mechanisms for securing infrastructure and other requirements with a particular emphasis on developer contributions secured by planning obligations

Planning obligations

- 3.4 Planning obligations can be secured through either a Section 106 Agreement⁷ made between local authorities and developers; or a Unilateral Undertaking entered into by the landowner and any other party with a legal interest in the development site. These are attached to a planning permission to make development acceptable which would otherwise be unacceptable in planning terms.
- 3.5 Planning obligations are used for a number of purposes including:
- Prescribing the nature of development (for example, requiring a given portion of housing is affordable);
 - Compensating for loss or damage created by a development (for example, loss of open space);
 - Mitigating a development's impact (for example, through increased public transport provision);
 - Restricting the development or use of the land in any specified way.
- 3.6 From 6 April 2010 it has been necessary for planning obligations to meet three statutory tests. These are that a planning obligation must be:
- Necessary to make the development acceptable in planning terms;
 - Directly related to the development;
 - Be fairly and reasonably related in scale and kind to the development.

⁷ in relation to the relevant section of the 1990 Town & Country Planning Act

Changing role of planning obligations

- 3.7 In April 2010 a number of measures within the CIL Regulations came into force. These reforms and subsequent amendments restricted the use of planning obligations and clarified the relationship between planning obligations and the Community Infrastructure Levy. There are a number of key reforms that scale back the use of planning obligations which are set out below, particularly relating to securing financial contributions.
- 3.8 When a charging authority introduces the Community Infrastructure Levy, planning obligations requirements should be scaled back to those matters that are directly related to a specific site, and are not set out in a 'Regulation 123 list'.
- 3.9 Planning obligations cannot be used to double charge developers for infrastructure. The Government expects charging authorities will work proactively with developers to ensure they are clear about charging authorities' infrastructure needs and what developers will be expected to pay for through which route. This is so that there is no actual or perceived 'double dipping', with developers paying twice for the same item of infrastructure. Once an authority has introduced the levy in its local area, it must not use obligations to fund infrastructure they intend to fund via the levy.
- 3.10 Planning obligations will no longer in any event be the basis for a tariff. Once an authority introduces the levy in their area, or if sooner after April 2015, a planning obligation may no longer constitute a reason for granting permission where five or more separate planning obligations (entered into since 6 April 2010) already provide for the funding or provision of the same infrastructure/project. Regulation 123 (3) states:
- [Other than through requiring a highway agreement to be entered into, a planning obligation] ("obligation A") may not constitute a reason for granting planning permission to the extent that:*
- (a) obligation A provides for the funding or provision of an infrastructure project or [provides for the funding or provision of a] type of infrastructure; and*
 - (b) five or more separate planning obligations that:*
 - (i) relate to planning permissions granted for development within the area of the charging authority; and*
 - (ii) which provide for the funding or provision of that project [or provide for the funding or provision of that] type of infrastructure, have been entered into [on or after 6th April 2010].*
- 3.11 However, planning obligations will continue to play an important role in making individual developments acceptable. Affordable housing will continue to be delivered through planning obligations rather than the levy. Local authorities can also continue to enter into planning obligations for measures that cannot be funded through the levy for example requirements that are not considered to be forms of infrastructure such as training initiatives.
- 3.12 Where the 'Regulation 123 list' includes a generic item (such as education), planning obligations should not normally be sought on any specific projects in that category. Such site-specific contributions should only be sought where this can be justified with reference to the underpinning evidence on infrastructure planning made publicly available at examination i.e. in an Infrastructure Delivery Plan.

Planning conditions

- 3.13 The National Planning Policy Framework sets out that planning conditions (including Grampian conditions) should only be imposed where they are necessary, relevant to planning and relevant to the development to be permitted, enforceable, precise and reasonable in all other respects. When setting conditions, local planning authorities should consider the combined impact of those conditions and any Community Infrastructure Levy charges that the development will be liable for.
- 3.14 Sections 4 and 5 below outline which types of infrastructure are most appropriate to be secured by planning conditions. In most instances these are on-site matters in the control of the developers as part of the development proposals and normally taken into consideration when negotiating the purchase of the land.

Section 278 Agreements

- 3.15 Section 278 Agreements under the Highways Act 1980 are legally binding agreements between the Local Highway Authority i.e. Hampshire County Council for the Gosport area, and the developer to ensure delivery of necessary highway works.
- 3.16 The regulations help to ensure that Section 278 agreements cannot be required for works that are intended to be funded through the levy. The regulations do this by placing restrictions on the use of planning obligations and conditions where a local authority has an infrastructure list. Planning obligations and conditions should not be used to require a developer to enter into section 278 agreements to provide items that appear on the 'Regulation 123 list'.
- 3.17 It is therefore necessary for the Borough Council to ensure that the 'Regulation 123 list' does not inadvertently rule out the use of Section 278 agreements for highway schemes that are already planned or underway, or where there would be clear merit in retaining the ability for developers to contribute towards specific local highway schemes through section 278 agreements.
- 3.18 The Borough Council has had ongoing dialogue with Hampshire County Council as the local highway authority, which has advised that it will continue to use Section 278 Agreements in a similar way as it currently operates. Consequently HCC will continue to require developers under Section 278 Agreements to undertake works directly-related to the development proposal. This would often include access and similar arrangements to make the development operational and would therefore normally be factored-in by developers as normal development costs. It is unlikely that HCC will use Section 278 to collect developer contributions. HCC have provided advice to the Borough Council on which transport schemes are most suitable to be funded by CIL, and which are appropriate for planning obligations and Section 278 Agreements.

Other mechanisms

- 3.19 The Council also intends to use provisions under the Habitats Regulations to enable developers to fund appropriate mitigation measures in order to address the impact of recreational disturbance arising from new residential development adversely affecting internationally important habitats. These contributions will be used to fund measures identified by the Solent Recreation Mitigation Partnership. Further details are outlined in Section 4.

- 3.20 There are a number of bilateral agreements made by the developer and other parties that secure infrastructure requirements. There are often considered normal costs and are taken into account when the developer is negotiating with the landowner regarding the cost of the land. These include the provision of utilities such as linking the new development to an existing network and/or increasing its capacity to serve the new development. This includes sewerage, water supply, electricity, gas and telecommunications. Further details can be obtained from the relevant utility provider.

4 Infrastructure and other policy requirements

4.1 The most appropriate mechanism for securing each key type of infrastructure is outlined below together with the other key Local Plan policy requirements that are not forms of infrastructure (such as training initiatives). A summary is provided in Table 4.1 although it will be necessary to consider the text below to understand any caveats and exceptions.

Table 4.1 Summary of potential mechanisms to secure infrastructure and non-infrastructure policy requirements

Requirement	Most likely mechanism(s)	Relevant policies in the emerging Local Plan (in addition to LP2 and the relevant site-specific policy (LP4-LP9))
Transport		
Strategic off-site transport infrastructure (for example strategic highway and Bus Rapid Transit)	CIL- although planning obligations may be required for major sites generating significant travel demands (for example to provide a major upgrade in the local highway network) ⁸	LP21
Site specific highway works in the vicinity and access arrangements to the site	Planning obligation and/or Section278	LP21, LP22, LP23
On-site access requirements	Section278 and/or planning conditions	LP21, LP22, LP23
Travel Plan and associated measures (not covered above)	Planning obligation and/or planning condition	LP21, LP22, LP23
Housing		
Affordable housing	Planning obligation (although certain requirements have been secured solely through the use of a planning condition)	LP24
Education and Training		
Primary School	CIL- although planning obligation may be required for major residential sites generating significant demand ⁹	LP32
Secondary School		
Other training and education facilities		
Employment and Training Plans and associated in-kind measures and/or developer contributions for training	Planning obligation	LP17

⁸ Such S106 requirements could not be included on the CIL 'Regulation 123 List'

⁹ Such S106 requirements could not be included on the CIL 'Regulation 123 List' and as at July 2014 no specific requirements have been identified

Requirement	Most likely mechanism(s)	Relevant policies in the emerging Local Plan (in addition to LP2 and the relevant site-specific policy (LP4-LP9))
initiatives (non-infrastructure)		
Community facilities		
Medical and health	CIL- although planning obligation may be required for major sites ¹⁰ for a variety of reasons ¹¹	LP32
Indoor sports, leisure and recreation		
Multi-functional community halls		
Care/crèche facilities		
Cultural Facilities		
Flood management		
Flood management infrastructure	CIL although planning obligation/planning conditions will be required for major regeneration sites as well as very site specific measures for smaller sites where flood management measures will be essential to deliver a safe scheme ¹² .	LP41, LP45
Evacuation Plans	Planning obligation/planning condition	LP45
Utilities		
Gas, electricity, water supply, waste water, telecommunications and broadband	Bilateral agreements with utility provider. In some instances a planning condition and/or planning obligation Agreement may be appropriate depending on whether there are any specific site issues.	LP20, LP38, LP39, LP40
Open Space		
Open space (play space, amenity space, natural/semi-natural) for sites of under 50 dwellings	CIL	LP34
Open space (play space, amenity space, natural/semi-natural) for sites of 50 or more dwellings	Normally on-site provision secured by planning condition. In instances where it is more applicable for off-site provision for a specific project in the vicinity it will be	

¹⁰ For the purposes of this requirement, the justification text of Policy LP32 of the Gosport Borough Local Plan 2011-2029 describes major developments as normally over 100 dwellings.

¹¹ Such S106 requirements could not be included on the CIL 'Regulation 123 List'

¹² Such S106 requirements could not be included on the CIL 'Regulation 123 List'

Requirement	Most likely mechanism(s)	Relevant policies in the emerging Local Plan (in addition to LP2 and the relevant site-specific policy (LP4-LP9))
	necessary to secure a contribution by planning obligation.	
Allotments	CIL	
Outdoor sports facilities and pitches	CIL	
Maintenance of open space and green infrastructure		
Maintenance.	<p>On-site open space provision secured on sites of 50 or more dwellings will need to be managed and maintained for a period of 25 years and can be secured by a planning condition or a planning obligation to be negotiated with the developer.</p> <p>Other forms of on-site green infrastructure will also require to be maintained for 25 years and can be secured by a planning condition or a planning obligation to be negotiated with the developer.</p> <p>Sustainable drainage systems will require a longer term management scheme to be agreed by the relevant agencies.</p>	LP34, LP41
Biodiversity		
Solent Recreation and Mitigation Partnership (SRMP) initiatives to mitigate recreation disturbance impacts on internationally important habitats.	<p>Planning obligation/planning condition for any on-site measures (normally for identified impacts generated 'alone' by the development).</p> <p>Direct payments as part of a scheme to demonstrate appropriate mitigation under the Habitats Regulations for in-combination mitigation identified by the Solent Recreation Mitigation Partnership.</p>	LP41, LP42

Requirement	Most likely mechanism(s)	Relevant policies in the emerging Local Plan (in addition to LP2 and the relevant site-specific policy (LP4-LP9))
On-site measures (not related to recreational disturbance) following an ecological report (which could include an appropriate assessment relating to potential impact on internationally important sites).	Planning conditions	LP41, LP42, LP43, LP44
Off-site measures (not related to recreational disturbance) following an ecological report (which could include an appropriate assessment relating to potential impact on internationally important sites).	Planning obligation/planning condition	
Heritage		
Archaeology	Normally planning conditions are sufficient to secure on-site research and mitigation.	LP11, LP13
Interpretation (boards, display, exhibitions)	Planning conditions and/or planning obligation depending on necessary arrangements for interpretation.	
Use of building (such as making available for public use)	Planning conditions and/or planning obligation depending on arrangements required.	
Use of resources: Energy		
Energy efficiency	Building Regulations	
On-site measures	Planning condition and/or planning obligation depending on the nature and scale of measures.	LP38
Allowable Solutions	Still to be determined by Government. One option favoured by Government is that such contributions to offset carbon emissions will be secured through the Buildings Regulations system and then channelled into a choice of British based projects with those implementing the projects bidding for funding.	LP38
Use of resources: Water		
Water consumption measures	Planning condition	LP39

Requirement	Most likely mechanism(s)	Relevant policies in the emerging Local Plan (in addition to LP2 and the relevant site-specific policy (LP4-LP9))
Use of resources: Waste and Material Resources		
Site Waste Management Plans	Planning condition	LP40
Waste and recycling storage	Planning condition	LP40
Contaminated Land		
Contamination remediation	Planning condition	LP47

Transport

Strategic and major off-site transport improvements

- 4.2 It is envisaged that transport infrastructure set out in the relevant strategies produced by Hampshire County Council (HCC) and Solent Transport¹³ will be funded through various sources of funding including national and regional sources. CIL and other forms of developer contributions can make an important contribution towards this form of infrastructure where required to serve the proposed new development. This could include strategic road improvements, improvements to the Bus Rapid Transit and other public transport improvements as well as cycling and pedestrian improvements identified through the relevant strategies. Previously developer funding came through a tariff-based approach secured by planning obligations on most developments with a negotiated Section 106 arrangement on major sites to mitigate the likely transportation impact. CIL will therefore replace this system with a few exceptions outlined below.
- 4.3 However there may also be specific local highway network issues that arise from a particular development site in order to ensure a safe and efficient network. Consequently these will be secured through a planning obligation and/or Section 278 Agreements with Hampshire County Council as the highway authority.
- 4.4 Planning obligations would be normally used for a number of types of measures which are not identified or expected to be met by CIL. These obligations will need to accord with all the restrictions relating to the use of planning obligations imposed by the CIL Regulations. Such measures often relate to large scale developments that generate significant new transport demands over and above the contributions achievable by CIL and yet are a critical element for the successful and sustainable delivery of the development. This could include significant road infrastructure including a new road required to serve a major residential scheme¹⁴. Certain specific transport improvements relating to a development proposal have already been identified (see Table 5.1) which will be secured either by planning condition, a Section 278 Agreement with HCC and/or planning obligation depending on the characteristics, location, timing and arrangements of the work.

¹³ Formerly known as Transport for South Hampshire and Isle of Wight (TfSHIoW) and prior to that Transport for South Hampshire. NB: Relevant documents still include either of these names.

¹⁴ Subject to Section 106 pooling restrictions

On-site and local site-specific measures

- 4.5 Measures normally secured through Section 278 Agreements¹⁵, which relate to works on highway authority land, include access arrangements to a site including vehicular, cycle and pedestrian access. This could include: dropped kerbs and crossovers; the provision, removal or relocation of street furniture; pedestrian crossings; bus stops; and links to the cycle network.

Travel Plans

- 4.6 Travel plans will be required for developments which generate significant levels of traffic. The thresholds for requiring a Travel Plan for various land uses are set out in Appendix 3 of the Gosport Borough Local Plan 2011-2029: Publication Version. These travel plans will detail measures that will reduce dependence on the car, encourage and facilitate the use of alternative modes for journeys to and from work, and help protect amenities for the local community. Travel Plans should include performance targets and details of measures and funding to deliver, monitor and review them. The scope of Travel Plans should be agreed with Hampshire County Council as the Highway Authority and secured by a planning obligation with HCC or by planning condition.

Affordable Housing

- 4.7 Housing need assessments supported by the Council's annual monitoring reports have clearly demonstrated that there is an overriding need to provide affordable housing and that the Council would be justified in seeking to achieve a target of 40% affordable housing on qualifying sites. Such provision will normally be secured through planning obligations.
- 4.8 The Council's evidence¹⁶ in relation to economic viability of affordable housing provision concludes that in the majority of cases the provision of 40% affordable is economically viable on sites of 10 dwellings and above. Accordingly in order to meet the on-going need for affordable housing the Council will expect all qualifying housing development to provide 40% affordable housing. However, it is recognised that the development industry is subject to the influences of the wider economic cycle. Therefore in some circumstances where development costs undermine the viability of housing delivery on brownfield sites the Council may negotiate a lower level of provision of affordable housing provided it is informed by a site specific economic viability assessment.
- 4.9 The Council will seek a tenure mix in line with the latest relevant housing studies and recognises that this proportion may change as new evidence comes forward. It is expected that a proportion of the social rented accommodation will be in the form of affordable rented accommodation.
- 4.10 Affordable housing provision should be made on site and only where it is justified will off-site or a financial contribution in lieu of on-site provision be considered. It will need to be demonstrated that off-site provision or financial contributions will lead to the creation of a balanced community. The Council will seek to ensure that the

¹⁵ Section 38 Agreements are used if the developer is providing new access and new roads within their site which the highway authority has agreed to adopt.

¹⁶ GBC Affordable housing viability study (DTZ 2010), Gosport CIL Viability Report (Adams Integra July 2013) and Addendum Report in Response to the Consultation(Adams Integra July 2014)

affordable housing remains affordable to successive as well as initial occupiers through the use of planning conditions and obligations.

Education and Training

Schools and training facilities

- 4.11 The Borough Council has previously collected contributions for improvements to local schools on behalf of Hampshire County Council based on a tariff approach using evidence from HCC's School Places Plan. These measures had previously been secured by planning obligation.
- 4.12 This mechanism is no longer applicable in most circumstances. Consequently future education contributions will be funded through CIL.
- 4.13 However there could be a circumstance whereby a major development places excessive pressure on local school places that a planning obligation is required to properly mitigate for the impact. It will be necessary for HCC as the education authority to identify the infrastructure project as soon as known in order that it can be excluded from the Council's latest 'Regulation 123 List' and instead added as an appropriate planning obligation in a future version of this document.

Employment and Training Plans

- 4.14 Where appropriate the Borough will negotiate with a developer to secure training opportunities as part of the development of a site through a planning obligation. The Borough Council has produced its own practice guide¹⁷ outlining the process for securing training and employment in relation to major development which relate to local priorities. Key measures the Borough Council will seek include:
- Work placement (14-16 & 16-19 yrs.)
 - Career advice
 - Work trials and Interview guarantees
 - Vocational training
 - Leadership and management training
 - Support with transport, childcare and work-equipment
 - Financial contributions towards relevant training schemes within the area
 - Curriculum Support Activities
 - Pre-employment training
 - Apprenticeships
 - Supervisor training
 - Health and safety
 - Construction skills certificate scheme
- 4.15 This policy applies to major employment generating developments including retail, leisure and office development greater than 1,000 sq. m; industrial development greater than 2,000 sq. m; warehouse development greater than 4,000 sq. m (all figures gross); and any other development likely to generate 50 full time equivalent jobs or more. The policy will also apply to construction jobs related to residential schemes of 40 or more dwellings.¹⁸
- 4.16 Measures will be negotiated to be appropriate to the specific development and secured by a planning obligation Agreement in the form of a training and employment plan. It is envisaged that for most commercial developments the Borough Council

¹⁷ See GBC practice guidance

<http://www.gosport.gov.uk/sections/your-council/council-services/planning-section/pre-application-advice/>

¹⁸ See GBC practice guidance for further explanation of how these thresholds were derived.

will seek to secure 'in-kind' measures rather than financial contributions, which will only be sought where it is not possible to secure 'in-kind' measures. For residential developments of 40 or over the Borough Council will seek to secure training measures relating to the construction industry. In some cases it may be appropriate to secure a financial contribution towards training schemes in the area which in principle could be accessed by residents of the new housing.

Community facilities¹⁹

4.17 This could include health and medical facilities, indoors sports, recreation and leisure facilities, care and crèche provision, library and museums, as well as multi-functional facilities such as community halls. It is envisaged that CIL will be the main mechanism for securing new and/or improved facilities although funds from other non-developer sources will also often be required. Such facilities will be initially identified on the Council's 'Regulation 123 List' in generic terms rather than specific projects being identified.

4.18 However given the nature of some of the proposed development sites within the Borough there are likely to be a variety of circumstances where the Borough Council will seek to secure a specific community facility on a proposed development site and these would be excluded from the 'Regulation 123 List'. Consequently it will be necessary to secure such arrangements through a planning obligation (which meet the three statutory tests) or where more applicable, a planning condition. Circumstances may include:

- A clear identifiable need for a particular community facility is required to serve the needs of the development, without which the site would generate unacceptable demands on existing infrastructure. This could include major developments (over 100 dwellings) where it may be necessary to provide community buildings or land on the site or close-by to serve the new community²⁰;
- The use of a building for a community use (of which a need or demand has been identified) represents the most appropriate use of a particular building;
- The use of the building for community usage enables the public to enjoy an historic asset;
- It is necessary to reprovide suitable buildings of sufficient quality in an appropriate location to replace facilities lost as part of a redevelopment proposal.

4.19 A planning obligation may be required in relation to managing public access arrangements or a financial contribution for relocating a facility. There may also be requirements (either through planning condition or planning obligation) to improve an existing facility on site or its setting through environmental improvements.

Flood management measures

4.20 It is envisaged that most developer contributions towards flood management measures including flood defences will be made through CIL. These will be used for schemes identified in the 'River Hamble to Portchester Coastal Flood and Risk Management Strategy' being prepared by the Eastern Solent Coastal Partnership.

¹⁹ Excludes education and open space which are dealt with separately

²⁰ See Policy LP32

This Strategy will be based on the adopted North Solent Shoreline Management Plan. Such measures will protect local communities and services and facilities from flooding.

- 4.21 Importantly a number of flood management improvements are specific to proposed new development sites and consequently the appropriate mitigation will be required to make these sites developable. In such cases in order to enable the development to take place significant works may be necessary which would need to be secured either through a planning condition and/or a planning obligation depending on the nature, location and timing of the works and measures proposed. Key sites where non-CIL mechanisms may be appropriate include the Gosport Waterfront, Priddy's Hard Heritage Area and sites on the Haslar Peninsula. In order to avoid double-dipping it will be necessary to exclude measures related to site specific requirements from the Borough Council's 'Regulation 123 List'.

Utilities

- 4.22 Utilities include gas, electricity, waste water including sewerage systems, water supply, telecommunications and broadband. A number of utility providers have identified specific requirements for individual sites most notably the need for enhanced sewerage capacity. Such measures will be necessary to deliver a suitably functional development meeting basic everyday needs. Such measures are normally agreed through bi-lateral agreements between the developer and the utility provider. Where necessary, usually upon advice from the utility provider, it may be necessary to secure certain improvements through a planning condition. In some instances a note to developers as part of the consent is sufficient to advise developers of the relevant requirements. There may from time to time be the need to use a Section 106 Agreement to ensure the developer contributes to works/improvements to deliver sufficient capacity to serve the proposed development.

Open space

- 4.23 In most cases open space improvements will be funded through CIL and thereby replacing the existing tariff-based approach secured by Section 106 agreements. The CIL funding will be used for a series of identified projects including the provision and improvement of major open space projects such as the Alver Valley Country Park and the network of neighbourhood parks.
- 4.24 Importantly, however it is a requirement of Policy LP34 for sites of over 50 dwellings to provide on-site open space which would normally be secured by condition.
- 4.25 New development places additional demands on the existing supply and quality of open spaces. It is important that new residential development (Class C3) over 50 dwellings meet or exceed the standards set out in the Policy LP34 in order to provide adequate open space provision for new residents. Further details of the standards are included in Gosport Local Plan: Local Open Space Standards (GBC 2014)²¹.

²¹ www.gosport.gov.uk/localplanreview-evidencestudies

- 4.26 The developer will be required to ensure that the open space is retained in perpetuity and appropriately maintained and this will be secured by planning condition/planning obligation. In addition green infrastructure (LP41) that is required to be provided on-site, could be incorporated as part of the open space provision.
- 4.27 In certain instances it may not be possible for the developer of a proposal of 50 or more dwellings to provide open space on-site due to various constraints or site characteristics. In such cases a financial contribution will be necessary towards a specified off-site open space proposal in lieu of all or part of the required on-site provision. This could include a new facility or an enhancement to an existing one. This would be secured by a planning obligation Agreement and normally be specific with regard to the site it is intended to be allocated to. In such cases the obligation will need to meet the tests of Government legislation and no developer contributions may be collected in respect of a specific infrastructure project or a type of infrastructure through a planning obligation, if five or more obligations for that project or type of infrastructure have already been entered into since 6 April 2010, and it is a type of infrastructure that is capable of being funded by the levy.
- 4.28 The Council recognises that on small residential developments it is neither desirable nor practical to make provision for open space other than certain elements of green infrastructure (see LP41). Consequently the Borough Council in most instances will take a financial contribution in the form of the Community Infrastructure Levy where a proportion of money may be spent on new or enhanced open space provision.
- 4.29 In relation to outdoor sports provision and allotment provision (see also Policy LP36) where quality and quantity deficiencies have been identified it is accepted that this provision is not normally suitable to be provided on site given the characteristics of these uses. Instead this provision can be funded by the Community Infrastructure Levy.

Biodiversity

International sites

- 4.30 The Borough has four internationally important designations which are detailed in the draft Gosport Borough Local Plan 2011-2029 and identified on the Policies Map. In addition to these sites which are cross-boundary designations, the Council is minded that development in Gosport Borough in-combination with other developments in the sub-region may in certain circumstances have an effect on other international designations, for example the Solent and Southampton Water SPA which is adjacent to the Borough boundary at Hill Head within Fareham Borough.
- 4.31 In relation to internationally important sites the Government's Conservation of Habitats and Species Regulations 2010²² which transpose the European Union Habitats Directive into national law are relevant. These are often referred to as the Habitats Regulations. It is now a requirement for each local planning authority to conduct a Habitats Regulation Assessment (HRA) of their Local Plan. Policies and proposals in the Gosport Borough Local Plan in combination with other plans and programmes within the Borough and the sub-region (and beyond) will not be acceptable where there is the potential for an adverse impact on the features of an internationally important site. An HRA Report accompanies the Local Plan and its

²² From 1st April 2010, this legislation updates and consolidates all the amendments to the Regulations since they were first made in 1994 which transposed the European Union Habitats Directive into national law.

recommendations have been taken into account throughout the Plan including issues relating to recreational disturbance, traffic-related air pollution and coastal defences.

- 4.32 Policy LP42 reinforces the significance of this issue and consequently developers will need to consider these matters at the earliest possible stage when preparing their proposals and provide sufficient information for the Local Planning Authority to undertake the appropriate assessment.
- 4.33 Any proposal which may have a significant effect upon a European site or a species protected by European legislation, either alone or in combination with other current proposals and projects, will need to be subject to an 'appropriate assessment' and is likely to require an Environmental Impact Assessment. The information provided by the developer will enable the Local Planning Authority, with guidance from Natural England, to ascertain whether the proposal will have an adverse impact on the nature conservation value of a site. Consequently a Section 106 Agreement or planning condition may be required to provide the appropriate site-specific mitigation for the development.
- 4.34 Importantly recreational disturbance from new development in the Solent has been shown to have an in-combination effect and consequently all residential development will need to address this impact. Details are set out below.

Solent Recreation and Mitigation Partnership

- 4.35 The Solent Recreation and Mitigation Partnership (SRMP) has been set up to implement measures that mitigate the recreational disturbance impacts generated by new residential development within the sub-region on internationally important habitats. The Partnership includes a number of organisations including: a number of local authorities including the PUSH authorities, Chichester District Council and the New Forest Park Authority; Natural England; and organisations with a conservation interest including the RSPB, the Hampshire and Isle of Wight Wildlife Trust and the Chichester Harbour Conservancy.
- 4.36 Evidence relating to recreational disturbance has been undertaken as part of the Solent Disturbance and Mitigation Project (SDMP). This work has been coordinated by the Solent Forum and has involved the members that now make up the SRMP. The work has concluded that existing and new development has an adverse impact on protected bird species that use the European sites as a result of recreational disturbance generated by local residents.
- 4.37 Natural England have made it clear that this work represents the best available evidence and therefore avoidance measures are required in order to ensure a significant effect, in combination, arising from housing development around the Solent is avoided. It acknowledges that partnership work is underway and expects that all residential development contributes towards the avoidance and mitigation measures, otherwise residential development should be refused planning permission.
- 4.38 Consequently it will be a requirement of new residential development to contribute towards the measures identified by the SRMP. A broad level Mitigation Strategy has been produced and work is currently being undertaken to implement a package of interim measures which will form part of a longer term action plan. This includes provision to provide suitable alternative natural greenspaces (SANG's) where appropriate, which could effectively deflect recreational pressure on sensitive sites. Other measures include the implementation of on-site measures and/or financial

contributions to local and/or sub-regional projects. The package of measures could include, coastal rangers, education/awareness initiatives particularly focussed for dog walkers, and various potential access management projects. The work for an interim and long-term mitigation scheme is on-going and the latest information can be found on the relevant website²³.

- 4.39 The Borough Council will take a financial contribution for each new dwelling towards mitigation measures. This will be set at the same rate across the Solent and will secure the relevant mitigation measures in perpetuity.²⁴ As at June 2014 the interim scheme contribution will be £172 per standard dwelling and this will increase with inflation and will be updated on the 1st April each year.
- 4.40 It has been agreed by the SRMP that as part of the interim scheme Gosport Borough Council will be securing developer contributions towards the establishment of the Alver Valley Country Park. This will in effect be a pilot project as part of the wider mitigation strategy. This project has been identified in the SDMP Mitigation Report as a potential scheme that could function as a 'SANG' in that it has the potential to significantly deflect recreational pressure including those from dog walkers away from sensitive coasts.
- 4.41 The Alver Valley has numerous attributes that make it attractive to visit and intercept visitors to sensitive areas. This includes a variety of walks, and terrain, sea views and connections with less sensitive parts of the coast. It is considered that a number of improvements are required to make the Alver Valley more attractive to visitors including dog walkers such as extended car parking, café and toilet facilities and other facilities and events. The Borough Council will use these SRMP contributions to fund projects in accordance with the Borough Council's Alver Valley Country Park Strategy (2014).
- 4.42 It is acknowledged that arrangements and the nature and scale of contributions towards mitigation may change as a long term action plan is prepared and agreed by the SRMP. The long term mitigation measures to be implemented by the SRMP have yet to be finalised and priorities need to be fully considered and kept under review.
- 4.43 The SRMP payment is required in order to demonstrate appropriate mitigation and therefore a proposal does not cause harm as required by the Habitats Regulations. The developer pays the Council directly in its role as the 'competent authority' as defined by the Habitats Regulations and the arrangements for such payments will be set out in a procedure note produced by the Council.

Other measure to protect and enhance biodiversity

- 4.44 In addition the Borough has a number of nationally and locally important habitats, as well as sites with protected species. The Borough Council also has a duty under the Natural Environment and Rural Communities (NERC) Act 2006 to have regard to biodiversity conservation and the NPPF requires development to deliver a net gain in biodiversity. As a result of the relevant ecological assessments it may be necessary to secure protection and enhancement measures for biodiversity. The mechanism

²³ http://www.solentforum.org/forum/sub_groups/Natural_Environment_Group/Disturbance_and_Mitigation_Project/

²⁴ Natural England require that the measures are set up to be funded in-perpetuity and consequently the financial structure of the SRMP has been set up to ensure funding is available over the long term through setting up a financial reserve

for doing this depends on the identified requirements. For on-site measures this is likely to be done through planning conditions with a Section 106 used to secure off-site measures or contributions.

Heritage sites

- 4.45 On certain sites it may be necessary to secure specific requirements relating to heritage assets which are very site specific and not applicable for CIL. Such measures could be secured by planning condition (normally if the works are being undertaken on-site on behalf of the developer) or by a planning obligation (if a financial contribution is required to the local authority or other relevant organisation to coordinate or undertake appropriate mitigation or other such requirements). Measures could include archaeological research, interpretation of historic assets or ensuring a particular use of a historic building is made available for public access.

Use of resources

Energy

- 4.46 The Council (LP38) requires that new development meet at least the Government's national standards for energy use and CO₂ reduction and that this should include measures set out in the zero carbon hierarchy including:
- 1) be designed to maximise energy efficiency and design out the need for energy use by means of the scheme layout;
 - 2) connect to existing combined heat and power and District Heating and Cooling networks or contribute towards their development;
 - 3) use renewable energy technologies to produce required energy on-site; and
 - 4) make use of Allowable Solutions to deal with any remaining CO₂ emissions.
- 4.47 In many instances measures which contribute towards reaching the applicable level are incorporated within the design of a development (such as site layout, orientation and detailed design) and are secured by planning conditions.
- 4.48 As part of the Government's latest consultation²⁵ regarding zero carbon homes its preferred method for securing the energy efficiency requirements for each dwelling is through the Buildings Regulations system rather than planning. Consequently it will be not necessary to use planning obligations to secure such measures.
- 4.49 The Government originally intended that new homes would meet the whole of the zero-carbon standard 'on-site'. However the Government recognises that it would not be cost-effective at this time, affordable or technically feasible to meet the zero carbon homes standard in all cases through measures on the dwelling itself, like fabric insulation, and/or renewable energy generation measures.
- 4.50 Therefore the Government proposes that house builders can achieve the zero carbon standard by mitigating the remaining emissions 'off-site', through a process commonly referred to as 'Allowable Solutions.'

²⁵ <https://www.gov.uk/government/consultations/next-steps-to-zero-carbon-homes-allowable-solutions>

- 4.51 The Government has recently consulted on a whole range of measures relating to Allowable Solutions²⁶ including mechanisms to secure off-site measures. It recognises that further work is required on this issue but appears to rule out the use of planning obligations and CIL to secure funding. Instead it is proposing a variety of routes that housebuilders themselves would use to meet these requirements and consequently such costs would need to be taken into account by developers when negotiating the price of the land.
- 4.52 The Borough Council will need to be mindful of these requirements as they may have an impact on overall site viability which will have implications for the amount of CIL that can be levied and planning obligations secured for other infrastructure requirements as part of the overall scheme.
- 4.53 In certain site-specific instances the developer may prefer to connect to an existing heat and power scheme, or contribute towards a future scheme; or use renewable energy technologies to produce the required energy in site in order to fulfil the zero carbon requirements. In such cases it may be appropriate to apply planning conditions or use a planning obligation to secure these measures as part of the overall site development, particularly if the development has a number of phases and developers may be contributing to a larger scheme.

Water

- 4.54 Policy LP39 requires that new residential development proposals should include measures that will reduce the consumption of water equivalent to 110 litres per person per day (including external use). This measure has been based on emerging Government consultation as part of the Housing Standards Review and would need to be secured by planning condition.

Waste and Materials

- 4.55 Measures included in a site waste management plan such as the re-use of aggregate from demolition as required by Policy LP40 will be secured by planning condition. Similarly requirements for waste and recycling (such as bin stores) will be secured by planning condition.

Contaminated Land

- 4.56 Proposals for sites that are known, or suspected, to be contaminated from a previous land use will be required to be accompanied with a contamination land assessment. Remediation will normally be secured through a planning condition.

²⁶Next Steps to Zero Carbon Homes- Allowable Solutions: Consultation (DCLG August 2013)
<https://www.gov.uk/government/consultations/next-steps-to-zero-carbon-homes-allowable-solutions> The consultation period for this document was 6 August and 15 October 2013.

5 Site specific requirements

- 5.1 A summary of potential infrastructure requirements for specific sites that are unlikely to be achieved through CIL but rather a planning obligation or other mechanism are set out below (Table 5.1). It is important to note this list is indicative at this stage and may change over time as more information is available regarding detailed proposals. The tables do not include any potential restrictive conditions or obligations (permitted uses, hours of uses, environmental restrictions etc.). Importantly CIL would not fund the same element of infrastructure as secured by other mechanisms in order to avoid 'double-dipping.'
- 5.2 A number of sites identified in the draft Local Plan including Daedalus, the Rowner Renewal Project (also known as Alver Village), Royal Clarence Yard, Magister Close and Fort Gilkicker already have the benefit of planning permission with a Section 106 Agreement in place. Should these permissions expire or replacement planning applications submitted then a new planning obligation may be required.
- 5.3 For sites without planning permission the table relates to the proposed uses set out in the emerging Local Plan and consequently if whatever reason different uses are proposed an amended set of obligations may be applicable.

Table 5.1 Potential infrastructure requirements not likely to be achieved through CIL funding

Infrastructure Requirement	Potential mechanism to achieve infrastructure requirement	Potential applicable sites for Planning obligations and/or other non-CIL mechanisms
Transport		
Transport Interchange at Gosport Waterfront	Planning obligation and/or planning condition depending on site specific arrangements	Gosport Waterfront
Contributions for off-site strategic transport projects not set out on the 'Regulation 123 List' (if the Highway Authority consider that particular measures are required to deal with site specific issues)	Planning Obligations may be required in particular instances where there is a requirement for major improvements to mitigate the impact of the proposed development.	Gosport Waterfront Royal Hospital Haslar (if net gain in trips) Blockhouse (if net gain in trips) Priddy's Hard Former Frater House site
Essential on-site/local transport and access-related measures	In most cases Section 278 will be the normal mechanism for localised access arrangements. Planning conditions are likely to most relevant for on-site measures.	Gosport Waterfront Barclay House Royal Hospital Haslar Blockhouse Alver Valley Priddy's Hard Former Frater House site Grange Road, land south of Huhtamaki Stoner Close, Wheeler Close, Laphorn Close Cherque Farm (Twyford Drive) Windfall sites where applicable.

Infrastructure Requirement	Potential mechanism to achieve infrastructure requirement	Potential applicable sites for Planning obligations and/or other non-CIL mechanisms
Travel Plan	Planning condition	Gosport Waterfront Royal Hospital Haslar Blockhouse Alver Valley Priddy's Hard Former Frater House site Grange Road, land south of Huhtamaki Cherque Farm (Twyford Drive)(only if above requirement threshold) Windfall sites over the thresholds set out in the Gosport Borough Local Plan 2011-2029
Housing		
Affordable Housing	Normally planning obligations will be used on eligible sites. Planning Conditions may be used in certain instances.	Gosport Waterfront Barclay House Royal Hospital Haslar Blockhouse Davenport Close Priddy's Hard Stoner Close, Wheeler Close, Laphorn Close Windfall sites of 10 or more dwellings
Education, Training and Employment		
Education- The HCC tariff scheme will be used until CIL replaces it.	CIL will replace the tariff currently secured by planning obligation However there could be a circumstance whereby a major development places excessive pressure on local school places that a planning obligation is required to properly mitigate for the impact.	No sites currently identified.
Employment and Training Plans	Planning obligation	Gosport Waterfront Royal Hospital Haslar Blockhouse Priddy's Hard Former Frater House site Grange Road, land south of Huhtamaki Royal Clarence Yard Windfall sites where meet the relevant policy thresholds.
Community facilities²⁷		
Provision or enhancement of a community facility	Planning obligation and/or Planning Condition depending on the nature of the requirement	Royal Haslar Hospital Blockhouse Priddy's Hard Former Frater House site

²⁷ Excluding education and open space which are dealt with separately

Infrastructure Requirement	Potential mechanism to achieve infrastructure requirement	Potential applicable sites for Planning obligations and/or other non-CIL mechanisms
Flood Management		
On-site flood management measures if set out as an exemption of the 'Regulation 123 List'	Planning obligation and/or Planning Condition depending on the nature of the requirement	Gosport Waterfront Royal Hospital Haslar Blockhouse Alver Valley Priddy's Hard Windfall sites which require specific flood management requirements to make the site safe (and not identified on the 'Regulation 123 List')
Open Space		
Sites of 50 or more dwellings where the open space provision cannot be met on-site. For sites determined under Policy LP 34 of the emerging Local Plan (once adopted), this will only relate to sites over 50 dwellings.	For sites determined under policy LP34 of the Local Plan: requirements in-lieu will be for a specified scheme in close proximity to the site through a Planning obligation and would not be included on the Council's 'Regulation 123 List'.	Possible sites if provision cannot be made on-site: Gosport Waterfront Blockhouse Windfall sites over 50 dwellings
Biodiversity		
Solent Recreation and Mitigation Partnership	The SRMP payment is required in order to demonstrate appropriate mitigation and therefore a proposal does not cause harm as required by the Habitats Regulations. The developer pays the Council directly in its role as the 'competent authority' as defined by the Habitats Regulations and the arrangements for such payments will be set out in a procedure note produced by the Council.	All residential sites.
Site-specific biodiversity mitigation and enhancements.	The mechanism depends on the type of mitigation required. In most case a planning condition will be more appropriate	Possible sites depending on outcome of an ecological assessment Gosport Waterfront Royal Hospital Haslar Blockhouse Alver Valley Priddy's Hard Former Frater House site Grange Road, land south of Huhtamaki Windfall sites where specific ecological issues have been identified.

Infrastructure Requirement	Potential mechanism to achieve infrastructure requirement	Potential applicable sites for Planning obligations and/or other non-CIL mechanisms
Heritage		
Archaeology, Listed Buildings, Registered Park and Garden (could include arrangements to re-use or secure public access to historic buildings, interpretation, implementation of a heritage strategy, archaeological arrangements).	Planning obligation and /or Planning Condition. The mechanism depends on the type of mitigation required	Potential sites could include: Gosport Waterfront Royal Hospital Haslar Blockhouse Alver Valley Priddy's Hard Windfall sites where specific heritage issues have been identified.
Other		
Other critical on-site elements identified through the planning process.	Planning obligation and /or Planning Condition.	Not known at this stage

6. Viability and Prioritisation Considerations

- 6.1 As clearly stated by the CIL Regulations, the NPPF and relevant policies of the emerging Local Plan it is necessary to ensure that the Borough Council's policy requirements including those relating to infrastructure do not make a site unviable. It is a major objective of the Borough Council to re-use brownfield sites, create new jobs, provide a range of vibrant mixed use sites and preserve and protect the Borough's heritage and natural assets.
- 6.2 To deliver these objectives the Borough Council is acutely aware that too onerous planning obligations and other requirements could stifle the required development. It is also aware that the development must be served by appropriate infrastructure to ensure that the development is an attractive location to invest, live, work and/or visit. The infrastructure would also be required to ensure acceptance by the local community who do not wish to see their existing infrastructure and services stretched still further by development that does contribute to its 'fair share' of infrastructure provision.
- 6.3 To understand key issues surrounding the viability of development in the Borough, the Council has commissioned a study, '*CIL Viability Report*' (Adams Integra 2013) and Addendum Report (Adams Integra 2014). It concluded that there is limited viability for developer contributions to be taken from development sites in the Borough. At the present time only residential and supermarket and retail warehouses could support developer contributions and that such rates would vary across the Borough. The rate for residential takes into account affordable housing requirements. The rates also take into account normal site development costs and that these should normally be taken into consideration by the developer when negotiating the price of the land. The rates also account for the use of sustainable construction methods (equivalent to Code Level 4 of the Code for Sustainable Homes) and the additional payments by developers of £172 per dwelling as part of the Solent Recreation Mitigation Partnership. It is acknowledged that further assessment will be required if these parameters significantly change in due course.
- 6.4 The recommended rates are comparable with the Borough Council current Section 106 rates and with adopted CIL rates in the adjoining local authorities.
- 6.5 It is important to understand that this study which has informed the draft CIL Charging Levy represents a particular point in time during the economic cycle, a particularly prolonged and deep economic downturn, and so viability of developments will change over the Plan period.
- 6.6 The research identifies a number of broad charging zones based on viability. It is important to note that by the very nature of this type of work these broad generalisations may mask specific viability issues on particular development sites. Consequently an individual development site could take a higher level of developer contributions than the viability assessment implies, or conversely there may be difficult constraints to overcome making the site less viable and therefore less able to secure all the potential contributions and policy requirements.

- 6.7 The policies of the Local Plan have been written to provide developers and the local community an element of certainty of what the Borough Council considers to be appropriate infrastructure for particular developments yet provides flexibility which enables the developer to be able to demonstrate that the proposed obligations and other requirements would make the site unviable.
- 6.8 It is also important to consider that issues affecting viability change over time due to a number of reasons (for example land prices, the economy, demand for a particular use, Government policy, technology) and therefore requirements that may be unviable at this present moment may be viable during the Plan period. A good example of this relates to the cost of technologies associated with sustainable construction which will continue to fall and consequently will improve the viability of certain developments and enable more energy efficient properties to be achieved. It is likely that the rates would need to be reviewed as the economy improves.

Glossary: Explanation of terms used in this document

When producing this document, the Borough Council has tried to minimise the use of jargon and abbreviations. However due to the technical nature of the guidance and regulations relating to developing contributions this has been unavoidable in some instances. The section below attempts to provide a short explanation of the key terms used throughout this document.

Charging Authority- this is the local planning authority for the area i.e. Gosport Borough Council

Charging Schedule- this sets out the rates of Community Infrastructure Levy which will apply in the local planning authority area. The process involves a two stage consultation (the 'preliminary draft' and 'draft') before it is subject to an independent examination.

Community Infrastructure Levy (CIL)- The community infrastructure levy is a new levy that local authorities in England and Wales can choose to charge on new developments in their area. In areas where a community infrastructure levy is in force, land owners and developers must pay the levy to the charging authority (normally the local council).

The charges are set by the local council, based on the size and type of the new development. The money raised from the community infrastructure levy can be used to support development by funding infrastructure that the council, local community and neighbourhoods want.

Infrastructure- The Planning Act 2008 provides a wide definition of the infrastructure which can be funded by the levy, including transport, flood defences, schools, hospitals, and other health and social care facilities. This definition allows the levy to be used to fund a very broad range of facilities such as play areas, parks and green spaces, cultural and sports facilities, district heating schemes and police stations and other community safety facilities. This gives local communities flexibility to choose what infrastructure they need to deliver their development plan. According to the latest CIL Regulations a charging authority must apply CIL to funding the provision, improvement, replacement, operation or maintenance of infrastructure to support development of its area.

Infrastructure will often be funded only-partly by CIL and may require other external funding sources.

The Regulations rule out the application of the levy for providing affordable housing because the Government considers that planning obligations remain the best way of delivering affordable housing.

Infrastructure Assessment Report (IAR) (GBC 2012- with a partial refresh in 2014)- The Borough Council has produced an IAR which sets out key issues relating to infrastructure within the Borough. www.gosport.gov.uk/localplan2029

Infrastructure Delivery Plan (GBC 2014) - This sets out key infrastructure proposals during the Plan period and reports on progress of delivery. It will be refreshed each year as part of the Borough Council Annual Monitoring Report.

Planning Conditions – These are requirements made by local planning authorities for actions that are needed in order to make a development acceptable in planning terms. They are not used to secure financial contributions. The National Planning Policy Framework sets out the six tests on the use of conditions with further guidance in the National Planning Practice Guidance (NPPG)

Planning obligation - Planning obligations may be secured by agreement or by unilateral undertaking pursuant to Section 106 of the Town & Country Planning Act 1990

‘Regulation 123 List’ - Regulation 123 of the Community Infrastructure Levy Regulations provides for charging authorities to set out a list of those projects or types of infrastructure that it intends to fund through the levy. This list should be based on the draft list that the charging authority prepared for the examination of their draft charging schedule.

Section 106 Agreement – This is a legal agreement to secure planning obligations in relation to a development.

Section 278 Agreement- This is a legally binding agreement between the Local Highway Authority (i.e. Hampshire County Council) and the developer made under Section 278 of the Highways Act 1980 to ensure that works to be carried out on the highway is completed to the standards and satisfaction of the Local Highway Authority.

Viability Report- The viability report forms part of the evidence base for the Community Infrastructure Charging Schedule. It is used to establish whether the proposed levy has been set at a reasonable rate which does not affect the viability of new development.