

**Shepway District Council
Community Infrastructure Levy Examination**

Matters, Issues & Questions

Council response to:

MATTER B: Retail, Strategic & Non-residential Developments

**ISSUE 2: Strategic and Key Development Sites
(SS6, SS7, CSD8 & CSD9) (Table 3)**

- a) A £0 / sq. m rate is proposed to be charged within defined strategic and key development sites. What infrastructure contributions are currently considered to be required to service development in these sites and indicatively what is the likely cost / sq. m of infrastructure within these sites?
- b) Taking the s106 infrastructure contributions pool cap into account, is it likely that development within these sites will be able to be made subject to planning obligations that will recover a fair contribution of their infrastructure service costs?
- c) Is there any potential for the proposed £0 / sq. m rate to act as a geographical economic support for these particular areas?
- d) What implementation measures (e.g. %age of site under development, %age of site occupied) would indicate a need to review the proposed £0/ sq. m rate?

Question to the Council

- i. Please provide a statement setting out your responses to the questions above.

Council Response

SS6: Folkestone Harbour and Seafront

Planning application reference Y12/0897/SH, outline planning permission granted (January 2015), including:

- A comprehensive mixed use development comprising up to 1,000 dwellings (C3), up to 10,000 square metres of commercial floorspace including A1, A3, A4, A5, B1, D1 and D2 uses as well as sea sports and beach sports facilities.
- Improvements to the beaches (including beach / site raising).
- Provision of pedestrian and cycle routes and accessibility into, within and out of the seafront and harbour, together with associated roads and junction improvements and parking.
- Site clearance, retention and refurbishment of historic and listed features, including former rail station and harbour arm.

a) Infrastructure costs and contributions?

The Folkestone Harbour and Seafront s106 Agreement requests a contribution of approximately £4 million to support associated infrastructure related to primary education facilities; County Council services and facilities; highways, junctions and footpath improvements; green infrastructure, open space and play space. The application was supported by a detailed viability assessment, which found, following independent review that the development could provide appropriate infrastructure, as required by policy subject to a significantly lower affordable housing provision of 8% on site.

The application itself includes a significant amount of onsite infrastructure, to be funded by the development. This includes the refurbishment of the historic Harbour Arm (now completed ahead of the development), the upgrading of the public realm, and the provision of sea and beach sports facilities. In addition a grant application to the South East LEP is also pending to request a local growth fund contribution of £5.1 million for beach reinforcement, site raising, utilities upgrades, and public realm improvements. Other abnormal and site preparation and clearance costs, are also being met directly by the developer.

b) S106 and pooling cap?

Given the specific site conditions present at the Folkestone Harbour and Seafront site, and the evidence presented by the developer's viability study, it is considered that the s106 infrastructure contributions represent a fair share of the pooled contributions toward primary education facilities; County Council services and facilities; highways, junctions and footpath improvements; green infrastructure, open space and play space. This for example will relate to the provision of a new 2 form entry primary school, and key road junction improvements to serve both the needs of the Folkestone Harbour and Seafront development, and Shorncliffe Garrison development.

c) Geographical economic support?

The CIL Regulations emphasise that CIL rates should not be proposed to reflect policy objectives, and should be set with reference to available viability evidence. The Council's

independent CIL and Whole Plan Economic Viability Assessment, clearly identifies Folkestone East, including the Harbour and Seafront Area as an area that currently is not as commercially attractive to developers in respect of land values, and residential and commercial sales values.

Sections 3.3.1 to 3.3.16 (pages 67 to 71), of the Economic Viability Assessment expands on the rationale and evidence for the proposed £0/ sq. m rate for residential developments. Sections 3.6 to 3.7.10 (pages 83 to 91) on the scope of CIL rates for commercial / non-residential developments of the Viability Assessment, provides a further rationale for their proposed £0 / sq. m CIL rate. In testing this rate, the Viability Assessment built into its modelling a full range of policy requirements, including an assumed sum for s106 contributions.

In this respect, and in comparison with other locations in the district, and sites with similar characteristics in the sub region and further afield, it is considered that a £0 / sq. m CIL rate does not represent a state aid nor a policy driven and geographically driven economic support.

d) Review of the proposed £0/ sq. m rate?

Under the CIL Regulations, a development with a planning permission prior to the commencement date of a CIL charging schedule, is not subject to the levy. The Folkestone Harbour and Seafront development was granted outline planning permission in January 2015.

Section 3.4.5 (page 74) of the Viability Assessment also highlights that the scope of CIL alongside likely s106 requirements for any future review of strategic scale developments will be very limited, given the sales values available to support the high levels of costs that seem likely to be relevant.

Therefore, the only circumstances where a CIL charge could be considered for the Folkestone Harbour and Seafront strategic site, relates to the combined impact of a future review and uplift of CIL rates for the East Folkestone and Harbour area, based on a marked increase in residential sales values, and submission of a 'new' planning application seeking significant material changes to the current development proposal. The CIL Regulations and guidance provides more detail on this process. In any eventuality, the Council aims to review its proposed CIL rates within 3 to 5 years of the adoption date of a Charging Schedule.

SS7: Shorncliffe Garrison

Planning application reference Y14/0300/SH, outline planning permission granted subject to completion of s106 agreement (March 2015), including:

- Demolition of existing buildings (with the exception of the listed buildings, officer's mess within Risborough Barracks and water tower).
- Erection of up to 1,200 dwellings including affordable housing, community services and facilities (use Classes A1/A3/B1a/D1 and D2 uses up to 1,998 sq. m).
- Land and financial contributions to fund new primary school and nursery (up to 3,500 sq. m).
- Combined new pavilion/cadet hut facility (up to 600 sq. m) at the Stadium; retained cricket pitches including mini football pitches; equipped play and associated public open space and toilets.

- Improvements/works to the Backdoor Training Area, including environmental enhancements and more public access.
- Associated access/roads, parking, associated services, infrastructure, landscaping, attenuation features and earthworks.

a) Infrastructure costs and contributions?

The Shorncliffe Garrison s106 Agreement has been finalised and is currently out to signature, with completion of the agreement and the planning permission due to be issued by the end of December 2015. The s106 agreement provides for contributions that will support infrastructure related to primary education facilities (to be provided on site) ; County Council services and facilities; highways, junctions and footpath improvements; green infrastructure, open space and play space, affordable housing, and the construction of a new community pavilion building on site to be transferred to the district council. In total, s106 contributions amount to over £9 million. The contributions will deliver considerable infrastructure onsite, and were considered in detail when agreeing the developer's viability appraisal of the development, which was also assessed independently. S278 funding contributions will also be made by the development for highways and junction improvements.

b) S106 and pooling cap?

Given the specific site conditions present at the Shorncliffe Garrison site, and the evidence presented by the developer's viability studies, it is considered that the infrastructure contributions detailed by the pending s106 agreement, will deliver a fair share of funding for land and funding for on-site primary education facilities; County Council services and facilities; highways, junctions and footpath improvements; green infrastructure, open space and play space. The contributions from the Folkestone Harbour and Seafront development will also provide part funding for the second from entry at the Shorncliffe Garrison development's primary school.

c) Geographical economic support?

The CIL Regulations emphasise that CIL rates should not be proposed to reflect policy objectives, and should be set with reference to available viability evidence. The Council's independent CIL and Whole Plan Economic Viability Assessment, clearly identifies a large part of the Cheriton area, as a location that currently is not as commercially attractive to developers in respect of land values, and residential and commercial sales values.

Sections 3.3.1 to 3.3.16 (pages 67 to 71), of the Economic Viability Assessment expands on the rationale and evidence for the proposed £0/ sq. m rate for residential developments. Sections 3.6 to 3.7.10 (pages 83 to 91) on the scope of CIL rates for commercial / non-residential developments of the Viability Assessment, provides a further rationale for their proposed £0 / sq. m CIL rate. In testing this rate, the Viability Assessment built into its modelling a full range of policy requirements, including an assumed sum for s106 contributions.

Section 3.4.5 (page 74) of the Viability Assessment also highlights that the scope of CIL alongside likely s106 requirements for any future review of strategic scale developments will be very limited, given the sales values available to support the high levels of costs that seem likely to be relevant.

In this respect, and in comparison with other locations in the district, and sites with similar characteristics in the sub region and further afield, it is considered that a £0 / sq. m CIL rate does not represent a state aid nor a policy driven and geographically driven economic support.

d) Review of the proposed £0/ sq. m rate?

Under the CIL Regulations, a development with a planning permission prior to the commencement date of a CIL charging schedule is not subject to the levy. The Shorncliffe Garrison development is due to be granted outline planning permission in December 2015, following the decision to grant being made at the Council's Development Control Committee in March 2015.

Section 3.4.5 (page 74) of the Viability Assessment also highlights that the scope of CIL alongside likely s106 requirements for any future review of strategic scale developments will be very limited, given the sales values available to support the high levels of costs that seem likely to be relevant.

Therefore, the only circumstances where a CIL charge could be considered for the Shorncliffe Garrison strategic site, relates to the combined impact of a future review and uplift of CIL rates in the Cheriton area, based on a marked increase in residential sales values, and submission of a 'new' planning application seeking significant material changes to the current development proposal. The CIL Regulations and guidance provides more detail on this process. In any eventuality, the Council aims to review its proposed CIL rates within 3 to 5 years of the adoption date of a Charging Schedule.

CSD8: New Romney Master Plan

A number of planning applications have recently been submitted for the New Romney broad location for development (as defined in Policy CSD8), as detailed below, with this making a key contribution to the Core Strategy Local Plan's policies that aim to regenerate Romney Marsh by increasing the strategic role of New Romney town (policies SS1, SS4, CSD3 & CSD8):

- Reference Y15/0164/SH: development of up to 110 dwellings and associated infrastructure - outline planning permission granted subject to completion of s106 agreement (October 2015).
- Reference Y14/1411/SH: development of up to 117 dwellings, new proposed vehicular access arrangements, parking, flood attenuation, open space including the retention of 0.7 hectares of existing playing fields and associated works- outline planning permission granted, subject to completion of s106 agreement (October 2015).
- Y10/0698/SH & Y15/0710/SH (reserved matters for Y10/0689/SH): development of 55 dwellings and associated infrastructure. Y10/0698/SH approved 7th February 2015, Y15/0710/SH approved 6th November 2015.

a) Infrastructure costs and contributions?

Planning applications forming part of the Romney Marsh Master Plan location will each make contributions towards related infrastructure costs, as detailed by s106 agreements. In total it is expected that s106 contributions from the three planning applications will amount to

over £2 million, with this used to support infrastructure related to primary education facilities; County Council services; flood attenuation; junction and footpath improvements; public realm improvements; open space and play space. Other infrastructure costs will be met directly by developers.

b) S106 and pooling cap?

Given the specific site conditions present at the New Romney broad location, it is considered that the s106 infrastructure contributions to be secured via the 3 related planning applications, will represent a fair share of the pooled contributions for County Council services and facilities (including education); flood attenuation; highways & junctions and improvements; public realm improvements; and open space and play space. The contributions to be secured have been assessed to ensure compliance with NPPF paragraph 204.

c) Geographical economic support?

The CIL Regulations emphasise that CIL rates should not be proposed to reflect policy objectives, and should be set with reference to available viability evidence. Sections 3.3.1 to 3.3.16 (pages 67 to 71), of the Economic Viability Assessment expands on the rationale and evidence for the proposed £50/ sq. m rate for residential developments in the New Romney area. Sections 3.6 to 3.7.10 (pages 83 to 91) on the scope of CIL rates for commercial / non-residential developments of the Viability Assessment, provides a further rationale for their proposed £100 / sq. m CIL rate, for retail development over the 280 sq. m floorspace threshold (net sales space), and £0 / sq. m for all other development types.

With regard to the New Romney broad location, section 3.4.5 (page 74) of the Viability Assessment highlights that the scope of CIL alongside likely s106 requirements for any future review of strategic scale developments will be very limited, given the sales values available to support the high levels of costs that seem likely to be relevant. Given available evidence, the Council's draft Charging Schedule therefore proposed a £0 / sq. m CIL rate for the New Romney Master Plan location, as covered by the above planning applications. In testing this rate, the Viability Assessment built into its modelling a full range of policy requirements, including an assumed sum for s106 contributions.

In this respect, and in comparison with other locations in the district, and sites with similar characteristics in the sub region and further afield, it is considered that a £0 / sq. m CIL rate does not represent a state aid nor a policy driven and geographically driven economic support.

d) Review of the proposed £0 / sq. m Rates?

Under the CIL Regulations, a development with a planning permission prior to the commencement date of a CIL charging schedule is not subject to the levy. Outline planning permission for two sites has not yet been granted, but the Council's Development Control Committee resolved to approve the applications at its meeting in October 2015. Planning permissions are expected to be issued by January 2015. The third site was granted planning permission earlier and reserved matters have been approved, with the developer expected to commence on site in the near future.

Section 3.4.5 (page 74) of the Viability Assessment also highlights that the scope of CIL alongside likely s106 requirements for any future review of strategic scale developments will

be very limited, given the sales values available to support the high levels of costs that seem likely to be relevant.

Therefore, the only circumstances where a CIL charge could be considered for the New Romney Master Plan locations, relates to the combined impact of a future review and uplift of CIL rates in the area, based on a marked increase in residential sales values, and submission of 'new' planning applications seeking significant material changes to the current development proposals. The CIL Regulations and guidance provides more detail on this process. In any eventuality, the Council aims to review its proposed CIL rates within 3 to 5 years of the adoption date of a Charging Schedule.

CSD9: Sellindge

Planning application reference Y14/0873/SH – the Council's Development Control Committee resolved to grant outline planning permission subject to completion of a s106 agreement in January 2015, with planning permission to be granted in December 2015, including:

- Redevelopment of land between the A20 and M20 at Sellindge, to provide 250 dwellings, a local mixed use centre containing parish offices (up to 100 sq. m.), and commercial floorspace (A1/A3/A5 uses up to 200 sq. m.).
- The upgrading of the A20 public realm to allow for reduced speeds through the village.
- Earthworks and open space, including attenuation features and landscaping.
- A new village green and play equipment to be transferred with funding to the Parish Council, with access from the A20, associated roads, community car parking, earthworks, open space including attenuation features and landscaping.
- On site provision of 20% affordable housing.

a) Infrastructure costs and contributions?

The Sellindge s106 agreement is currently being drafted so final infrastructure costs and contributions, are still to be confirmed. Indicative cost estimates for infrastructure to be covered by s106, is approximately £1.8million. This will support infrastructure related to primary education facilities; County Council services and facilities; green infrastructure, open space and play space. A20 traffic calming measures will be subject to a s278 agreement and will cost in the region of £900,000, which is additional to the s106 contributions.

b) S106 and pooling cap?

Given the specific site conditions present in Sellindge, and the evidence presented by the developers' viability study, it is considered that the s106 infrastructure contributions to be secured via the planning application, represents a fair share of any pooled contributions for County Council services and facilities (including education); highways & junctions and improvements; public realm improvements; and open space and play space.

c) Geographical economic support?

The CIL Regulations emphasise that CIL rates should not be proposed to reflect policy objectives, and should be set with reference to available viability evidence. Sections 3.3.1 to 3.3.16 (pages 67 to 71), of the Economic Viability Assessment expands on the rationale and evidence for the proposed £125 / sq. m rate for residential developments in the Sellindge area. Sections 3.6 to 3.7.10 (pages 83 to 91) on the scope of CIL rates for commercial / non-residential developments of the Viability Assessment, provides a further rationale for their proposed £100 / sq. m CIL rate, for retail development over the 280 sq m floorspace threshold (net sales space), and £0 / sq. m for all other development types.

With regard to the Sellindge key site location, section 3.4.5 (page 74) of the Viability Assessment highlights that the scope of CIL alongside likely s106 requirements for any future review of strategic scale developments will be very limited, given the sales values available to support the high levels of site specific infrastructure costs that seem likely to be relevant. Given available evidence, the Council's draft Charging Schedule therefore proposes a £0 / sq. m CIL rate for the Sellindge key site. In testing this rate, the Viability Assessment built into its modelling a full range of policy requirements, including an assumed sum for s106 contributions.

In this respect, and in comparison with other locations in the district, and sites with similar characteristics in the sub region and further afield, it is considered that a £0 / sq. m CIL rate does not represent a state aid nor a policy driven and geographically driven economic support.

d) Review of the proposed £0/ sq. m rate?

Under the CIL Regulations, a development with a planning permission prior to the commencement date of a CIL charging schedule is not subject to the levy. The Sellindge key location development was granted outline planning permission in January 2015 (subject to completion of a s106 agreement).

Section 3.4.5 (page 74) of the Viability Assessment also highlights that the scope of CIL alongside likely s106 requirements for any future review of strategic scale developments will be very limited, given the sales values available to support the high levels of costs that seem likely to be relevant.

Therefore, the only circumstances where a CIL charge could be considered for the Sellindge key site, relates to the combined impact of a future review and uplift of CIL rates in Shepway, based on a marked increase in residential sales values, and submission of a 'new' planning application seeking significant material changes to the current development proposal. The CIL Regulations and guidance provides more detail on this process. In any eventuality, the Council aims to review its proposed CIL rates within 3 to 5 years of the adoption date of a Charging Schedule.