

## TECHNICAL NOTE

**Date:** 20<sup>th</sup> June 2017

**Prepared by:** Tom Marshall & Mark Felgate on behalf of Maidstone Borough Council

**Subject:** Maidstone Borough Council Community Infrastructure Levy: Post examination note

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### *Introduction*

- 1.1 On the 14<sup>th</sup> of June 2017, Peter Brett Associates attended the Maidstone Borough Council Community Infrastructure Levy Examination, having prepared part of the evidence base the “Maidstone Borough Council Revised Plan and CIL Viability Study” (referred henceforth as SUB007) which was published in July 2015.
- 1.2 PBA, in SUB007, recommended two main residential rates based on two value areas; a rate of £93 per square metre for development within the urban boundary and a rate of £99 per square metre for development outside of this boundary. The rates were decided by taking a weighted average CIL liable headroom of a range of typologies, which equated to £186 and £197.
- 1.3 A CIL rate was then assumed at 50% of these two averages to account for both an allowance for possible s106 contributions and a buffer to ensure that decisions are not taken at the very margins of viability. Information regarding PBA’s full recommendations, the methodology used in establishing these rates and how these have been applied in practice can be found within SUB007 and the Maidstone Borough Council Draft Charging Schedule. It is also worth noting that PBA recommended a positive rate for the H1 Springfield site, older persons accommodation and for retail development, though these are not discussed further within this technical note.
- 1.4 At the examination on the 14<sup>th</sup> of June 2017 a key area of discussion focussed on whether separate rates of £93 and £99 per square metre for the two value areas, urban and rural, could be justified. While PBA continue to believe the urban and rural areas show clear differences in viability, when considering both plan policy and CIL, PBA also acknowledge CIL guidance that advocates an approach of avoiding ‘undue complexity’<sup>1</sup> when deciding a rate. Although as noted at the hearing a three level residential CIL rate is not unusual and is less complex than many other CILs that are already in place.
- 1.5 The purpose of this note therefore is to establish whether the findings within the existing CIL evidence base, as set out in SUB007, could provide a justification for a common rate between the two value areas, given their similarity.

### *Analysis*

- 1.6 To test this PBA have considered three possible scenarios based on the lowest figure recommended (at £93 per sqm akin to the rate suggested for the urban area), the

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<sup>1</sup> DCLG (June 2014) NPPG CIL (para 021)



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highest rate recommended (at £99 per sqm akin to the rate suggested for rural development) and a midpoint between the two (at £96 per sqm).

1.7 A change in the CIL rate recommendations, in the context of PBA’s viability appraisals set out in SUB007, would be accounted for within a change in the buffer available. Therefore, there are no changes put forward in respect on any other new or updated evidence on costs and values. In effect, a higher CIL rate would mean a lower buffer and vice versa. This is demonstrated in Table 1. From this analysis it is considered that the change in CIL rates would only have a very minor deviation from the buffer of 50% that was originally applied. PBA consider that:

- **A common rate of £93 per sqm** would mean that the urban area continues to have a **50%** buffer while the rural area, where the higher rate of £99 was originally recommended, would have an increased buffer of **53%**.
- **A common midpoint rate of £96 per sqm** would mean a higher rate for the urban area and a lower rate in the rural area. The impact would mean that the buffer in the urban area falls marginally to **48%** while the buffer in the rural area increases very marginally to **51%**.
- **A common CIL rate of £99 per sqm** would mean that the rural area continues to have a **50%** buffer while the buffer in the urban area reduces to **47%**.

**Table 1: Likely buffer at £93, £96 and £99 per sqm CIL rate**

	Urban Sites	Rural Sites
Average Headroom as shown in Table 6.6 of SUB007	£186	£197
A CIL rate of <b>£99</b> would equate to a buffer of	47%	50%
A CIL rate of <b>£96</b> would equate to a buffer of	48%	51%
A CIL rate of <b>£93</b> would equate to a buffer of	50%	53%

### *Application in the context of Maidstone*

1.8 It is worth noting that while the guidance advocates that it is “*appropriate to ensure that a ‘buffer’ or margin is included*”<sup>2</sup> the guidance does not prescribe a specific buffer as being appropriate. In practice, and as noted in paragraph 6.3.4 of SUB007, this is left to the council who may alter their decision dependant on their own knowledge in respect of future site supply, delivery rates and risks to delivery in respect of site specific infrastructure requirements. If the Council believes that delivery is not an issue in the Borough and that it requires more funding for infrastructure, then it may wish to lower the buffer.

1.9 It is therefore worth considering the development context within Maidstone. From discussions with the council, PBA understand that the delivery of houses is not as constrained as can be seen in other authorities nationally. This is perhaps best demonstrated by the fact that around 12,000 of the 17,660 homes required in Maidstone have already been completed, granted permission or have received a

<sup>2</sup> DCLG NPPG CIL (para 019)



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resolution from the council's Planning Committee to grant subject to the completion of a section 106 agreement. Additionally, SUB008, the Maidstone Borough Council Background Paper (2017) indicates in Table 4 that the average affordable housing rate achieved is 30% and 41% in the urban and rural area, respectively. This provides comfort that a CIL rate, or indeed a minor change to the CIL rate recommended in the SUB007, represents a comparatively low risk to the deliverability of residential development within Maidstone.

- 1.10 PBA's viability advice in Table 6.3 of SUB007 sets out the headroom of a range of typologies in the urban area, which vary from £64 per sqm up to £290 per sqm. PBA's viability evidence indicates that typologies 2 (5 units), 3 (9 units) 4 (20 units) and 8 (240 units) have large headrooms, and therefore the impact of a higher CIL rate, of either £96 or 99 per sqm, would have a relatively minor impact.
- 1.11 Conversely, and aside from the 1-unit scheme, the headroom's set out in Table 6.3 indicate that viability is perhaps the most constrained at typology 5 (which has a headroom of £64) and typology 6 (headroom of £118). Both typologies are 60 units. Although it is understood that this type of development is less likely to occur than the other typologies tested.
- 1.12 The council have provided PBA with a list of the non-committed growth from H1 Allocations and the H2 Broad locations as shown in Appendix A. The table indicates that 5,887 dwellings are expected (2,147 from H1 and RMX Allocations and 2,090 from H2 Broad locations) over the plan period that have yet to be consented. The analysis also separates the development expected in the urban and rural areas, indicating that 65% of the non-committed development is expected in the urban area. Appendix A demonstrates that schemes of between 40 and 80 units (i.e. those considered as most representative of the 60 unit typologies) in the urban area equate to a total of 286 units, or less than 5% of the total anticipated delivery. This is considered to provide further justification as the schemes anticipated to be most likely impacted by a higher CIL represent a smaller portion of the anticipated total delivery.

### *Recommendations*

- 1.13 PBA have considered whether the main findings in the CIL viability evidence base SUB007 could justify a common rate of CIL within Maidstone. PBA's analysis within this note indicates that a higher CIL rate of either £96 or £99 in the urban area, to align with a similar rate in the rural area, would have only a minimal impact on the buffer.
- 1.14 PBA therefore consider that a common rate, at either £96 or £99 in the urban and rural area, could be justified based on the evidence set out in SUB007 and would not put the delivery of the plan at risk. This justification is based on PBA's understanding of Maidstone's relatively strong track record of housing delivery and the view that the sites that represented weaker viability in PBA's initial testing also represent a relatively low proportion of the expected future delivery.

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### Appendix A: Maidstone Borough Local Plan - Non-Committed Development as at 15 February 2017

Policy Ref. H1	Site name/address	No. of dwellings	Urban / Rural
4	Oakapple Lane, Barming	187	Urban
8	West of Church Road, Otham	440	Urban
11	Springfield, Royal Engineers Rd, Maidstone	200	Urban
12	180-188 Union Street, Maidstone	30	Urban
13	Medway Street, Maidstone	40	Urban
14	American Golf, Tonbridge Rd, Maidstone	60	Urban
15	6 Tonbridge Road, Maidstone	15	Urban
17	Laguna, Hart Street, Maidstone	76	Urban
18	Dunning Hall, Week St, Maidstone	14	Urban
19	18-21 Foster Street, Maidstone	5	Urban
20	Wren's Cross, Upper Stone Street, Maidstone	60	Urban
22	Whitmore Street, Maidstone	5	Urban
25	Bridge Industrial Centre, Wharf Road, Tovil	15	Urban
26	Tovil Working Men's Club, Tovil Hill, Tovil	20	Urban
30	West of Eclipse, Maidstone	50	Urban
31	Bearsted Station Goods Yard, Bearsted	20	Urban
39	South of Grigg Lane, Headcorn	55	Rural
40	Knaves Acre, Headcorn	5	Rural
42	Tanyard Fm, Old Ashford Rd, Lenham	155	Rural
48	Land S of The Parsonage, Goudhurst Rd, Marden	50	Rural
51	Land to the north of Henhurst Fm, Staplehurst	60	Rural
54	Land at Boughton Mount, Boughton Lane	25	Rural
55	Land at Church St./Heath Rd, B. Monchelsea	40	Rural
56	Lyewood Fm, Green Lane, B. Monchelsea	25	Rural
60	Forstal Lane, Coxheath	195	Rural
63	E of Eyhorne Street, Hollingbourne	10	Rural
65	Land adj The Windmill, Eyhorne St, Hollingbourne	15	Rural
67	Vicarge Road, Yalding	65	Rural
RMX1(2)	Maidstone East and Maidstone Sorting Office	210	Urban
		<b>2147</b>	

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Policy Ref. H2	Site name/address	No. of dwellings	Urban / Rural
1	Maidstone Town Centre	590	Urban
2	Invicta Park Barracks, Maidstone	500	Urban
3	Lenham	1000	Rural
		2090	

Windfall Allowance Typology	No. of dwellings	Urban / Rural
Urban Large (10>)	747	Urban
Urban Small (<10)	547	Urban
Rural Large (10>)	209	Rural
Rural Small (<10)	147	Rural
	1650	

Housing Supply Summary	Total	Urban	Rural
H1 and RMX Allocations	2147	1447	700
H2 Broad Locations	2090	1090	1000
Windfall allowance	1650	1294	356
<b>Totals</b>	<b>5887</b>	<b>3831</b>	<b>2056</b>