

**FYLDE LOCAL PLAN – PUBLICATION VERSION**

**COMMUNITY INFRASTRUCTURE LEVY PRELIMINARY DRAFT CHARGING  
SCHEDULE - ADDENDUM REPORT**

**PREPARED ON BEHALF OF  
FYLDE COUNCIL**

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**By**



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**AUGUST 2016**

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## 1.0 INTRODUCTION

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- 1.1 Fylde Council ('the Council') is preparing a Local Plan to shape future development of the Borough up to the year 2032. The Local Plan contains a Vision and a Development Strategy that sets out how the Council would like Fylde to develop over this period.
- 1.2 Keppie Massie, in conjunction with the WYG Group were commissioned by Fylde Council ('the Council') to establish the economic viability and deliverability implications of Fylde's emerging Local Plan policies. As part of this exercise we were also asked to consider the prospects for the introduction of CIL in the Borough and a Preliminary Draft Charging Schedule ('PDCS'). In October 2015 we published a Draft Version of the Local Plan Economic Viability Assessment (Part One Report) for consultation prior to final publication in February 2016. In addition based on the evidence and findings of the Part One Report, we prepared a Part Two Report titled 'The Preparation of a Community Infrastructure Levy Preliminary Draft Charging Schedule October 2015' ('Part Two CIL Report').
- 1.3 The Part Two CIL Report considered a level of charge that could be supported by new development in Fylde without prejudicing the viability of development. We have reproduced below Table 7.1 from the report which contained our assessment of a possible Preliminary Draft Charging Schedule for Fylde.

**Table 1.1: Preliminary Draft Charging Schedule for Fylde**

<b>Use</b>	<b>CIL Charge (£/sq.m)</b>
<b>Housing All Locations</b>	£70
<b>Apartments</b>	Nil
<b>Convenience Retail</b>	£60
<b>All other uses</b>	Nil

- 1.4 The Local Plan Viability Assessment and associated Community Infrastructure Levy ('CIL') Report were based on the then current version of the Local Plan, the Draft Fylde Local Plan to 2032: The Revised Preferred Option September 2015. The Council have now prepared a Publication Version of the Plan and it is intended that this will be subject to consultation during August and September 2016.
- 1.5 Having regard to the policies contained in the Publication Version of the Plan we have prepared an addendum to the Part One Report: Fylde Local Plan Economic Viability Assessment, February 2016. The EVA Addendum Report considers the modifications to the plan policies and their impact on viability and overall plan delivery. The EVA Addendum Report includes updated and some new viability testing reflecting the requirements of the modified plan policies.

## 1.0 Introduction

1.6 In common with the Revised Preferred Options Version of the Local Plan, the Publication Version at Chapter 12 considers how additional and improved infrastructure will be provided in the Borough through the development process. This may be provided on site by the developer, or through developer contributions. The contribution may also be provided through the Community Infrastructure Levy (CIL) at such time as the Council has prepared a Charging Schedule.

1.7 In both versions of the plan, the planning requirements in this respect are then contained in Policy **INF2 – Developer Contributions**. The policy in the Publication Version of the Plan states that:

*'Subject to viability, development will normally be expected to contribute towards the mitigation of its impact on infrastructure, services and the environment and contribute towards the requirements of the community. Contributions may be secured through a planning obligation and through the Community Infrastructure Levy (CIL), at such time as the Council has prepared a Standard Charging Schedule.'*

1.8 This wording is unchanged from the Revised Preferred Options Version. The policy also provides examples of the types of infrastructure that development may be required to provide contributions towards. These include:

- Affordable homes
- Utilities and waste
- Flood risk management and coastal defences
- Transport
- Community Facilities
- Local Service centres – Whitehills (i.e. Fylde-Blackpool Periphery) and Warton
- Green Infrastructure
- Climate change
- Public Realm

1.9 Where appropriate the policy also allows for the provision of the necessary infrastructure by the developer as part of the development proposals *in lieu* of making a financial contribution. There is also a test of viability where the development is made unviable by a planning obligation.

1.10 The justification to the policy recognises that the introduction of a CIL charging schedule will not always remove the requirement for Section 106 planning obligations which will remain to be used in accordance with the tests set out within the CIL regulations. Planning obligations are a key delivery tool, providing the opportunity to secure financial contributions which mitigate against the localised impacts of development which would otherwise render the proposal unacceptable in planning terms.

## 1.0 Introduction

1.11 As part of the Local Plan the Council is also preparing an Infrastructure Delivery Plan (IDP).

1.12 Reflecting the modified policies contained in the Publication Version of the Plan in so far as they relate to viability we have prepared this CIL Addendum Report. This report should be read in conjunction with the Local Plan Economic Viability Assessment Addendum Report July 2016 together with the earlier Part One and Two Reports. Based on the Publication Version of the Local Plan this CIL addendum report considers the extent to which a CIL could be introduced in Fylde to ensure that the necessary infrastructure is in place to support future new development without prejudicing the economic viability of such development.

## 2.0 FYLDE LOCAL PLAN TO 2032 – PUBLICATION VERSION

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2.1 The Economic Viability Assessment Addendum Report August 2016 considers the modifications that have been made to plan policies and provides further detail about these changes and their impact on viability. It identifies the fact that the amended policies in the Publication Draft that impact on the viability assessments previously undertaken fall into 4 broad categories, namely:

- Optional National Technical Standard M4(3A) and Elderly Provision;
- Density and housing mix;
- Affordable housing requirements; and
- Site Allocations and in particular the site specific viability testing that we have undertaken for Cropper Road East, Whitehills

2.2 Further detail regarding the respective policies is provided in the Local Plan EVA Addendum Report and paragraph 2.35 provides a summary, which is repeated below, of the further viability testing that has been undertaken across all 3 value zones as a result:

- 1) *Standard mix at 30 and 40 homes per hectare (original report tables 9.1-9.4, 9.8-9.11 and 9.15-9.18). These viability assessments have been re-run to incorporate the requirements for 20% of the dwellings to achieve Optional Technical Standard M4(3A) together with the modified affordable housing policy based on 20% provision of starter homes and the balance up to 30% as affordable rent.*
- 2) *Tier 1 and 2 Rural Settlements at 30 and 40 homes per hectare. We have prepared new viability assessments based on policy H2 mix requirements for the total number of 1 and 2 bed dwellings to be a minimum of 33%. This testing is based on the mix contained at Table 2.1 and reflects the revised affordable housing requirements and Optional Technical Standard M4(3A) as identified at 1) above.*
- 3) *Apartment developments (original report tables 9.7, 9.14 and 9.21). These viability assessments have been re-run to incorporate the requirements for 20% of the dwellings to achieve Optional Standard M4(3A) and the revised affordable requirements as at 1) above. In addition we have also adjusted these appraisals to include an annual ground rent of £250 per dwelling.*

2.3 The new assessments are all inclusive of Stamp Duty based on the new thresholds introduced by HMRC in March 2016.

2.0 Fylde Local Plan to 2032 – Publication Version

2.4 Having regard to the Policies contained in the Publication Version of the Local Plan in so far as they relate to commercial development, the Local Plan EVA Addendum Report notes that the conclusions of the original Local Plan report at paragraphs 9.29 to 9.35 remain unchanged.

### 3.0 VIABILITY TESTING RESULTS

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- 3.1 To provide an updated assessment of the prospects for a CIL tariff for new residential development, we have taken forward the results of the viability testing from Section 3 of the Local Plan EVA Addendum Report.
- 3.2 These results are based on viability testing assuming current building regulation standards together with the cumulative local plan policies including the requirements for 30% affordable homes (based on 20% starter homes and the balance as affordable rent) and with Optional Technical Standard M4(3A) applied to 20% of the dwellings. Assuming that CIL is introduced there will be a more limited requirement for Section 106 contributions, other than those relating to site specific requirements. As with the testing undertaken in the earlier Part Two CIL report, we have therefore adopted a reduced payment of £2,000 per home for S106/S278 contributions. The Council has indicated that the requirements for S106 payments are likely to be limited and indeed prospects exist for a further reduction in such contributions. However, for the purpose of informing the CIL charging schedule it is considered that £2,000 per home represents a robust position.
- 3.3 Based on these results, we have provided a commentary about the levels of surplus and possible CIL charges which could be introduced as a result.

#### **Interpretation of Generic Testing Results**

- 3.4 The hypothetical housing development schemes tested in both the Part One Report: Local Plan Economic Viability Assessment, February 2016 and the Local Plan EVA Addendum are as follows:

Scheme 1 – 4 homes  
Scheme 2 – 10 homes  
Scheme 3 – 25 homes  
Scheme 4 – 50 homes  
Scheme 5 – 75 homes  
Scheme 6 – 100 homes  
Scheme 7 – 250 homes  
Scheme 8 – 500 homes  
Scheme 9 – 1,000 homes

### 3.0 Viability Testing Results

- 3.5 The hypothetical housing development schemes are based on both previously developed and also greenfield sites. We have undertaken the testing based upon both the original standard housing mix and a new mix for Tier 1 and 2 settlements which includes a greater number of 1 and 2 bed dwellings. We have considered viability based on densities of 30 and 40 dwellings per net hectare. We have also undertaken updated viability testing for 3 different forms of apartment developments.
- 3.6 The broad locations within the value Zones adopted for the purpose of the testing are contained in table 3.1.

**Table 3.1: Residential Sales Prices Adopted**

Zone	Locations	Net Sales Price (per sq.m)	Net Sales Price (per sq.ft)
1	St Annes (part), Whitehills, Warton, Wesham Kirkham, Greenhalgh, Elswick, Staining	£2,153	£200
2	Lytham, St Annes (part), Weeton	£2,368	£220
3	Wrea Green, Lytham and St Annes Seafront	£2,583	£240

- 3.7 Tables 3.2 and 3.3 contain the updated testing results for Zone 1. The figures within the tables are the maximum levy rates per sq.m that could be supported based on the floor area of the market homes only as affordable homes are subject to relief from the charge. The results assume 30% affordable provision (including starter homes).

**Table 3.2: Zone 1 Standard Mix**

**Maximum Surplus per sq.m of Market Homes Available for CIL 30 and 40 dwellings per hectare (dph)**

Scheme	30 dph PDL	30 dph Greenfield	40 dph PDL	40 dph Greenfield
1 (4 homes)	£185	£343	£156	£287
2 (10 homes)	£312	£452	£266	£393
3 (25 homes)	£45	£222	£35	£175
4 (50 homes)	£102	£301	£95	£245
5 (75 homes)	£196	£314	£168	£259
6 (100 homes)	£216	£320	£191	£264
7 (250 homes)		£307		£260
8 (500 homes)		£290		£252
9 (1,000 homes)		£222		£200

**Table 3.3: Zone 1 Tier 1 and 2 Settlements**  
**Maximum Surplus per sq.m of Market Homes Available for CIL 30 and 40 dwellings per hectare (dph)**

Scheme	30 dph PDL	30 dph Greenfield	40 dph PDL	40 dph Greenfield
1 (4 homes)	£185	£343	£156	£287
2 (10 homes)	£238	£399	£211	£345
3 (25 homes)	£14	£198	£9	£153
4 (50 homes)	£65	£282	£63	£219
5 (75 homes)	£164	£285	£140	£222
6 (100 homes)	£188	£295	£166	£244
7 (250 homes)		£289		£243
8 (500 homes)		£273		£237
9 (1,000 homes)		£207		£190

- 3.8 Based on the modified policies contained in the Publication Version of the Plan the results show an improved position in respect of viability. This is largely due to the changes to the affordable housing policy to include starter homes. The previous results for Zone 1 based on development at 30 and 40 dwellings per hectare included 4 unviable results for schemes 3 and 4 on previously developed sites. The results for these forms of development are now viable albeit the level of surplus is relatively limited for scheme 3.
- 3.9 By comparison the original results for Zone 1 at 30 dwellings per hectare (dph) showed the lowest viable previously developed land surplus was £89 per sq.m for scheme 5, the equivalent figure is now £196 per sq.m. At 40 dph the lowest viable previously developed land surplus was for scheme 5 at £69 per sq.m and the equivalent figure is now £168 per sq.m.
- 3.10 The original Part Two CIL Report identified a CIL charge of £70 per sq.m. The viability results at tables 3.2 and 3.3 show that the majority of development tested in Zone 1 could support this level of CIL. The exceptions to this are highlighted red and are scheme 3 on previously developed sites, and scheme 4 on previously developed sites in Tier 1 and 2 Settlements only. On the assumption of 20% affordable housing provision (assuming starter homes) the results for 6 typologies identified improve and the revised surpluses are contained in table 3.4 below.

**Table 3.4: Zone 1 Schemes 3 and 4 Testing at 20% Affordable Provision**  
**Maximum Surplus per sq.m of Market Homes Available for CIL (dph)**

Scheme	30 dph PDL	40 dph PDL
3 (25 homes)	£144	£127
3 (25 homes) Tier 1 and 2	£121	£108
4 (50 homes) Tier 1 and 2	£144	£136

### 3.0 Viability Testing Results

3.11 On the basis of 20% affordable housing provision these schemes could comfortably support the payment of a CIL at £70 per sq.m.

3.12 Tables 3.5 and 3.6 contain the testing results for Zone 2. The figures within the tables are the maximum levy rates per sq.m that could be supported based on the floor area of the market homes only as affordable homes are subject to relief from the charge. The results assume 30% affordable provision (including starter homes).

**Table 3.5: Zone 2 Standard Mix**

**Maximum Surplus per sq.m of Market Homes Available for CIL 30 and 40 dwellings per hectare (dph)**

Scheme	30 dph PDL	30 dph Greenfield	40 dph PDL	40 dph Greenfield
1 (4 homes)	£267	£459	£244	£402
2 (10 homes)	£393	£569	£356	£510
3 (25 homes)	£115	£339	£119	£294
4 (50 homes)	£168	£425	£176	£369
5 (75 homes)	£283	£436	£264	£381
6 (100 homes)	£300	£438	£284	£386
7 (250 homes)		£419		£373
8 (500 homes)		£385		£350
9 (1,000 homes)		£291		£274

**Table 3.6: Zone 2 Tier 1 and 2 Settlements**

**Maximum Surplus per sq.m of Market Homes Available for CIL 30 and 40 dwellings per hectare (dph)**

Scheme	30 dph PDL	30 dph Greenfield	40 dph PDL	40 dph Greenfield
1 (4 homes)	£267	£459	£244	£402
2 (10 homes)	£310	£511	£294	£458
3 (25 homes)	£79	£314	£90	£272
4 (50 homes)	£127	£405	£141	£343
5 (75 homes)	£228	£406	£234	£354
6 (100 homes)	£270	£413	£257	£362
7 (250 homes)		£400		£356
8 (500 homes)		£367		£334
9 (1,000 homes)		£274		£260

### 3.0 Viability Testing Results

- 3.13 At 30 dph all results are now viable in Zone 2. The lowest surplus is £79 per sq.m (scheme 3 Tier 1 and 2 Settlements on previously developed land) followed by £115 per sq.m for scheme 3 on the same basis in other areas. At 20% affordable homes provision further testing shows an improvement in the viability of scheme 3 on previously developed land and the revised surplus per sq.m for Tier 1 and 2 settlements is £189.
- 3.14 At 40 dph all results are viable with the lowest surplus is £90 per sq.m (Scheme 3 tier 1 and 2 Settlements) followed by £119 per sq.m for scheme 3 in other areas.
- 3.15 Based on the results contained in tables 3.5 and 3.6 all of the housing typologies tested could support a charge of £70 per sq.m, albeit the result for scheme 3 at 30 dph on previously developed sites in Tier 1 and 2 Settlements indicates that there is only a limited buffer of £9 or 13%. The result at 20% affordable housing provision however shows a significant improvement to £189 per sq.m.
- 3.16 Tables 3.7 and 3.8 contain the testing results for Zone 3. The figures within the tables are the maximum levy rates per sq.m that could be supported based on the floor area of the market homes only as affordable homes is subject to relief from the charge. The results assume 30% affordable provision (including starter homes).

**Table 3.7: Zone 3 Standard Mix**

**Maximum Surplus per sq.m of Market Homes Available for CIL 30 and 40 dwellings per hectare (dph)**

Scheme	30 dph PDL	30 dph Greenfield	40 dph PDL	40 dph Greenfield
1 (4 homes)	£436	£628	£401	£558
2 (10 homes)	£563	£737	£511	£665
3 (25 homes)	£303	£528	£293	£469
4 (50 homes)	£350	£607	£344	£537
5 (75 homes)	£463	£616	£431	£547
6 (100 homes)	£476	£615	£447	£549
7 (250 homes)		£589		£531
8 (500 homes)		£538		£492
9 (1,000 homes)		£417		£391

**Table 3.8: Zone 3 Tier 1 and 2 Settlements**  
**Maximum Surplus per sq.m of Market Homes Available for CIL 30 and 40 dwellings per hectare (dph)**

Scheme	30 dph PDL	30 dph Greenfield	40 dph PDL	40 dph Greenfield
1 (4 homes)	£436	£628	£401	£558
2 (10 homes)	£478	£679	£450	£614
3 (25 homes)	£271	£505	£267	£449
4 (50 homes)	£310	£590	£311	£512
5 (75 homes)	£430	£587	£402	£522
6 (100 homes)	£447	£590	£421	£526
7 (250 homes)		£571		£514
8 (500 homes)		£521		£477
9 (1,000 homes)		£401		£377

- 3.17 The results of our testing for the development of new homes in Zone 3 show that in all cases development is viable. At 30 dph the lowest surplus is £271 per sq.m and at 40 dph the lowest surplus is £267 per sq.m. In all cases development in Zone 3 could support a CIL charge at £70 per sq.m.
- 3.18 The Part Two CIL report also considered the extent to which new developments of stand-alone apartments could support a CIL charge. Based on the testing results we concluded that a nil charge for apartments would be appropriate.
- 3.19 Based on the modified affordable housing policy we have updated our viability testing for apartments and the results are contained in table 3.9. The testing is based on the same value zones that are identified at table 3.1, however it is likely that in a number of instances, values in the most sought after locations along the sea front may exceed the values identified for Zone 3. We anticipate that for certain development sites with the best views, particularly overlooking 'the Green' at Lytham, the prices paid for new apartments may be greater than the prevailing tone at £2,583 per sq.m (£240 per sq.ft). To fully assess the implications of these higher values on viability and CIL we have undertaken viability testing based on higher net sales prices of £2,799 sq.m (£260 per sq.ft). For simplicity we have referenced the results as Zone 4 in table 3.9. For ease of reference the unviable results are shaded in red.

**Table 3.9: Apartments Maximum Surplus per sq.m of Market Homes Available for CIL**

Scheme	Zone 1	Zone 2	Zone 3	Zone 4
13 (15 homes)	£42	£190	£411	£632
14 (50 homes)	-£190	-£54	£141	£327
15 (50 homes exec)	-£318	-£186	£4	£189

### 3.0 Viability Testing Results

- 3.20 The results show an improved viability position however for larger developments in Zones 1 and 2 stand-alone apartment development is not sufficiently viable at 30% affordable homes provision to support a CIL charge. These larger developments would be viable in the higher value locations along the seafront at Lytham and St Annes although viability does vary significantly dependent on the final form of the development. In Zone 3 scheme 15 has a surplus of £4 per sq.m based on the full affordable policy requirement. If this is reduced to 20% then the surplus rises to £120 per sq.m.
- 3.21 On the assumption that a CIL charge was introduced for apartments in these higher value locations (Zones 3 and 4) based on the £70 per sq.m proposed for new housing then all of the developments tested could support this level of charge, with a significant buffer, except for Scheme 15 in Zone 3. In relation to this scheme however a reduction to 20% affordable provision would result in a surplus of £120 per sq.m which would be sufficient to support a £70 per sq.m CIL charge.

#### **Residential Summary**

- 3.22 The results from the updated viability assessments show an improvement in viability based on the Publication Version Plan Policies and indicate that there is scope to introduce a CIL charge in Fylde. As with the earlier testing there are some viability issues for mid-size schemes on previously developed land in the lower value Zones however in contrast to the original testing all results show a surplus. In certain limited instances these sites will not be able to support 30% affordable homes provision and CIL, however generally in these locations a reduction to 20% affordable provision is sufficient to support CIL at the proposed rate of £70 per sq.m. The majority of the residential typologies tested have surpluses well in excess of the proposed £70 per sq.m rate which would provide a significant buffer to address any risk.
- 3.23 As identified in the original Part Two CIL Report in setting a CIL tariff the Council will need to consider the number of mid-sized previously developed sites that are likely to come forward in the lower value areas over the plan period, and in particular the extent of affordable homes delivery that may be expected from these sites. An assessment will need to be made of the number of affordable homes that may be lost from sites of this nature, albeit this must then be balanced against the need for funding to deliver infrastructure across the wider borough to support future delivery of new homes.

### 3.0 Viability Testing Results

- 3.24 The CIL guidance suggests that a charging authority's proposed rate or rates should be reasonable given the available evidence, however, there is no requirement for the proposed rate to exactly mirror the evidence. It is suggested that there is room for some pragmatism. In setting the rate however it is considered appropriate to include a buffer or margin, whilst it is also recommended that in setting differential rates a charging authority seek to avoid undue complexity.
- 3.25 With these principles in mind our earlier report considered what might be an appropriate CIL charge for residential development in Fylde. It noted that although there are pockets of greater viability in Fylde i.e. Wrea Green and the Seafront at Lytham and St Annes, house prices overall are generally fairly consistent. As a result one option suitable for Fylde was identified as being a single charging rate.
- 3.26 Considering the results of the original viability testing inclusive of a robust figure of £2,000 per home in site specific S106/S278 contributions (equivalent to between £20 and £28 per sq.m of market homes floor-space). The report concluded that a charge across all areas of £70 per sq.m would be appropriate for Fylde.
- 3.27 The results from our revised viability testing show an improved viability position largely due to the changes in the affordable housing policy to include starter homes. Our testing models the impact of 20% of all new dwellings being provided as starter homes with the balance of 10% being affordable rent. At the present time the regulations have not been set in relation to the starter homes threshold albeit consultation has taken place based on the 20% requirement that has been tested.
- 3.28 The original viability testing and recommendations were based upon an affordable mix based on 80% social rent and 20% intermediate and this very much provides a 'worst case' scenario in relation to viability. Assuming the proposed CIL charge at £70 per sq.m, the testing on this basis in the original CIL report indicated that there may need to be some reduction in affordable provision on certain sites.
- 3.29 The revised testing based on the modified affordable housing policy shows that at £70 per sq.m very few schemes are not able to support 30% affordable provision and hence there are likely to be a more limited number of sites where reductions may be required to affordable housing provision.

### 3.0 Viability Testing Results

3.30 The modified affordable housing policy leads to increases in the levels of development surplus which could support a higher CIL rate, however at this stage given the Starter Homes Regulations are yet to be finalised, increasing the proposed charge carries a degree of risk. The Authority also needs to be mindful of the current housing market uncertainty that has been triggered by the Referendum and the vote to leave the EU. For the purpose of the PDCS we think that it would be sensible to take a robust approach given these uncertainties and hence propose to retain the original charging rate for new housing developments at £70 per sq.m in all areas.

3.31 In relation to apartment developments, there is some scope to introduce a CIL charge in the highest value areas (identified as Zones 3 and 4), and for simplicity we would suggest that the Council considers implementing a rate of £70 per sq.m for new apartment development in Lytham and St Annes in proximity to the sea front, in those locations identified on the map contained at Appendix 1. In addition a charge for apartments in Wrea Green could also be supported.

#### **Non-Residential Recommendations**

3.32 Based on the results of the previous viability testing for commercial uses we would recommend a nil charge for all non-residential development save for convenience retail at £60 per sq.m.

#### **Conclusions**

3.33 Having regard to the above, table 3.10 provides our recommendations in relation to CIL charges for new development in Fylde.

**Table 3.10: Recommended CIL Tariffs**

<b>Use</b>	<b>CIL Charge (£/sq.m)</b>
<b>Housing All Locations (Settlements and rural areas)</b>	£70
<b>Apartments (Zones 3 and 4 identified on map at Appendix 1)</b>	£70
<b>Apartments (All other areas)</b>	Nil
<b>Convenience Retail</b>	£60
<b>All other uses</b>	Nil

## 4.0 TESTING OF THE PRELIMINARY DRAFT CHARGING SCHEDULE

- 4.1 As noted in the original Part Two CIL Report, the CIL guidance recommends that a charging authority should directly sample an appropriate range of sites across its area, focusing on strategic sites on which the plan relies, and those sites where the impact of the levy is likely to be most significant i.e. sites on previously developed land. The sampling should be consistent with the viability testing undertaken as part of plan making.
- 4.2 The viability testing undertaken as part of the Part One Report: Local Plan Economic Viability Assessment, February 2016 and this Addendum Report, based on the Publication Version of the Plan, has been used to inform our consideration of preliminary charging rates that are identified in Section 3. To ensure the robustness of these proposed rates we have undertaken some additional viability testing for the residential development sites. These additional appraisals have been prepared for the strategic sites that were tested for the Local Plan EVA, as well the hypothetical site typologies. The appraisals have again been prepared on a residual basis and assume the policy compliant affordable homes requirement at 30% (including 20% starter homes). The appraisals assume a reduced S106/S278 contribution of £2,000 per home. The methodology includes the specific levy rate identified and also an explicit developer's profit. The residual sum that results is the land value which is available to pay the landowner for the purchase of the site. The residual land value is then compared with the base input or 'threshold' land cost. If the residual land value is greater than this amount then the development is viable based on the levy rates proposed and the landowner is likely to release the land for development.
- 4.3 Tables 4.1 to 4.27 show for each site the residual land values both with and without the CIL charge however inclusive of a S106/S278 contribution of £2,000, on a pounds per ha and per acre basis (based on the net developable area). This price per hectare (acre) is then benchmarked against the 'threshold' land cost. Where it is beneath the threshold value the cell is shaded in red. The table below is reproduced from the Local Plan EVA and shows the 'threshold land values' that have been adopted. As noted in the EVA we have made an adjustment to the land cost for the smaller greenfield sites and the larger brownfield sites of +/- 20% from the base figures.

	Previously Developed Land		Greenfield	
	(£ per Ha)	(£/acre)	(£/Ha)	(£/acre)
<b>Highest Value Area</b>	1,110,000	450,000	618,000	250,000
<b>Lowest Value Area</b>	864,500	350,000	494,000	200,000

*Residential Land Value Assumptions*

#### 4.0 Testing of the Preliminary Draft Charging Schedule

4.4 Tables 4.1 to 4.27 also include data regarding the impact of the proposed charge on the residual land value and in particular the percentage reduction in residual land value as a result of the CIL charge.

4.5 We have also considered the preliminary levy rate as a proportion of both development costs and Gross Development Value (GDV) for the sites tested. GDV is an essential tool for any real estate investor or property developer as it forms a key component of the development appraisal process.

**Zone 1 – Impact of CIL Charge – (St Annes (part), Whitehills, Warton, Wesham, Kirkham, Greenhalgh, Elswick, Staining)****Table 4.1: Zone 1 Impact of CIL on Residual Land Value previously developed land (30 dph)**

Scheme	No CIL		CIL		Tests		
	Residual Land Value (per ha)	Residual Land Value (per acre)	Residual Land Value (per ha)	Residual Land Value (per acre)	% Reduction in Residual Land Value	CIL % GDV	CIL % Cost
1 (4 homes)	£1,386,174	£561,204	£1,191,780	£482,502	14.02%	3.25%	3.83%
2 (10 homes)	£1,748,301	£707,814	£1,552,771	£628,652	11.18%	3.25%	3.83%
3 (25 homes)	£960,327	£388,796	£815,259	£330,064	15.11%	2.67%	3.34%
4 (50 homes)	£1,079,490	£437,041	£930,739	£376,817	13.78%	2.72%	3.40%
5 (75 homes)	£1,103,554	£446,783	£956,493	£387,244	13.33%	2.70%	3.37%
6 (100 homes)	£1,149,500	£465,385	£1,001,472	£405,454	12.88%	2.70%	3.38%

**Table 4.2: Zone 1 Impact of CIL on Residual Land Value Greenfield (30 dph)**

Scheme	No CIL		CIL		Tests		
	Residual Land Value (per ha)	Residual Land Value (per acre)	Residual Land Value (per ha)	Residual Land Value (per acre)	% Reduction in Residual Land Value	CIL % GDV	CIL % Cost
1 (4 homes)	£1,560,855	£631,925	£1,366,461	£553,223	12.45%	3.25%	3.83%
2 (10 homes)	£1,873,635	£758,557	£1,678,108	£679,396	10.44%	3.25%	3.83%
3 (25 homes)	£1,056,712	£427,819	£911,644	£369,086	13.73%	2.67%	3.34%
4 (50 homes)	£1,135,654	£459,779	£986,901	£399,555	13.10%	2.72%	3.40%
5 (75 homes)	£1,155,934	£467,989	£1,008,872	£408,450	12.72%	2.70%	3.37%
6 (100 homes)	£1,173,166	£474,966	£1,025,138	£415,036	12.62%	2.70%	3.38%
7 (250 homes)	£1,144,211	£463,243	£996,365	£403,387	12.92%	2.70%	3.38%
8 (500 homes)	£1,108,141	£448,640	£960,290	£388,782	13.34%	2.70%	3.38%
9 (1,000 homes)	£964,565	£390,512	£816,669	£330,635	15.33%	2.70%	3.38%

**Table 4.3: Zone 1 Tier 1 and 2 Settlements Impact of CIL on Residual Land Value previously developed land (30 dph)**

Scheme	No CIL		CIL		Tests		
	Residual Land Value (per ha)	Residual Land Value (per acre)	Residual Land Value (per ha)	Residual Land Value (per acre)	% Reduction in Residual Land Value	CIL % GDV	CIL % Cost
1 (4 homes)	£1,386,174	£561,204	£1,191,780	£482,502	14.02%	3.25%	3.83%
2 (10 homes)	£1,483,628	£600,659	£1,304,444	£528,115	12.08%	3.25%	3.83%
3 (25 homes)	£892,663	£361,402	£755,424	£305,839	15.37%	2.64%	3.30%
4 (50 homes)	£994,245	£402,528	£853,314	£345,471	14.17%	2.69%	3.37%
5 (75 homes)	£1,020,993	£413,357	£880,689	£356,554	13.74%	2.70%	3.37%
6 (100 homes)	£1,074,721	£435,110	£932,450	£377,510	13.24%	2.69%	3.36%

**Table 4.4: Zone 1 Tier 1 and 2 Settlements Impact of CIL on Residual Land Value Greenfield (30 dph)**

Scheme	No CIL		CIL		Tests		
	Residual Land Value (per ha)	Residual Land Value (per acre)	Residual Land Value (per ha)	Residual Land Value (per acre)	% Reduction in Residual Land Value	CIL % GDV	CIL % Cost
1 (4 homes)	£1,560,855	£631,925	£1,366,461	£553,223	12.45%	3.25%	3.83%
2 (10 homes)	£1,629,433	£659,690	£1,450,249	£587,145	11.00%	3.25%	3.83%
3 (25 homes)	£984,708	£398,667	£847,466	£343,104	13.94%	2.64%	3.30%
4 (50 homes)	£1,063,618	£430,614	£922,686	£373,557	13.25%	2.69%	3.37%
5 (75 homes)	£1,067,974	£432,378	£927,670	£375,575	13.14%	2.67%	3.34%
6 (100 homes)	£1,096,342	£443,863	£954,070	£386,263	12.98%	2.69%	3.36%
7 (250 homes)	£1,082,205	£438,140	£940,015	£380,573	13.14%	2.69%	3.36%
8 (500 homes)	£1,049,926	£425,071	£907,825	£367,540	13.53%	2.69%	3.36%
9 (1,000 homes)	£915,306	£370,569	£773,162	£313,021	15.53%	2.69%	3.36%

**Table 4.5: Zone 1 Impact of CIL on Residual Land Value previously developed land (40 dph)**

Scheme	No CIL		CIL		Tests		
	Residual Land Value (per ha)	Residual Land Value (per acre)	Residual Land Value (per ha)	Residual Land Value (per acre)	% Reduction in Residual Land Value	CIL % GDV	CIL % Cost
1 (4 homes)	£1,441,040	£583,417	£1,183,170	£479,016	17.89%	3.51%	4.13%
2 (10 homes)	£1,855,079	£751,044	£1,596,979	£646,550	13.91%	3.51%	4.13%
3 (25 homes)	£958,498	£388,056	£767,376	£310,679	19.94%	2.89%	3.61%
4 (50 homes)	£1,133,486	£458,901	£934,753	£378,442	17.53%	2.94%	3.67%
5 (75 homes)	£1,163,067	£470,877	£967,506	£391,703	16.81%	2.91%	3.64%
6 (100 homes)	£1,229,939	£497,951	£1,032,765	£418,124	16.03%	2.92%	3.65%

**Table 4.6: Zone 1 Impact of CIL on Residual Land Value Greenfield (40 dph)**

Scheme	No CIL		CIL		Tests		
	Residual Land Value (per ha)	Residual Land Value (per acre)	Residual Land Value (per ha)	Residual Land Value (per acre)	% Reduction in Residual Land Value	CIL % GDV	CIL % Cost
1 (4 homes)	£1,651,567	£668,651	£1,396,790	£565,502	15.43%	3.51%	4.13%
2 (10 homes)	£2,064,060	£835,652	£1,805,964	£731,159	12.50%	3.51%	4.13%
3 (25 homes)	£1,071,446	£433,784	£880,324	£356,406	17.84%	2.89%	3.61%
4 (50 homes)	£1,191,154	£482,249	£992,421	£401,790	16.68%	2.94%	3.67%
5 (75 homes)	£1,223,794	£495,463	£1,023,686	£414,448	16.35%	2.91%	3.64%
6 (100 homes)	£1,248,147	£505,323	£1,050,973	£425,495	15.80%	2.91%	3.65%
7 (250 homes)	£1,227,851	£497,106	£1,030,802	£417,329	16.05%	2.92%	3.65%
8 (500 homes)	£1,205,752	£488,159	£1,008,578	£408,331	16.35%	2.92%	3.65%
9 (1,000 homes)	£1,059,376	£428,897	£862,204	£349,070	18.61%	2.92%	3.65%

**Table 4.7: Zone 1 Tier 1 and 2 Settlements Impact of CIL on Residual Land Value previously developed land (40 dph)**

Scheme	No CIL		CIL		Tests		
	Residual Land Value (per ha)	Residual Land Value (per acre)	Residual Land Value (per ha)	Residual Land Value (per acre)	% Reduction in Residual Land Value	CIL % GDV	CIL % Cost
1 (4 homes)	£1,441,040	£583,417	£1,183,170	£479,016	17.89%	3.51%	4.13%
2 (10 homes)	£1,584,397	£641,456	£1,347,874	£545,698	14.93%	3.51%	4.13%
3 (25 homes)	£884,835	£358,233	£704,026	£285,031	20.43%	2.86%	3.57%
4 (50 homes)	£1,033,395	£418,378	£845,110	£342,150	18.22%	2.91%	3.64%
5 (75 homes)	£1,065,071	£431,203	£878,497	£355,667	17.52%	2.89%	3.61%
6 (100 homes)	£1,140,238	£461,635	£950,732	£384,912	16.62%	2.90%	3.63%

**Table 4.8: Zone 1 Tier 1 and 2 Settlements Impact of CIL on Residual Land Value Greenfield (40 dph)**

Scheme	No CIL		CIL		Tests		
	Residual Land Value (per ha)	Residual Land Value (per acre)	Residual Land Value (per ha)	Residual Land Value (per acre)	% Reduction in Residual Land Value	CIL % GDV	CIL % Cost
1 (4 homes)	£1,651,567	£668,651	£1,396,790	£565,502	15.43%	3.51%	4.13%
2 (10 homes)	£1,779,216	£720,330	£1,542,692	£624,572	13.29%	3.51%	4.13%
3 (25 homes)	£989,265	£400,512	£808,457	£327,311	18.28%	2.86%	3.57%
4 (50 homes)	£1,086,357	£439,821	£898,073	£363,592	17.33%	2.91%	3.64%
5 (75 homes)	£1,117,757	£452,533	£931,183	£376,997	16.69%	2.89%	3.61%
6 (100 homes)	£1,156,117	£468,064	£966,611	£391,341	16.39%	2.90%	3.63%
7 (250 homes)	£1,154,920	£467,579	£965,408	£390,854	16.41%	2.90%	3.63%
8 (500 homes)	£1,136,926	£460,294	£947,420	£383,571	16.67%	2.90%	3.63%
9 (1,000 homes)	£1,009,908	£408,870	£820,403	£332,147	18.76%	2.90%	3.63%

**Zone 2 – Impact of CIL Charge – (Lytham, St Annes (part), Weeton)****Table 4.9: Zone 2 Impact of CIL on Residual Land Value previously developed land (30 dph)**

Scheme	No CIL		CIL		Tests		
	Residual Land Value (per ha)	Residual Land Value (per acre)	Residual Land Value (per ha)	Residual Land Value (per acre)	% Reduction in Residual Land Value	CIL % GDV	CIL % Cost
1 (4 homes)	£1,857,833	£752,159	£1,663,439	£673,457	10.46%	2.96%	3.48%
2 (10 homes)	£2,224,922	£900,778	£2,029,392	£821,616	8.79%	2.96%	3.48%
3 (25 homes)	£1,353,003	£547,775	£1,207,935	£489,042	10.72%	2.43%	3.03%
4 (50 homes)	£1,467,858	£594,274	£1,319,106	£534,051	10.13%	2.47%	3.09%
5 (75 homes)	£1,483,814	£600,734	£1,336,752	£541,195	9.91%	2.45%	3.06%
6 (100 homes)	£1,524,661	£617,272	£1,376,633	£557,341	9.71%	2.46%	3.07%

**Table 4.10: Zone 2 Impact of CIL on Residual Land Value Greenfield (30 dph)**

Scheme	No CIL		CIL		Tests		
	Residual Land Value (per ha)	Residual Land Value (per acre)	Residual Land Value (per ha)	Residual Land Value (per acre)	% Reduction in Residual Land Value	CIL % GDV	CIL % Cost
1 (4 homes)	£2,028,693	£821,333	£1,838,120	£744,178	9.39%	2.96%	3.48%
2 (10 homes)	£2,345,871	£949,745	£2,150,341	£870,583	8.34%	2.96%	3.48%
3 (25 homes)	£1,449,388	£586,797	£1,304,320	£528,065	10.01%	2.43%	3.03%
4 (50 homes)	£1,524,006	£617,007	£1,375,254	£556,783	9.76%	2.47%	3.09%
5 (75 homes)	£1,536,194	£621,941	£1,389,132	£562,401	9.57%	2.45%	3.06%
6 (100 homes)	£1,548,297	£626,841	£1,400,269	£566,910	9.56%	2.46%	3.07%
7 (250 homes)	£1,505,668	£609,582	£1,357,823	£549,726	9.82%	2.46%	3.07%
8 (500 homes)	£1,433,998	£580,566	£1,286,147	£520,707	10.31%	2.46%	3.07%
9 (1,000 homes)	£1,233,548	£499,412	£1,085,653	£439,536	11.99%	2.46%	3.07%

**Table 4.11: Zone 2 Tier 1 and 2 Settlements Impact of CIL on Residual Land Value previously developed land (30 dph)**

Scheme	No CIL		CIL		Tests		
	Residual Land Value (per ha)	Residual Land Value (per acre)	Residual Land Value (per ha)	Residual Land Value (per acre)	% Reduction in Residual Land Value	CIL % GDV	CIL % Cost
1 (4 homes)	£1,857,833	£752,159	£1,663,439	£673,457	10.46%	2.96%	3.48%
2 (10 homes)	£1,917,571	£776,345	£1,738,384	£703,799	9.34%	2.96%	3.48%
3 (25 homes)	£1,269,750	£514,069	£1,132,511	£458,506	10.81%	2.40%	3.00%
4 (50 homes)	£1,365,593	£552,872	£1,224,662	£495,815	10.32%	2.45%	3.06%
5 (75 homes)	£1,386,829	£561,469	£1,246,526	£504,666	10.12%	2.55%	3.19%
6 (100 homes)	£1,437,821	£582,114	£1,295,549	£524,514	9.89%	2.44%	3.05%

**Table 4.12: Zone 2 Tier 1 and 2 Settlements Impact of CIL on Residual Land Value Greenfield (30 dph)**

Scheme	No CIL		CIL		Tests		
	Residual Land Value (per ha)	Residual Land Value (per acre)	Residual Land Value (per ha)	Residual Land Value (per acre)	% Reduction in Residual Land Value	CIL % GDV	CIL % Cost
1 (4 homes)	£2,028,693	£821,333	£1,838,120	£744,178	9.39%	3.25%	3.83%
2 (10 homes)	£2,062,198	£834,898	£1,883,011	£762,353	8.69%	2.96%	3.48%
3 (25 homes)	£1,361,796	£551,334	£1,224,555	£495,771	10.08%	2.40%	3.00%
4 (50 homes)	£1,436,661	£581,644	£1,295,730	£524,587	9.81%	2.45%	3.06%
5 (75 homes)	£1,433,772	£580,475	£1,293,468	£523,671	9.79%	2.43%	3.04%
6 (100 homes)	£1,459,413	£590,855	£1,317,141	£533,255	9.75%	2.44%	3.05%
7 (250 homes)	£1,432,009	£579,761	£1,289,818	£522,194	9.93%	2.44%	3.05%
8 (500 homes)	£1,365,371	£552,782	£1,223,269	£495,251	10.41%	2.44%	3.05%
9 (1,000 homes)	£1,175,833	£476,046	£1,033,689	£418,497	12.09%	2.44%	3.05%

**Table 4.13: Zone 2 Impact of CIL on Residual Land Value previously developed land (40 dph)**

Scheme	No CIL		CIL		Tests		
	Residual Land Value (per ha)	Residual Land Value (per acre)	Residual Land Value (per ha)	Residual Land Value (per acre)	% Reduction in Residual Land Value	CIL % GDV	CIL % Cost
1 (4 homes)	£2,006,895	£812,508	£1,754,183	£710,195	12.59%	3.20%	3.76%
2 (10 homes)	£2,429,141	£983,458	£2,171,041	£878,964	10.63%	3.20%	3.76%
3 (25 homes)	£1,434,928	£580,942	£1,243,806	£503,565	13.32%	2.62%	3.28%
4 (50 homes)	£1,611,371	£652,377	£1,412,638	£571,918	12.33%	2.67%	3.34%
5 (75 homes)	£1,628,955	£659,496	£1,433,394	£580,322	12.01%	2.65%	3.31%
6 (100 homes)	£1,690,384	£684,366	£1,493,210	£604,538	11.66%	2.66%	3.32%

**Table 4.14: Zone 2 Impact of CIL on Residual Land Value Greenfield (40 dph)**

Scheme	No CIL		CIL		Tests		
	Residual Land Value (per ha)	Residual Land Value (per acre)	Residual Land Value (per ha)	Residual Land Value (per acre)	% Reduction in Residual Land Value	CIL % GDV	CIL % Cost
1 (4 homes)	£2,216,233	£897,260	£1,963,530	£794,951	11.40%	3.20%	3.76%
2 (10 homes)	£2,638,122	£1,068,066	£2,380,026	£963,573	9.78%	3.20%	3.76%
3 (25 homes)	£1,547,875	£626,670	£1,356,753	£549,293	12.35%	2.62%	3.28%
4 (50 homes)	£1,669,024	£675,718	£1,470,291	£595,260	11.91%	2.67%	3.34%
5 (75 homes)	£1,685,073	£682,216	£1,489,513	£603,042	11.61%	2.65%	3.31%
6 (100 homes)	£1,708,568	£691,728	£1,511,394	£611,900	11.54%	2.66%	3.32%
7 (250 homes)	£1,671,870	£676,871	£1,474,822	£597,094	11.79%	2.66%	3.32%
8 (500 homes)	£1,606,830	£650,539	£1,409,656	£570,711	12.27%	2.66%	3.32%
9 (1,000 homes)	£1,391,432	£563,333	£1,194,257	£483,505	14.17%	2.66%	3.32%

**Table 4.15: Zone 2 Tier 1 and 2 Settlements Impact of CIL on Residual Land Value previously developed land (40 dph)**

Scheme	No CIL		CIL		Tests		
	Residual Land Value (per ha)	Residual Land Value (per acre)	Residual Land Value (per ha)	Residual Land Value (per acre)	% Reduction in Residual Land Value	CIL % GDV	CIL % Cost
1 (4 homes)	£2,006,895	£812,508	£1,754,183	£710,195	12.59%	3.20%	3.76%
2 (10 homes)	£2,110,477	£854,444	£1,873,953	£758,686	11.21%	3.20%	3.76%
3 (25 homes)	£1,342,351	£543,462	£1,161,543	£470,260	13.47%	2.60%	3.25%
4 (50 homes)	£1,490,338	£603,376	£1,302,054	£527,147	12.63%	2.65%	3.31%
5 (75 homes)	£1,513,300	£612,672	£1,326,726	£537,136	12.33%	2.63%	3.29%
6 (100 homes)	£1,585,855	£642,046	£1,396,348	£565,323	11.95%	2.64%	3.30%

**Table 4.16: Zone 2 Tier 1 and 2 Settlements Impact of CIL on Residual Land Value Greenfield (40 dph)**

Scheme	No CIL		CIL		Tests		
	Residual Land Value (per ha)	Residual Land Value (per acre)	Residual Land Value (per ha)	Residual Land Value (per acre)	% Reduction in Residual Land Value	CIL % GDV	CIL % Cost
1 (4 homes)	£2,216,233	£897,260	£1,963,530	£794,951	11.40%	3.20%	3.76%
2 (10 homes)	£2,305,295	£933,318	£2,068,772	£837,559	10.26%	3.20%	3.76%
3 (25 homes)	£1,446,782	£585,742	£1,265,974	£512,540	12.50%	2.60%	3.25%
4 (50 homes)	£1,543,288	£624,813	£1,355,003	£548,584	12.20%	2.65%	3.31%
5 (75 homes)	£1,565,928	£633,979	£1,379,354	£558,443	11.91%	2.63%	3.29%
6 (100 homes)	£1,601,734	£648,475	£1,412,228	£571,752	11.83%	2.64%	3.30%
7 (250 homes)	£1,584,629	£641,550	£1,395,118	£564,825	11.96%	2.64%	3.30%
8 (500 homes)	£1,525,212	£617,495	£1,335,706	£540,771	12.42%	2.64%	3.30%
9 (1,000 homes)	£1,322,591	£535,462	£1,133,083	£458,738	14.33%	2.64%	3.30%

**Zone 3 – Impact of CIL Charge – (Wrea Green, Lytham and St Annes Seafront)****Table 4.17: Zone 3 Impact of CIL on Residual Land Value previously developed land (30 dph)**

Scheme	No CIL		CIL		Tests		
	Residual Land Value (per Ha)	Residual Land Value (per acre)	Residual Land Value (per Ha)	Residual Land Value (per acre)	% Reduction in Residual Land Value	CIL % GDV	CIL % Cost
1 (4 homes)	£2,316,580	£937,886	£2,128,136	£861,594	8.43%	2.71%	3.19%
2 (10 homes)	£2,701,540	£1,093,741	£2,506,013	£1,014,580	7.32%	2.71%	3.19%
3 (25 homes)	£1,745,680	£706,753	£1,600,611	£648,021	8.37%	2.23%	2.78%
4 (50 homes)	£1,856,208	£751,501	£1,707,456	£691,278	8.04%	2.26%	2.80%
5 (75 homes)	£1,864,074	£754,686	£1,717,013	£695,147	7.91%	2.25%	2.81%
6 (100 homes)	£1,899,724	£769,119	£1,751,695	£709,188	7.81%	2.25%	2.82%

**Table 4.18: Zone 3 Impact of CIL on Residual Land Value Greenfield (30 dph)**

Scheme	No CIL		CIL		Tests		
	Residual Land Value (per Ha)	Residual Land Value (per acre)	Residual Land Value (per Ha)	Residual Land Value (per acre)	% Reduction in Residual Land Value	CIL % GDV	CIL % Cost
1 (4 homes)	£2,485,913	£1,006,443	£2,297,470	£930,150	7.58%	2.71%	3.19%
2 (10 homes)	£2,818,108	£1,140,934	£2,622,578	£1,061,772	6.94%	2.71%	3.19%
3 (25 homes)	£1,842,064	£745,775	£1,696,995	£687,042	7.88%	2.23%	2.78%
4 (50 homes)	£1,912,357	£774,233	£1,763,604	£714,010	7.78%	2.26%	2.83%
5 (75 homes)	£1,916,454	£775,892	£1,769,392	£716,353	7.67%	2.25%	2.81%
6 (100 homes)	£1,923,357	£778,687	£1,775,328	£718,756	7.70%	2.25%	2.82%
7 (250 homes)	£1,866,822	£755,798	£1,718,976	£695,942	7.92%	2.25%	2.82%
8 (500 homes)	£1,759,111	£712,191	£1,611,262	£652,333	8.40%	2.25%	2.82%
9 (1,000 homes)	£1,500,989	£607,688	£1,353,094	£547,811	9.85%	2.25%	2.82%

**Table 4.19: Zone 3 Tier 1 and 2 Settlements Impact of CIL on Residual Land Value previously developed land (30 dph)**

Scheme	No CIL		CIL		Tests		
	Residual Land Value (per ha)	Residual Land Value (per acre)	Residual Land Value (per ha)	Residual Land Value (per acre)	% Reduction in Residual Land Value	CIL % GDV	CIL % Cost
1 (4 homes)	£2,316,580	£937,886	£2,128,136	£861,594	8.43%	2.71%	3.19%
2 (10 homes)	£2,351,511	£952,029	£2,172,327	£879,484	7.72%	2.71%	3.19%
3 (25 homes)	£1,646,838	£666,736	£1,509,599	£611,174	8.40%	2.20%	2.75%
4 (50 homes)	£1,736,915	£703,204	£1,595,983	£646,147	8.14%	2.24%	2.80%
5 (75 homes)	£1,752,628	£709,566	£1,612,324	£652,763	8.02%	2.34%	2.92%
6 (100 homes)	£1,800,775	£729,059	£1,658,503	£671,459	7.91%	2.24%	2.80%

**Table 4.20: Zone 3 Tier 1 and 2 Settlements Impact of CIL on Residual Land Value Greenfield (30 dph)**

Scheme	No CIL		CIL		Tests		
	Residual Land Value (per ha)	Residual Land Value (per acre)	Residual Land Value (per ha)	Residual Land Value (per acre)	% Reduction in Residual Land Value	CIL % GDV	CIL % Cost
1 (4 homes)	£2,485,913	£1,006,443	£2,297,470	£930,150	7.58%	2.71%	3.19%
2 (10 homes)	£2,494,961	£1,010,106	£2,315,777	£937,561	7.18%	2.96%	3.48%
3 (25 homes)	£1,738,883	£704,001	£1,601,643	£648,439	7.89%	2.20%	2.75%
4 (50 homes)	£1,809,705	£732,674	£1,668,774	£675,617	7.79%	2.24%	2.80%
5 (75 homes)	£1,799,571	£728,571	£1,659,267	£671,768	7.80%	2.23%	2.79%
6 (100 homes)	£1,822,368	£737,801	£1,680,096	£680,201	7.81%	2.24%	2.80%
7 (250 homes)	£1,781,514	£721,261	£1,639,325	£663,694	7.98%	2.24%	2.80%
8 (500 homes)	£1,680,053	£680,183	£1,537,953	£622,653	8.46%	2.24%	2.80%
9 (1,000 homes)	£1,434,782	£580,883	£1,292,638	£523,335	9.91%	2.24%	2.80%

**Table 4.21: Zone 3 Impact of CIL on Residual Land Value previously developed land (40 dph)**

Scheme	No CIL		CIL		Tests		
	Residual Land Value (per Ha)	Residual Land Value (per acre)	Residual Land Value (per Ha)	Residual Land Value (per acre)	% Reduction in Residual Land Value	CIL % GDV	CIL % Cost
1 (4 homes)	£2,571,533	£1,041,106	£2,321,710	£939,964	9.93%	2.93%	3.45%
2 (10 homes)	£3,006,103	£1,217,046	£2,748,007	£1,112,553	8.71%	2.93%	3.45%
3 (25 homes)	£1,913,764	£774,803	£1,722,642	£697,426	10.07%	2.41%	3.01%
4 (50 homes)	£2,091,596	£846,800	£1,892,863	£766,341	9.54%	2.45%	3.06%
5 (75 homes)	£2,096,988	£848,983	£1,901,428	£769,809	9.35%	2.43%	3.04%
6 (100 homes)	£2,152,788	£871,574	£1,955,614	£791,746	9.18%	2.44%	3.05%

**Table 4.22: Zone 3 Impact of CIL on Residual Land Value Greenfield (40 dph)**

Scheme	No CIL		CIL		Tests		
	Residual Land Value (per Ha)	Residual Land Value (per acre)	Residual Land Value (per Ha)	Residual Land Value (per acre)	% Reduction in Residual Land Value	CIL % GDV	CIL % Cost
1 (4 homes)	£2,774,462	£1,123,264	£2,529,495	£1,024,087	8.83%	2.93%	3.45%
2 (10 homes)	£3,215,087	£1,301,655	£2,956,988	£1,197,161	8.03%	2.93%	3.45%
3 (25 homes)	£2,026,711	£820,531	£1,835,589	£743,154	9.43%	2.41%	3.01%
4 (50 homes)	£2,149,249	£870,141	£1,950,516	£789,683	9.25%	2.45%	3.06%
5 (75 homes)	£2,153,107	£871,703	£1,957,547	£792,529	9.08%	2.43%	3.04%
6 (100 homes)	£2,170,971	£878,936	£1,973,798	£799,108	9.08%	2.44%	3.05%
7 (250 homes)	£2,117,628	£857,339	£1,920,580	£777,563	9.31%	2.44%	3.05%
8 (500 homes)	£2,008,663	£813,224	£1,811,491	£733,397	9.82%	2.44%	3.05%
9 (1,000 homes)	£1,722,581	£697,401	£1,525,407	£617,574	11.45%	2.44%	3.05%

4.0 Testing of the Preliminary Draft Charging Schedule

**Table 4.23: Zone 3 Tier 1 and 2 Settlements Impact of CIL on Residual Land Value previously developed land (40 dph)**

Scheme	No CIL		CIL		Tests		
	Residual Land Value (per ha)	Residual Land Value (per acre)	Residual Land Value (per ha)	Residual Land Value (per acre)	% Reduction in Residual Land Value	CIL % GDV	CIL % Cost
1 (4 homes)	£2,571,533	£1,041,106	£2,321,710	£939,964	9.93%	2.93%	3.45%
2 (10 homes)	£2,639,216	£1,068,509	£2,402,689	£972,749	9.11%	2.93%	3.45%
3 (25 homes)	£1,802,178	£729,627	£1,621,370	£656,425	10.13%	2.38%	2.98%
4 (50 homes)	£1,949,506	£789,274	£1,761,221	£713,045	9.70%	2.43%	3.03%
5 (75 homes)	£1,963,534	£794,953	£1,776,960	£719,417	9.53%	2.41%	3.01%
6 (100 homes)	£2,033,360	£823,223	£1,843,854	£746,499	9.34%	2.42%	3.03%

**Table 4.24: Zone 3 Tier 1 and 2 Settlements Impact of CIL on Residual Land Value Greenfield (40 dph)**

Scheme	No CIL		CIL		Tests		
	Residual Land Value (per ha)	Residual Land Value (per acre)	Residual Land Value (per ha)	Residual Land Value (per acre)	% Reduction in Residual Land Value	CIL % GDV	CIL % Cost
1 (4 homes)	£2,774,462	£1,123,264	£2,529,495	£1,024,087	8.83%	2.93%	3.45%
2 (10 homes)	£2,834,031	£1,147,381	£2,597,508	£1,051,623	8.35%	2.93%	3.45%
3 (25 homes)	£1,906,609	£771,906	£1,725,801	£698,705	9.48%	2.38%	2.98%
4 (50 homes)	£2,002,455	£810,711	£1,814,171	£734,482	9.40%	2.43%	3.03%
5 (75 homes)	£2,016,162	£816,260	£1,829,588	£740,724	9.25%	2.41%	3.01%
6 (100 homes)	£2,049,219	£829,643	£1,859,713	£752,920	9.25%	2.42%	3.03%
7 (250 homes)	£2,016,018	£816,201	£1,826,507	£739,477	9.40%	2.42%	3.03%
8 (500 homes)	£1,914,210	£774,984	£1,724,706	£698,262	9.90%	2.42%	3.03%
9 (1,000 homes)	£1,643,287	£665,298	£1,453,780	£588,575	11.53%	2.42%	3.03%

**Strategic Sites – Impact of CIL Charge****Table 4.25: Strategic Sites Impact of CIL on Residual Land Value**

Scheme	No CIL		CIL		Tests		
	Residual Land Value (per Ha)	Residual Land Value (per acre)	Residual Land Value (per Ha)	Residual Land Value (per acre)	% Reduction in Residual Land Value	CIL % GDV	CIL % Cost
Cropper Road, West, Whitehills	£1,153,438	£466,979	£979,207	£396,440	15.11%	2.61%	3.26%
Cropper Road East, Whitehills (Housing)	£1,366,864	£553,386	£1,194,509	£483,607	12.61%	2.68%	3.35%
Cropper Road East, Whitehills (inc Employment)	£485,449	£196,538	£399,454	£161,722	17.71%	1.78%	2.20%
Cropper Road East, Whitehills (inc Employment) 20% Affordable	£569,368	£230,513	£473,238	£191,594	16.88%	1.93%	2.39%

**Apartments – Impact of CIL Charge****Table 4.26: Zone 3 Apartments Impact of CIL on Residual Land Value**

Scheme	No CIL		CIL		Tests		
	Residual Land Value (per ha)	Residual Land Value (per acre)	Residual Land Value (per ha)	Residual Land Value (per acre)	% Reduction in Residual Land Value	CIL % GDV	CIL % Cost
13 (15 homes)	£2,411,084	£976,147	£2,186,903	£885,386	9.30%	2.01%	2.37%
14(50 homes)	£1,756,823	£711,264	£1,437,894	£582,143	18.15%	2.07%	2.59%
15 (50 homes exec)	£1,128,804	£457,006	£762,497	£308,703	32.45%	2.14%	2.67%

**Table 4.27: Zone 4 Apartments Impact of CIL on Residual Land Value**

Scheme	No CIL		CIL		Tests		
	Residual Land Value (per ha)	Residual Land Value (per acre)	Residual Land Value (per ha)	Residual Land Value (per acre)	% Reduction in Residual Land Value	CIL % GDV	CIL % Cost
13 (15 homes)	£3,124,463	£1,264,965	£2,900,282	£1,174,203	7.18%	1.86%	2.19%
14(50 homes)	£2,608,819	£1,056,202	£2,289,889	£927,081	12.23%	1.92%	2.40%
15 (50 homes exec)	£2,104,784	£852,139	£1,738,477	£703,837	17.40%	1.98%	2.47%

#### 4.0 Testing of the Preliminary Draft Charging Schedule

- 4.6 For those housing development scenarios tested in Zone 1, the CIL charge leads to a reduction in residual land value ranging from 10.44% to 20.43%. In the majority of cases the reductions are less than 20%. The charge has the greatest impact on developments at 40 dwellings per Hectare with the level of reduction typically at between 15 and 20%. There is one instance of a reduction of 20.43% for scheme 3 on previously developed land. Here the development was unviable at 30% affordable housing provision, and hence the inclusion of CIL has a disproportionate impact on the already relatively low residual land value.
- 4.7 The results for housing development in Zone 2 show the reductions in the level of residual land value based on the CIL rate range from 8.34% up to 14.33%. In Zone 3 the level of reduction ranges from 6.94% up to 11.53%, and is typically less than 10%.
- 4.8 For the strategic sites tested the results show that considering the housing allocations alone the impact of CIL is a reduction in land value of 15.11% and 12.61%, for Cropper Road West and East respectively. If the mixed use allocation at Cropper Road East is considered in its entirety then the impact of CIL is a reduction in land value of 17.71% based on 30% affordable homes provision and 16.88% based on a reduced position at 20%.
- 4.9 For the mixed use site at Cropper Road East the overall threshold land value benchmark equates to £423,215 per hectare (£175,000 per acre). The result at 30% affordable homes provision including CIL shows a residual land value of £161,733, which indicates that taken as a whole the development of the site on this basis is marginally unviable. At 20% provision the residual land value is £473,238 per hectare (£191,594 per acre) which is well above the benchmark position and indicates that the development is viable.
- 4.10 In comparison with tables 9.1 – 9.21 of the Local Plan EVA it should be noted that the CIL contribution has a more limited impact on the residual land value than a S106/S278 contribution of £10,000 per home.
- 4.11 Tables 4.1 to 4.27 illustrate that the proposed CIL charges generally represent a sum which is equivalent to 3.5% or less of GDV and 4.13% or less of cost. Having regard to this we believe it is unlikely; therefore, that a CIL charge set at the level proposed would be the 'tipping point' that makes these schemes unviable.

### **Instalments Policy and Phased Developments**

- 4.12 Our results assume that all of the land required for the development is purchased on Day 1. For many of the large sites this is unrealistic and a developer will normally pay for the land either in instalments or on a phased basis, as the different phases of the development commence. The assumption that all of the land is purchased on day 1 means that the financial appraisals for the majority of the large sites above 250 homes carry an unrealistically high level of finance costs.
- 4.13 In our appraisals the CIL charge is also assumed to be payable at the commencement of the development. This is obviously the worst-case scenario for any developer as they would need to fund the CIL payment and associated interest payment from the outset of the development.
- 4.14 CIL Regulations 69B, 70, 71 and 72 deal with the payment of the tariff. Regulation 69B provides that where an authority wishes to allow payment by instalments they must also have published an instalments policy on their web site. The authority has freedom to decide the number of payments, the amount and the time due. It can revise or withdraw its policy as appropriate.
- 4.15 Paragraphs 6.11 to 6.17 of our original Part Two CIL Report considered the impact of both phased land payments and a CIL instalments policy. We undertook testing to model this and demonstrated that for the larger development schemes, the introduction of an instalments policy/phasing does increase the residual land value. In the circumstances to assist with development cashflow and hence viability it would be appropriate to introduce an instalments policy in Fylde particularly for the larger developments schemes. The Council will need to balance what may be an appropriate instalments policy based upon administrative resources and also having regard to the timescale for infrastructure projects.

### **Potential Triggers for a Review of CIL**

- 4.16 After a period of recovery the residential property market is now experiencing a degree of uncertainty due to the recent vote to leave the European Union. At this point in time it is too early to say how the housing market will react although commentators report a slowdown in activity and forecasters are suggesting more limited house price growth than had hitherto been forecast. Based on the Publication Version of the Plan, setting the CIL rate at £70 per sq.m leaves a significant viability buffer which should be sufficiently robust to absorb housing market changes in the event of short term deterioration in market circumstances.

#### 4.0 Testing of the Preliminary Draft Charging Schedule

4.17 Paragraph 6.18 – 6.25 of the original Part Two CIL Report provided a detailed commentary regarding the need to monitor and review the CIL charge and an appropriate methodology for doing so. Given the present circumstances and associated market uncertainty in the wake of the EU vote it is important that the Charging Authority put appropriate measures in place to ensure market trends are monitored and hence that the CIL charge remains realistic and does not put development at risk.

## 5.0 PRELIMINARY DRAFT CHARGING SCHEDULE

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- 5.1 In accordance with good practice we have assessed a CIL levy for Fylde alongside the evidence based prepared for the Local Plan. Since the time that the original Local Plan Economic Viability Assessment and associated Part Two CIL report were published, the Council has prepared a Publication Version of the Local Plan. We have reviewed the modified policies in the Publication Version of the Plan, and prepared further viability assessments and a Local Plan Economic Viability Assessment Addendum report. We have carried forward the viability assessments prepared for this Addendum Report and prepared further modelling to consider the impact on viability of the introduction of a CIL charge. Based on this modelling we have considered a level of charge that could be supported by new development in Fylde without prejudicing the viability of development. Table 5.1 below contains our assessment of a possible Preliminary Draft Charging Schedule for Fylde. This does not materially differ from the conclusions contained in the original Part Two CIL report save for the inclusion of a charge for apartments in the highest value areas (Zones 3 and 4).

**Table 5.1: Preliminary Draft Charging Schedule for Fylde**

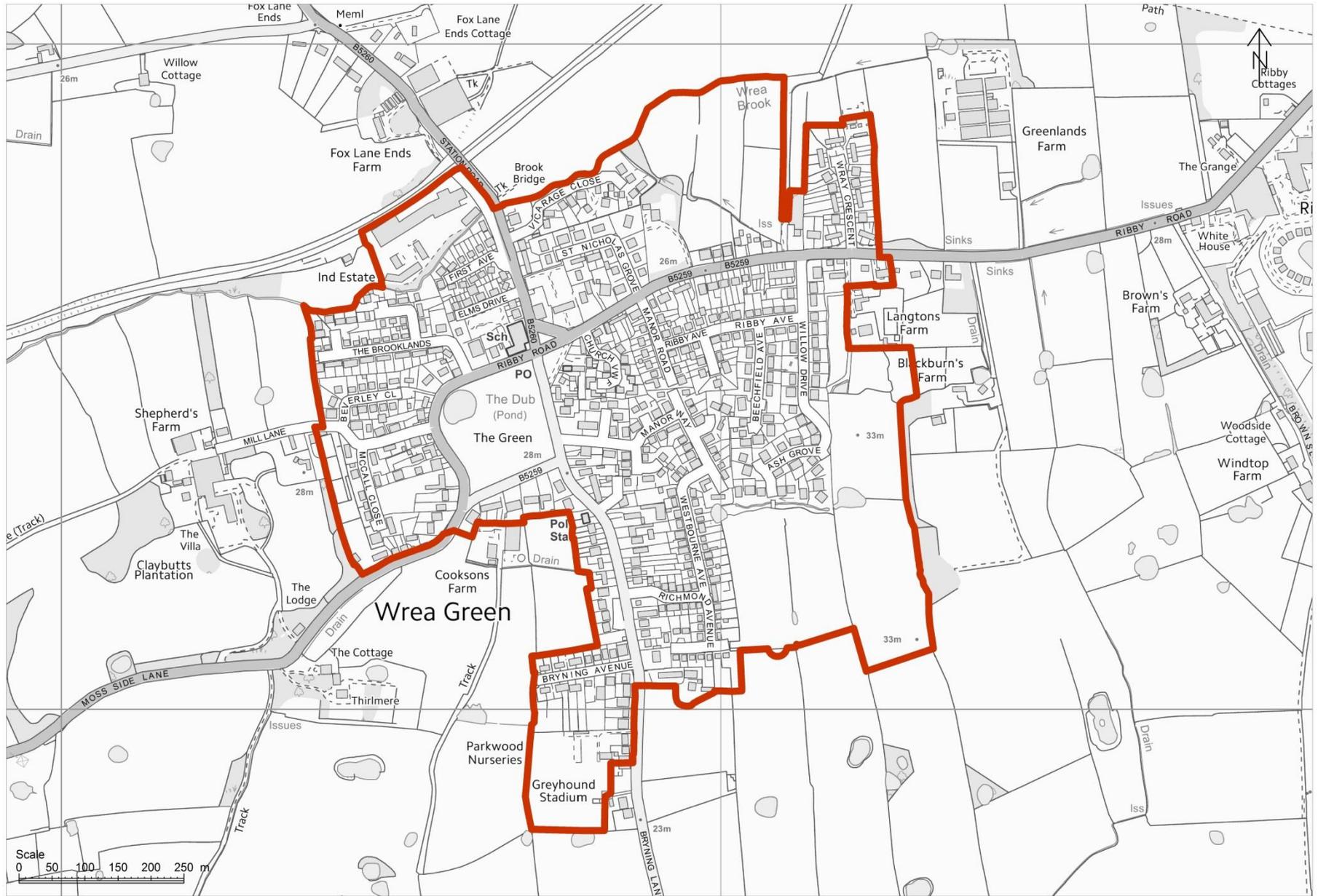
Use	CIL Charge (£/sq.m)
<b>Housing All Locations (Settlements and rural areas)</b>	£70
<b>Apartments (Zones 3 and 4 identified on map at Appendix 1)</b>	£70
<b>Apartments (All other areas)</b>	Nil
<b>Convenience Retail</b>	£60
<b>All other uses</b>	Nil

- 5.2 In setting CIL, the viability assessment is only one part of the evidence base and the Authority will need to draw on the infrastructure planning evidence that underpins the development strategy for the area and demonstrate that an appropriate balance has been struck between additional investment to support development and the potential effect on the viability of developments.

**APPENDIX 1**

**APARTMENT CHARGING ZONE IN LYTHAM AND ST ANNES &  
CHARGING BOUNDARY IN WREA GREEN**





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