

THE CITY OF DURHAM TRUST

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CIL Rationale and Preliminary Charging Schedule

Response from the City of Durham Trust

1. The Trust does not agree that either the zones identified or the CIL charges proposed are appropriate. In particular the case for the Durham City Strategic Residential Zone has not been made out.
2. This response includes some explanations that are probably not necessary for the planning professional, but which we hope will make what follows more comprehensible to the lay reader.
3. The *Community Infrastructure Levy Guidance*¹ states at paragraph 21 “Charging authorities should use an area-based approach, which involves a broad test of viability across their area as the evidence base to underpin their charge. Charging authorities should take a strategic view across their area and should not focus on the potential implications of setting a CIL for individual development sites within a charging authority’s area.”
4. The successive Green Belt Site Assessments were “... a study to determine the most appropriate Green Belt sites that are required to meet the identified need for housing in the County Durham Plan ...”² It is not clear how the extent of the Strategic Zone that forms an arc around the northern edge of Durham City was determined. It looks like an attempt to join up the three development sites at Sniperley Park, North of Arnison and Sherburn Road by including other land that there are no plans to zone for development. Consequently we conclude that the Council has, in fact, set a CIL for individual development sites contrary to the CIL Guidance.
5. As the *CIL Rationale* explains in paragraphs 3.2 to 3.6, the key figure in setting the CIL is the “additional profit”, which is the difference between what the houses etc will fetch on the open market and what it costs to build them, including professional fees and a reasonable profit for the landowner, builder and developer. For the development to be profitable the CIL has to be set no higher than this additional profit, though it can of course be lower, which would allow the developer to make a higher profit.
6. The additional profit is determined via a viability study and this is summarised in the *CIL Rationale*, with the detailed workings in the background paper *Affordable Housing and CIL Viability Study (AH&CIL VS)*. This splits the County into four:
 - A zone that comprises the majority of the County;
 - A zone around Durham City and Chester-le-Street;
 - A zone to the north west of Durham City which includes the proposed strategic housing sites of SniperleyPark and North of Arnison, and
 - A zone that includes all Housing Market Renewal areas.It contains the calculations for the first two of these, and it is proposed to set a zero CIL for the Housing Market Renewal areas.

¹ ISBN: 978-1-4098-2391-9

² *Durham City Green Belt Site Assessment Phase III Evidence Paper*, paragraph 1.1

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7. However, the calculation for the third area, the Strategic Zone, basically makes inferences from two sites in the Durham City outside the Zone which show the highest additional profit. The paper states that the Council have commissioned real estate consultants to undertake a more detailed viability appraisal specific to the Green Belt sites, to assess the potential levels of CIL. This appraisal is not yet available, which compromises our ability to comment on specifics.
8. The AH&CIL VS does not refer to the Green Belt at all. Its calculations make no distinction between land in the Strategic Zone and the wider Durham City and Chester-le-Street area. The assertion in the *CIL Rationale and Preliminary Charging Schedule* at 3.30 that “The two large greenfield sites are currently green belt land and will only be taken out of the green belt on adoption of the Plan. The current value of the land therefore reflects agricultural value only. Therefore the 'viability threshold' on these sites is lower than in the wider County and land not in the Durham green belt. This will have the effect of increasing the Additional Profit significantly.” is not supported by any evidence that has been presented.
9. The *CIL Guidance* also advises councils to draw on work done in preparing their Strategic Housing Land Availability Assessment, but the most up-to-date SHLAA that the Council has published is dated 31 January 2011. A Freedom of Information Request has elicited the 2011 Countywide Trajectory Sheet, on which the sites in the Strategic Zone do not appear. The SHLAA promised for September 2012 has not materialised and the Council website now states it will be published in September 2013.
10. We have looked at the position in Newcastle/Gateshead, and in particular at the *Newcastle City Council / Gateshead Council Community Infrastructure Levy Viability Assessment Stage 1 Report*³. This has very similar reasoning to the AH&CIL VS and also proposes taking land out of Green Belt. However, this makes no distinction between land in and out of the Green Belt. The report simply refers to the increase in value to be expected if greenfield sites gain planning permission. This is very similar to the figures in Durham and Chester-le-Street, including the Strategic Zone. The CIL proposed for the current greenfield sites zoned for residential development in Newcastle is £88/ m² which compares to the £80/m² in the Durham City and Chester-le-Street zone.
11. *Planning* magazine publishes a table on their website⁴ which lists CILs agreed and in the pipeline. Durham's proposal for a top rate of £250/m² is the joint highest of the 46 councils outside London that have published or agreed proposals. Surrey Heath in the Home Counties and Caerphilly Borough Council in Wales are also proposing a top rate of £250 and only four other councils, all in the prosperous south, have rates of £200 or more.
12. Given the requirement in the *CIL Guidance* that councils have to strike a balance between the desirability of funding infrastructure and not impacting on the economic viability of development across its area, the Council should consider whether developers would choose to build in the Strategic Zone and pay an extra £25,000 per house when they could go elsewhere and pay much lower rates.
13. We are objecting in our submission on the Local Plan Preferred Options to the proposals for Green Belt (Policy 13) and Durham City Strategic Housing Sites (Policy7). The CIL Rationale shows a very high cost for the proposed Western (£31.5m) and Northern (£50m) Relief Roads.

³ See www.newcastle.gov.uk/sites/drupalncc.newcastle.gov.uk/files/wwwfileroot/VASTAGE1REPORT1.pdf

⁴ www.planningresource.co.uk/Business/article/1121218/CIL-Watch-whos-charging-what/

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The Council states that these will be necessary if the Sniperley Park and North of Arnison sites go ahead. A CIL of £250/m² has been calculated as necessary to fund these roads and other infrastructure measures, but the case has not been made that this will work. The rationale has assertions but not evidence. We conclude that the Council has not made its economic case for building on the Green Belt.

14. We therefore propose that the Durham City Strategic Residential Zone be dropped from the CIL Charging Schedule and be merged into the Durham City and Chester-le-Street zone which surrounds it. The level of CIL proposed for this zone should be reconsidered – table 6.8 in the AH&CIL VS suggests that higher rates should be achievable.