

**NEWCASTLE AND GATESHEAD COMMUNITY INFRASTRUCTURE LEVY****EXAMINATION IN PUBLIC****Response to Examiner's Main Issues and Questions****Made on Behalf of Taylor Wimpey UK Limited*****Issue 4 – Residential Rates*****Preamble**

- 4.1 On behalf of our Client Taylor Wimpey UK Ltd, we write to provide comments in response to Newcastle City Council's ('NCC's') and Gateshead Metropolitan Borough Council's ('GMBC's') submitted Community Infrastructure Levy ('CIL') Charging Schedules following our previous comments on the consultation for the Charging Schedules submitted in May 2015 and December 2015.
- 4.2 Our Client is one of the UK's leading home builders, committed to the highest standards of design, construction and service. They have a large number of site interests across Newcastle and Gateshead and therefore are very keen to engage in the Examination process in order to ensure that the adopted CIL Charging Schedules are supported by robust, up to date and comprehensive evidence.

**Taylor Wimpey UK Limited's Interests in Newcastle and Gateshead**

- 4.3 Our previous CIL representations have highlighted our Client's land interests in Newcastle and Gateshead. However, for completeness, we list these below with corresponding allocation contained in the joint adopted Core Strategy and Urban Core Plan ('CSUCP'):

**Newcastle**

- Kenton Bank Foot (NN2);
- Upper Callerton (NN1); and
- Newcastle Great Park (NN4).

**Gateshead**

- Sunnyside South East (GV7B);
- Kibblesworth (GV5);
- Crawcrook North (GV2A); and
- Ryton (GV6).

4.4 These sites in total therefore make an important contribution to the supply of housing in both authorities over the plan period of the CSUCP. Consequently it is vitally important that any obligations associated with these sites (including CIL) will not cause them to become unviable.

4.5 These statements should be read alongside our previous written representations and set out our client's previously submitted comments on both NCC's and GMBC's CIL Charging Schedules.

4.6 Issue 4, which covers Residential Rates, is considered below. The Examiner has set an overall question for the session which is:

**"Are the proposed charging rates informed by and consistent with the evidence? Would proposed charging rates put the overall development of the area at risk?"**

4.7 There are then a series of separate questions posed by the Examiner. Our responses to these questions are set out below. All of this should be read together.

4.8 It should be noted from the outset that our client has no 'in principle' objection to CIL in Newcastle and Gateshead on the basis that if set out clearly and fairly, then it will provide certainty to developers bringing forward large strategic housing sites within Newcastle and Gateshead. However in this case it is considered by our client that key elements of the CIL Charging Schedules are opaque and that elements of the evidence base are either unclear or flawed. The result of this is that there is a danger that many of the strategic sites across Newcastle and Gateshead will be unviable and this in turn will greatly affect the ability for both NCC and GMBC to deliver the housing required in the CSUCP.

***a) Are residential rates and uses clearly defined in the tables in the Charging Schedules, and on the accompanying maps?***

- 4.9 Our Client's view is that the maps and charging schedules for both NCC and GMBC are clear and understandable. The issue our Client has is that, on a number of its sites, the CIL tariff is simply too high and renders development unviable.
- 4.10 As our Client is involved in many sites across Newcastle and Gateshead, then the implication for unviable sites is profound and will have a knock-on effect on the ability for Newcastle and Gateshead to deliver its required housing over the plan period of the CSUCP.
- 4.11 This is detailed further in answers to the questions below and in response to Issue 3.

***b) Are the proposed £60/sq m, £30/sq m and nil CIL charging rates for residential development and the geographical zones justified by the viability evidence and reasonable? Why are some high and high-mid value areas (as shown on the Values Zones Maps) and mid-value areas not included within charging zones A or B? Is the proposed CIL charge on sheltered housing schemes justified?***

- 4.12 Our Client's view is that the evidence to justify the charging of £60/sq m in Zone A is not justified or robust and that at this rate many Zone A sites will simply be unviable. In the case of our client's land interests at Upper Callerton, Kibblesworth, Crawcrook and Ryton the revenues assumed are wholly unrealistic; especially as in these instances these sites lay next to lower value areas which will influence strongly the revenues that these sites will achieve. This ultimately means they will not be able to achieve the values that NCC and GMBC assume within their evidence base. This is detailed further in our response to question (b) in Issue 3.
- 4.13 Our Client has submitted evidence in the form of Hometrack reports as part of their previous representations to NCC's and GMBC's draft charging schedules in May 2015 and December 2015 which supports their assertion that the revenues assumed by both authorities are unrealistic.
- 4.14 The evidence also casts doubt on the assumptions used to feed into NCC's and GMBC's viability appraisals in particular in relation to abnormal costs, marketing costs and how the two authorities have factored in S.106 costs and the costs of complying with Policies CS16 and CS17 of the CSUCP. This is detailed in our response to question (d) in Issue 3. This is particularly relevant when examining the strategic site of Kenton Bank Foot, Upper Callerton

and Ryton where specifically high S.106 costs means the Zone A CIL tariff of £60/sq m creates the scenario where development on this site simply cannot go forward because of viability concerns.

- 4.15 As a result of this it is our belief that a £60/sq m tariff in Zone A is not justified and from the evidence available is too high. We therefore recommend that NCC and GMBC revisit their CIL tariffs for Zone A in light of this.
- 4.16 Our previous representations had highlighted concerns about some of the inequality in the application of CIL and that the areas chosen to fall into Zone A and Zone B do not necessarily correspond to the value areas. For instance areas in Newcastle which typically attract high values are around Jesmond and Gosforth (shown in the *Viability and Deliverability Report Annex Update February 2016 – PO4*), yet these oddly fall within Zone B (£30/sq m), whilst areas which do not achieve as high values (such as our client's sites) fall within Zone A (£60 sq/m). We believe this approach needs to be reconsidered.

***c) What are the viability buffers associated with the CIL residential charges? (where the buffer is measured as the difference between the headroom or maximum CIL rate/sq m that could be levied, and the proposed CIL rate/sq m, in percentage terms – see the equation below)***

$$100 - (\text{proposed CIL rate}/\text{maximum CIL rate} \times 100) = \text{buffer \%}$$

- 4.17 Tables 4.2.1 and 4.2.2 within the *Viability and Deliverability Report Annex Update February 2016 – PO4* highlight the headroom assumptions for each SLR site. This varies on a site by site basis in terms of actual amounts and percentages.
- 4.18 Our Client, however, maintains that key inputs into the viability assumptions are flawed and when these are taken into account there is no buffer for our Client's sites. We look forward to discussing this in more detail at the examination.

***d) Are the buffers sufficient to allow viable residential development in the charging zones? What are the Council's latest housing trajectories over the plan period, and would the CIL charges affect the delivery of planned housing provision?***

- 4.19 As detailed in our response to the question above, our Client's view is that overall the buffers are not sufficient to allow for viable residential development on our client's land interests

with CIL at £60/sq m and consequently the Zone A tariff needs to be reduced to reflect this fact.

- 4.20 As we have highlighted elsewhere, both NCC and GMBC rely heavily on the delivery of the larger strategic/SLR sites to achieve their housing requirements outlined in the CSUCP (including our client's land interests). As most of these are subject to the higher Zone A CIL tariff of £60/sq m and it is our client's view that this is set too high, then the imposition of the Charging Schedules as currently drafted will have a major effect on both authorities' housing trajectories.
- 4.21 In fact it is our Client's view that both authorities are already behind in housing delivery as very few strategic sites have been granted planning permission since the adoption of the CSUCP in March 2015 and the imposition of the proposed Charging Schedules will only serve to frustrate this process further. This in turn will lead to difficulty in both authorities being able to prove they have an adequately supply of deliverable housing land as required by the National Planning Policy Framework.

### ***Concluding Remarks***

- 4.22 The overarching questions for this session are whether the evidence supports the current CIL tariffs proposed by NCC and GMBC and whether this would put the overall development of the area at risk.
- 4.23 In terms of the former, our Client believes there are a number of flaws within both authorities' viability calculations (as detailed in the answers to the questions for Issues 3 and 4) and in some instances it is simply not clear how NCC and GMBC have arrived at some of the assumptions used. As such, it is difficult to conclude that the tariffs featured in both authorities' Charging Schedules are sound, robust and correspond with the evidence.
- 4.24 As expressed throughout the CIL process our Client has serious concerns that the tariff relating to their land interests (Zone A at £60/sq m) is simply too high and makes developing their sites unviable. We understand other developers have voiced similar concerns in this regard. If this is the case there will clearly be a significant knock-on effect in terms of housing delivery in Newcastle and Gateshead; putting at risk the overall delivery of housing that is required through the CSUCP.