

RESPONSE BY HARROGATE BOROUGH COUNCIL TO DRAFT HEARINGS PROGRAMME QUESTIONS

PART ONE – RESIDENTIAL

Introduction

- 1.1 Before considering the specific questions, it is useful to consider the viability evidence as this relates to all the questions. The Council's viability evidence is made up of several documents.
- 1.2 The *Whole Plan Viability Assessment* (WPV) (HDH, September 2016) was prepared to support the Harrogate District Local Plan. The two main outputs were with regard to affordable housing, in terms of quantum and mix that can be delivered, in the context of the emerging Plan and to consider the balance of contributions sought from developers, including affordable housing, other policy requirements and the costs of infrastructure and mitigation.
- 1.3 The 2016 Viability Assessment recommended various policy changes, including adjustments to the affordable housing policy. The scope for CIL was not considered at that time as decisions needed to be made as to the levels of affordable housing to be taken forward into the Plan and there was also uncertainty around the future of CIL (due to the Government's CIL Review).
- 1.4 The *Local Plan Viability Update and CIL Viability Assessment* (HDH, May 2018)¹ was prepared to address the comments received that related to viability from the 'Regulation 19' consultation of the Harrogate District Local Plan: Publication Draft 2018, in early 2018, and to consider the scope for CIL in light of the policy changes.
- 1.5 Both documents were considered in detail at the Local Plan hearings that took place in Jan/Feb 2019. The Inspector did not comment on viability in his post hearing letter to the Council of 11th March 2019 and raised no concerns during the hearings. The Council is still awaiting the final Inspectors Report.
- 1.6 From this the 2016 Viability Assessment and the 2018 Viability Update can be taken to be the appropriate (and sound) starting point for setting CIL.
- 1.7 Both the 2016 WPV assessment and the 2018 CIL Viability Assessment were carried out in accordance with the 2012 NPPF, 2014 PPG and the Harman Guidance. Since the completion

¹ This document whilst published in 2018 was republished in Jan 2019 for Draft Charging Schedule consultation and Submission. The only change between the two was the redaction of some site specific confidential figures in Table 5.2 Pg14.

of the studies the NPPF has been updated and the viability sections of the PPG largely rewritten.

1.8 As in the 2012 NPPF (and 2018 NPPF), viability remains an important part of the plan-making process with the 2019 NPPF not including detail on the viability process, rather stressing the importance of viability. The main change is a shift of viability testing from the development management stage to the plan-making stage.

1.9 All the technical guidance on undertaking viability work is within the PPG, the viability sections of which were updated in July 2018 and again in May 2019. The viability sections of the PPG (Chapter 10) have been completely rewritten to provide clarity and confirm best practice, rather than prescribe a new approach or methodology. The methodology used in the Council's viability evidence is wholly consistent with the updated PPG being:

- i. based on the EUV Plus approach
- ii. follows the standardised inputs
- iii. is based on typologies with separate consideration of strategic sites
- iv. included consultation with the industry.

1.10 The evidence base for setting CIL is proportionate and builds on the existing available evidence as required. This approach is in line with Paragraph 25-019-20190315 of the PPG:

A charging authority should draw on existing data wherever it is available. Sources of data can include (but are not limited to): land registry records of transactions; real estate licensed software packages; real estate market reports; real estate research; estate agent websites; property auction results; valuation office agency data; public sector estate/property teams' locally held evidence. They may also want to build on work undertaken to inform their assessments of land availability.

1.11 It is timely to note that the main change in terms of viability testing at the plan-making stage is to do with emphasis. The changes provide clarity and confirm best practice, rather than prescribe a new approach or methodology. Having said this the emphasis of viability testing has been changed significantly. The, now superseded, requirements for viability testing were set out in paragraphs 173 and 174 of the 2012 NPPF which said:

173 ... To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, 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.

174 ... the cumulative impact of these standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle..

1.12 The test was whether or not the policy requirements were so high that development was threatened. Paragraphs 10-009-20190509 and 10-010-20190509 radically change this:

... ensure policy compliance and optimal public benefits through economic cycles...

10-009-20190509

... and the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permission.

10-010-20190509

1.13 The purpose of viability testing is now to ensure that 'maximum benefits in the public interest' has been secured.

1.14 In establishing the rates of CIL the same approach has been taken across all the development types. Except in the case of the strategic sites, the test is not whether or not a particular site may be viable or not, rather around the delivery of the Plan as a whole.

Three tests are applied:

1. Does the Residual Value exceed the Benchmark Land Value (BLV) (called the Viability Threshold in the viability assessments) by a satisfactory margin? In this regard it is necessary to have regard to the CIL Guidance (in the PPG) which says:

.... A charging authority's proposed rate or rates should be reasonable, given the available evidence, but there is no requirement for a proposed rate to exactly mirror the evidence. For example, this might not be appropriate if the evidence pointed to setting a charge right at the margins of viability. There is room for some pragmatism. 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. In all cases, the charging authority should be able to explain its approach clearly.

Paragraph: 019 Reference ID: 25-019-20190315

2. CIL as a proportion of the Residual Value. This is an indicator of the amount land prices may fall in the event of CIL being introduced. 25% is assumed as a maximum.
3. CIL as a proportion of GDV. Setting CIL is not an exact science, just as assessing development viability is based on a series of estimates and assumptions. It is assumed that CIL should be less than 5% of the total value of the scheme.

1.15 Overall, the Council wanted to adopt a relatively simple approach to CIL rates and zones, that was not overly complex difficult to implement. In addition, a cautious approach is taken, bearing in mind the general uncertainties in the market (The 2018 Viability Update was undertaken after the vote to leave the EU).

Question 1a: Are the 3 local levy rates and zones for Residential Zone 1 and sites of 10 units or fewer in all areas - £50sqm, Zone 2 - £0sqm and Zone 3 - £0sqm, justified by appropriate available evidence, having regard to national guidance, local economic

context and infrastructure needs, including in relation to the various adopted and emerging planning policies for Harrogate?

- 1.16 As evidenced in paragraphs 1.1 – 1.15 above, the three local levy rates and zones are justified by appropriate available evidence.
- 1.17 The main components of the assessment are sales values, development costs and land values and these are set out in the 2016 Viability Assessment and the 2018 Viability Update.
- Residential Values, set out in Chapter 4 of the 2016 Viability Assessment, were derived through drawing on a wide range of evidence sources including asking prices from websites and from current development schemes. Price Paid Data from the Land Registry, which is high quality ‘primary data’ which can be given considerable weight was also analysed and married with floor size data from the EPC Register. Two price areas were used, being the lower value Ripon areas and elsewhere. Values of affordable housing was also assessed as this is a significant (costly) policy requirement.
 - The costs of developing housing (Chapter 7 of the 2016 Viability Assessment) in line with national guidance are based on the BCIS costs, with a series of adjustments and allowances being made to reflect the full cost of development (including an allowance for developer’s return). As set out in Chapter 9 of the 2016 Viability Assessment, a set of development typologies were modelled to represent the planned development under the new Local Plan. In addition, the key (strategic) sites to be allocated were also modelled, taking into account the best estimate of the infrastructure costs (£106) required to deliver the sites.
 - An assessment of land values was made (Chapter 6 of the 2016 Viability Assessment) with the starting point being the Existing Use Value. Secondary data was reviewed and asking prices assessed. Recent planning consents were researched, and the price paid for development land looked up from the Land Registry. Assumptions were made as to the landowners return.
- 1.18 The methodology and the assumptions used were subject to consultation with the development industry and the values were refreshed in the 2018 viability update, where the updated policy requirements were applied (including the lowering of the affordable housing target for brownfield sites).
- 1.19 Having reference to the tests set out above, CIL was recommended for Harrogate District however the viable typologies below required further tested for their ability to bear CIL;
- greenfield sites that are not adjacent to Ripon and that are subject to 40% affordable housing;
 - small sites of 10 and fewer units
- 1.20 This analysis concluded that:

- At £60/m² the greenfield sites that are subject to the affordable housing requirements would be viable, however the margin is quite tight on the larger sites so £50/m² would be a more cautious approach.
- At £200/m² (being the maximum rate tested) all the small greenfield sites across the District and on brownfield sites not in the Ripon area remain viable, by a substantial cushion. In the Ripon area, on small brownfield sites, a figure of £80/m² or so would be appropriate.

1.21 CIL as the proportion of the Residual Value, in approximate terms, represents the percentage fall in land value that a landowner may receive. It is prudent to set CIL at a rate that does not result in a fall in land prices of greater than 25% or so. This analysis supports the previous findings (of £50/m² for the greenfield sites not adjacent to Ripon) but suggests a maximum rate of £70/m² for the smaller sites (including those in the Ripon area).

1.22 Plan-wide viability testing is not an exact science. The analysis also shows that CIL would be less than 5% of the Gross Development Value on all sites. On this basis the Council can have further confidence that development would not be put at risk.

1.23 The three local levy rates and zones are justified having regard to infrastructure needs. In line with the PPG the Strategic Sites were modelled separately and the strategic infrastructure and costs assumptions for these sites are set out in Chapter 5 of the 2018 Viability Update and in the table below.

Strategic Sites – Strategic Infrastructure and Mitigation Costs						
		Area		Dwellings	Strategic Infrastructure and Mitigation	
		Gross ha	Net ha		Site	/unit
A	Green Hammerton/ Cattal	80.78	44.43	3,000	£36,316,000	£12,105
B	West Harrogate	176.01	95.91	3,008	£24,906,168	£8,280
C	Manse Farm	65.92	34.12	1,002	£2,730,647	£2,725
D	Ripon	64.00	26.65	799	£5,592,543	£6,999
E	Boroughbridge	44.30	24.90	746	£4,331,463	£5,806

1.24 The Infrastructure Delivery Plan (August 2018) identifies the infrastructure projects necessary to accommodate the Local Plan growth and a significant proportion of this will need to be provided through the development of the Strategic Sites including provision of

new primary schools, secondary school contributions, major highway network improvements (strategic and local), rail line and station improvements, new cycling and pedestrian provision, bus station improvements, sports and open space provision and a significant amount of affordable housing.

- 1.25 The strategic sites are therefore in the 'marginal' viability category which would be expected as it is well recognised that the delivery of any very large site is challenging as the sheer scale adds complexity alongside the requirement to deliver the infrastructure and mitigation measures to make a scheme acceptable.
- 1.26 On the other sites (i.e those represented by the typologies) an assessment of £2,000 per unit (market and affordable housing) was used. This assumption was carried into the 2018 Viability Update from the 2016 Viability assessment
- 1.27 The three local levy rates and zones are justified in relation to the various adopted and emerging planning policies for Harrogate.
- 1.28 The policy requirements in the Plan were refined before the 2018 Viability Update was produced (in part this was based on the advice set out in the 2016 Viability Assessment). The following policy changes were made.
- The appropriate 30% (brownfield) and 40% (greenfield) affordable housing requirements have been applied as per Policy HS2: Affordable Housing.
 - The appraisals are based on the increased density scenario used in the 2016 Viability Assessment (that had informed the current iterations of the Plan).
 - Costs were updated to reflect the costs of providing 25% of market housing to be 'accessible and adaptable (as per HS1), and 10% of the affordable housing to wheelchair standards (as per Policy HS2).

Question 1b: Are the 2 local levy rates and zones for Sheltered Housing Zone 1 and Zone 3 - £60sqm and Zone 2 - £0sqm, justified by appropriate available evidence, having regard to national guidance, local economic context and infrastructure needs, including in relation to the various adopted and emerging planning policies for Harrogate

- 1.29 As evidenced in paragraphs 1.1 – 1.15 above, the three local levy rates and zones are justified by appropriate available evidence.
- 1.30 It is timely to consider the recent updates to the PPG which was updated in June 2019 and new definitions of older peoples housing were added:

What are the different types of specialist housing for older people?

There are different types of specialist housing designed to meet the diverse needs of older people, which can include:

- **Age-restricted general market housing:** *This type of housing is generally for people aged 55 and over and the active elderly. It may include some shared amenities such as communal gardens, but does not include support or care services.*
- **Retirement living or sheltered housing:** *This usually consists of purpose-built flats or bungalows with limited communal facilities such as a lounge, laundry room and guest room. It does not generally provide care services, but provides some support to enable residents to live independently. This can include 24 hour on-site assistance (alarm) and a warden or house manager.*
- **Extra care housing or housing-with-care:** *This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24 hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses.*
- **Residential care homes and nursing homes:** *These have individual rooms within a residential building and provide a high level of care meeting all activities of daily living. They do not usually include support services for independent living. This type of housing can also include dementia care homes.*

There is a significant amount of variability in the types of specialist housing for older people. The list above provides an indication of the different types of housing available, but is not definitive. Any single development may contain a range of different types of specialist housing.

Paragraph: 010 Reference ID: 63-010-20190626

1.31 As set out towards the end of Chapter 4 of the 2016 Viability Assessment slightly different products were described:

4.76 *Sheltered or retirement housing is self-contained housing, normally developed as flats and other relatively small units. Where these schemes are brought forward by the private sector there are normally warden services and occasionally non-care support services (laundry, cleaning etc.) but not care services.*

4.77 *Extracare housing is sometimes referred to as very sheltered housing or housing with care. It is self-contained housing that has been specifically designed to suit people with long-term conditions or disabilities that make living in their own home difficult, but who do not want to move into a residential care home. Schemes can be brought forward in the open market or in the social sector (normally with the help of subsidy). Most residents are older people, but this type of housing is becoming popular with people with disabilities regardless of their age. Usually, it is seen as a long-term housing solution. Extracare housing residents still have access to means-tested local authority services.*

Using the new definitions from the PPG:

Age-restricted general market housing: This is between unrestricted housing and the definition of sheltered housing used in the viability evidence. Housing that falls within this definition will be taken to be Sheltered Housing for the purpose of CIL.

Retirement living or sheltered housing: This is similar to the definition of Sheltered Housing used in the used in the viability evidence. Housing that falls within this definition will be taken to be Sheltered Housing for the purpose of CIL.

Extra care housing or housing-with-care: This is similar to the definition of Extracare Housing used in the used in the viability evidence. Housing that falls within this definition will be taken to be Extracare Housing for the purpose of CIL.

Residential care homes and nursing homes: Are not housing (rather being institutional accommodation). Development that falls within this definition will be taken to be All Other Development for the purpose of CIL.

- 1.32 In the analysis Zone 2 is where brownfield development is most likely to come forward. (being the urban area) and the lower value area of the Borough (being Ripon). Zones 1 and 3 are greenfield – excluding the lower value area of Ripon (which is within Zone 2).
- 1.33 The value assumptions are set out towards the end of Chapter 4 of the 2016 Viability Assessment and initially followed the national representations from the Retirement Housing Group (RHG). The values derived through the suggested method were compared to those being achieved in the market and it is clear that these understate values. The price of Sheltered Housing in Harrogate has been adjusted up to £4,000/m².
- 1.34 It is important to note that these types of development are modelled on the basis that they provide affordable housing and in terms of infrastructure, an assumption of £50,000 per scheme was made for s106 costs. The type specific BCIS costs have been used. The ‘Old Peoples Home – Generally’ is used for Extracare and ‘Sheltered Housing - Generally’ is used for Sheltered Housing.
- 1.35 Extracare housing is not shown as viable when subject to an affordable housing requirement so does not have capacity to bear CIL.
- 1.36 By having reference to Table 6.9 in the 2018 Viability Update, the analysis supports a rate of £60/m² or so on greenfield sites and £40/m² on brownfield sites.

Question 1c: Overall, do the residential levy rates strike an appropriate balance between helping to fund new infrastructure and the potential effects on economic viability with particular regard to securing the delivery of housing in Harrogate (viability buffer) ?

- 1.37 CIL setting is a qualitative and quantitative process and should not be calculated through a predetermined formula. The Council is required to ‘strike’ the balance between the desirability of funding from CIL, the cost of infrastructure required to support development in the area and the potential effects of the imposition of CIL on the economic viability of development across the area.
- 1.38 The Viability testing contained within the Whole Plan Viability Assessment 2016 and the CIL Viability Assessment 2018 concerns the ‘effects’ on development viability of the imposition of CIL. As discussed in the CIL Viability Assessment Chapter 7 the residential sites in Zone 1, smaller sites everywhere and sheltered housing schemes will remain viable when subject to the recommended CIL rates and the additional costs associated with emerging Local Plan

policies and S106 contributions (including affordable housing, open space and education). The cumulative impact of the Council's policies and CIL does not put the delivery of housing at risk and is unlikely to prevent new development from coming forward.

- 1.39 Analysis of the location of the local Plan allocations with regard to the CIL Zones indicates as shown in the table overleaf that only 70 of the 2200 units in Zone one (£50 per sq m) would not be viable as a result of CIL. This is only 3% so does not put the development plan at risk in any way.

	Zone 1	Zone2 (no residential CIL)	Zone 3 (no residential CIL)	All
Large Brownfield 100	0%	0%	31%	20%
Large Greenfield 225	0%	0%	26%	16%
Large Greenfield 500	0%	0%	17%	11%
Medium Brownfield 20	2%	21%	0%	1%
Medium Brownfield 50	0%	0%	2%	1%
Medium Greenfield 130	40%	0%	4%	17%
Medium Greenfield 15	4%	17%	0%	2%
Medium Greenfield 30	37%	45%	0%	14%
Medium Greenfield 75	15%	0%	0%	5%
Small Brownfield 10	1%	8%	0%	1%
Small Greenfield 10	1%	8%	0%	0%
West Harrogate 3008	0%	0%	20%	12%
All	0%	0%	20%	12%

- 1.40 The Council have taken into account the importance of the provision of infrastructure on the ability of the Council to meet its objectives through development and deliver the Development Plan (through the Infrastructure Delivery Plan (IDP) 2018)

- 1.41 The Council has also taken a cautious approach when setting CIL to ensure that the cumulative impact of the policies does not result in a total policy burden that is close to the limits of viability.
- 1.42 In striking the appropriate balance the amount of funding required is an important material consideration. Whilst the Council and its partners have been successful in securing capital funding for infrastructure there still remains a significant 'funding gap' (Appendix 2 of the Draft Charging Schedule) and CIL could make a useful contribution to fund the infrastructure required to support the development most likely to come forward under the Plan. The CIL from this source is estimated to raise £11m over the plan period. Whilst this will not fund all the infrastructure required to support the new Local Plan as shown in the IDP, it will make a valuable contribution.

PART TWO EMPLOYMENT DEVELOPMENT – DISTRIBUTION

Question 2a: Is the local levy rate of £20sqm for Employment development – Distribution justified by appropriate available evidence, having regard to national guidance, local economic context and infrastructure needs, including in relation to the various adopted and emerging planning policies for Harrogate ?

- 2.0 As evidenced in paragraphs 1.1 – 1.15 above, the local levy rate is justified by appropriate available evidence.
- 2.1 The 2016 Viability Assessment considered Office, Industrial, Distribution and Hotel uses and Office, Industrial and Hotel uses were shown as unviable. Although such development is coming forward it is not being brought forward by speculative developers, rather the users are bringing forward such development for operational reasons.
- 2.2 The exception is Distribution, which was shown as viable so (to be consistent across the development types) was considered further in the 2018 Viability Update. No allowance for strategic infrastructure and mitigation costs (s106) was made in the appraisals as the Council do not normally ask for these for employment uses and on the whole the policies that relate to employment uses are enabling policies, rather than policies that add to the costs of a particular aspect of development.
- 2.3 At £20/m² there is a significant cushion between the Residual Value and the BLV and CIL would be less than 2% of GDV and less than 15% of the Residual Value.

Question 2b: Overall, does the Employment Development – Distribution levy rate strike an appropriate balance between helping to fund new infrastructure and the potential effects on economic viability (viability buffer) ?

- 2.4 CIL setting is a qualitative and quantitative process and should not be calculated through a predetermined formula. The Council is required to 'strike' the balance between the desirability of finding from CIL, the cost of infrastructure required to support development in

the area and the potential effects of the imposition of CIL on the economic viability of development across the area.

- 2.5 The Viability testing contained within the Whole Plan Viability Assessment 2016 and the CIL Viability Assessment 2018 concerns the 'effects' on development viability of the imposition of CIL. As discussed in the CIL Viability Assessment Chapter 7, whilst some non-residential uses are not viable, they are not rendered unviable by the cumulative impact of the Council's policies, rather by the general market conditions. The employment uses (office and industrial) are unlikely to bear additional developer contributions, however as noted previously, distribution development is able to bear additional contributions. Whilst CIL at up to £60/sqm is shown as viable, the margin is too small and therefore a rate of £20/sqm would be more appropriate which is about 15% of land value and less than 2% GDV.
- 2.6 The Council have taken into account the importance of the provision of infrastructure on the ability of the Council to meet its objectives through development and deliver the Development Plan (through the Infrastructure Delivery Plan (IDP) 2018)
- 2.7 The Council has also taken a cautious approach when setting CIL to ensure that the cumulative impact of the policies does not result in a total policy burden that is close to the limits of viability.
- 2.8 In striking the appropriate balance the amount of funding required is an important material consideration. Whilst the Council and its partners have been successful in securing capital funding for infrastructure there still remains a significant 'funding gap' (Appendix 2 of the Draft Charging Schedule) and CIL could make a useful contribution to fund the infrastructure required to support the development most likely to come forward under the Plan.

PART THREE – RETAIL DEVELOPMENT

Shops

Question 3a: Is the local levy rate of £120/sqm for Shops – Central Harrogate justified by appropriate available evidence, having regard to national guidance, local economic context and infrastructure needs, including in relation to the various adopted and emerging planning policies for Harrogate ?

- 3.1 As evidenced in paragraphs 1.1 – 1.15 above, the local levy rate is justified by appropriate available evidence.
- 3.2 Central Harrogate is a thriving retail centre with a high-quality offer and range of specialist and national shops. Development in this area is only likely to be on brownfield land and be the redevelopment of existing sites. At £120/m², such development remains viable and CIL would be less than 7% of the Residual Value and 3% of GDV. On this basis this rate would be appropriate. As set out in the report, CIL is only payable on net new development it will be necessary to consider whether a levy on this development type is actually going to raise money.

Question 3b: Is the local levy rate of £40 sqm for Shops – Other – Zone 1 and Zone 3 justified by appropriate available evidence, having regard to national guidance, local economic context and infrastructure needs, including in relation to the various adopted and emerging planning policies for Harrogate ?

- 3.3 As evidenced in paragraphs 1.1 – 1.15 above, the local levy rate is justified by appropriate available evidence.
- 3.4 These are shops outside central Harrogate and little such development is anticipated in the Borough, however the notable exception will be the new settlement at Green Hammerton which will incorporate various neighbourhood centres that will include retail development.
- 3.5 On greenfield sites, (ie Zone 1) at £120/m², such development remains viable. On this basis CIL would be more than 25% of the Residual Value. Assuming CIL should be no more than 25% of the Residual Value the maximum rate of CIL would be £40/m². On this basis this rate would be 2% of GDV so be appropriate.
- 3.6 There is not scope for CIL on smaller brownfield (ie Zone 2) retail development due to a low cushion between the Residual Value and Viability Threshold.

Supermarkets

Question 3c: Is the local levy rate of 3120sqm for Supermarkets justified by appropriate available evidence, having regard to national guidance, local economic context and infrastructure needs, including in relation to the various adopted and emerging planning policies for Harrogate?

Question 3d: Does the available evidence demonstrate that it is necessary to have a local levy rate of £40 sqm for Smaller Supermarkets? If so in the interests of clarity and certainty should the Charging Schedule set out clear thresholds (gross floorspace) at which the 2 charges should apply?

- 3.7 Development of this type is only likely to be on greenfield sites (due to the scale of land required for such development). At £120/m² larger format supermarket development remains viable and CIL would be less than 15% of the Residual Value and 4% of GDV. On this basis this rate would be appropriate for larger supermarkets.
- 3.8 For smaller supermarkets the analysis indicates that a rate of £80/m² would be viable with the Residual Value being at least 50% above the Viability Threshold. At this level the CIL would be more than 25% of the Residual Value. At £40/m², CIL would be less than 25% of the Residual Value and about 1.5% of GDV. On this basis £40/m² would be appropriate.
- 3.9 The smaller supermarkets rate of £40sqm was omitted from the Draft Charging Schedule however was included in the Submission Draft Charging Schedule.
- 3.10 The Submission Draft Charging Schedule (footnote 5 page 11) defines small supermarkets as less than 2000sqm gross. Supermarkets therefore would be classed as anything over 2000sqm gross. To aid clarity, both definitions are proposed to be added to the 'Recommended rates of CIL' table

Retail Warehouses

Question 3e: Is the local levy rate of £120sqm for Retail Warehouses justified by appropriate available evidence, having regard to national guidance, local economic context and infrastructure needs, including in relation to the various adopted and emerging planning policies for Harrogate ?

- 3.11 There has been a significant amount of retail warehousing around Harrogate over the last few years.
- 3.12 At £120/m², retail development remains viable with the Residual Value being at least 50% above the Viability Threshold. At this level CIL would be less than 20% of Residual Value but more than 5% of GDV. At £100/m², CIL would be less than 15% of the Residual Value and less than 5% of GDV. On this basis £100/m² would be appropriate.

Question 3f: Overall, do the retail levy rates strike an appropriate balance between helping to fund the new infrastructure required and the potential effect on the economic viability of retail schemes (viability buffer)?

- 3.13 CIL setting is a qualitative and quantitative process and should not be calculated through a predetermined formula. The Council is required to 'strike' the balance between the desirability of finding from CIL, the cost of infrastructure required to support development in the area and the potential effects of the imposition of CIL on the economic viability of development across the area.
- 3.14 The Viability testing contained within the Whole Plan Viability Assessment 2016 and the CIL Viability Assessment 2018 concerns the 'effects' on development viability of the imposition of CIL. As discussed in the CIL Viability Assessment Chapter 7, whilst some non-residential uses are not viable, they are not rendered unviable by the cumulative impact of the Council's policies, rather by the general market conditions. The employment uses (office and industrial) and hotel uses are unlikely to bear additional developer contributions, however retail development is generally able to make significant contributions.
- 3.15 In striking the appropriate balance the amount of funding required is an important material consideration. Whilst the Council and its partners have been successful in securing capital funding for infrastructure there still remains a significant 'funding gap' (Appendix 2 of the Draft Charging Schedule) and CIL could make a useful contribution to fund the infrastructure required to support the development most likely to come forward under the Plan.

PART 4 – OTHER MATTERS

Question 4a: Where differential rates are set by zone, does the charging schedule adequately identify the location and boundaries of zones in accordance with (Regulation 12(2)(c) that requires this to be on an Ordnance Survey map which shows National Grid lines and reference numbers)?

- 4.1 Whilst the maps contained within the Submission Draft Charging Schedule are on an Ordnance Survey Map base, the National Grid lines could be clearer and there are no reference numbers.
- 4.2 It is proposed to modify the maps (modification PM09) to ensure that they are on an Ordnance Survey base with National grid lines and reference numbers.