

# **Gateshead Council and Newcastle City Council**

## **COMMUNITY INFRASTRUCTURE LEVY (CIL) CHARGING SCHEDULES<sup>1</sup>**

### **Examiner's Main Issues and Questions (MIQs)**

**18 March 2016**

#### **Issue 1 – Legal and procedural matters**

- a) Do the Charging Schedules comply with the procedural requirements of the 2008 Planning Act and the 2010 CIL Regulations as amended?

#### **Issue 2 – Are the Charging Schedules supported by appropriate available evidence on infrastructure requirements?**

- a) Does the Infrastructure Delivery Plan (IDP) (February 2016) (Examination Document PO6) clearly identify the infrastructure needed to support the future growth of Gateshead and Newcastle up to 2030?
- b) What is the estimated total cost of infrastructure required in each Charging Area, taking account of all schemes in the IDP? What actual and expected sources of funding have been identified? What is the resultant estimated funding gap in each Charging Area?
- c) What CIL income receipts are anticipated in each Charging Area from the different categories of charges, including dwellings, shared/student accommodation, hotel and retail development?
- d) Does the submitted evidence clearly explain how planning obligations would operate alongside a new CIL regime in Gateshead and Newcastle?

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<sup>1</sup> The basis for the Examination are the Draft Charging Schedules, published for consultation during several periods between October 2015 and January 2016, along with the Statements of Modifications published for a 4 week period of consultation between 8 February and 7 March 2016.

**Issue 3 – Residential rates: Are the Charging Schedules supported by appropriate available evidence on viability?**

- a) Do the generic residential typologies tested in the viability evidence adequately reflect the type, density and size of schemes/units likely to come forward in Gateshead and Newcastle? Has sufficient testing been undertaken of strategic allocations?
- b) What evidence has been used to inform the residential threshold values and the Value Zone Maps (as set out in the Viability and Deliverability Report Annex Update February 2016 - PO4)?
- c) What are the definitions of 'urban' and 'non-urban'?
- d) Have reasonable assumptions been made in relation to other factors affecting viability of residential development and up to date evidence used? Including:
- Remediation costs associated with brownfield sites
  - Build costs
  - Site acquisition fees
  - S.106 costs
  - Marketing costs
  - Abnormals allowance
  - Externals
  - Developer's profit on affordable housing
  - Requirements in Policies CS16 and CS17<sup>2</sup>.
- e) Do the appraisals for sheltered housing (assisted living) incorporate appropriate build costs and unit sizes?
- f) What method has been used to produce the 'urban' and 'non-urban' typology appraisal results and the final headroom figures in Table 4.1 of the Annex Update (PO4)? In addition to the threshold values, what costs have been deducted from the residual values in the typology appraisals in Appendix 8 (shown as 'residualised price') to produce the final headroom figures in Table 4.1? *(the Council is requested to provide specific figures in relation to these additional costs, for each typology, as well as details of the general method).*

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<sup>2</sup> As set out in the Core Strategy and Urban Core Plan for Gateshead and Newcastle upon Tyne 2010-2030 (2015).

**Issue 4 – Residential rates: Are the proposed charging rates informed by and consistent with the evidence? Would the proposed charging rates put the overall development of the area at risk?**

- a) Are residential rates and uses clearly defined in the tables in the Charging Schedules, and on the accompanying maps?
- b) Are the proposed £60 psm<sup>3</sup>, £30 psm 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?
- 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 psm that could be levied, and the proposed CIL rate psm, in percentage terms – see the equation below)

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

- 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 delivery of planned housing provision?

**Issue 5 – Commercial development (general): Are the Charging Schedules supported by appropriate evidence on commercial threshold values?**

- a) What evidence has been used to inform the commercial threshold values and the zones identified in the Value Zone Maps (as set out in the Annex Update – PO4)?
- b) What are the definitions of 'urban' and 'non-urban'?
- c) What are the reasons for the differences between the Commercial Value Zones (as identified in the Annex Update) and the Commercial Charging Zones in the Charging Schedule?
- d) What account has been taken of the location of local Universities in deriving the boundaries of the Commercial Value Zones and/or the Commercial Charging Zones?

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<sup>3</sup> Per square metre

**Issue 6 - Shared/student accommodation rates: Are the Charging Schedules supported by appropriate available evidence on viability? Are the proposed charging rates informed by and consistent with the evidence? Would the proposed charging rates put the delivery of shared/student accommodation at risk?**

- a) Is shared/student accommodation clearly defined in the Newcastle Charging Schedule? What type of non-student shared accommodation is intended to be captured?
- b) Do the tested typologies adequately reflect the form and type of shared/student accommodation likely to come forward over the Plan period?
- c) Have reasonable assumptions been made in relation to factors affecting viability of shared/student accommodation development and up to date evidence used?  
Including:
- Rental income and yields
  - Build costs
  - Residual S.106 costings
  - Profit levels
- d) Are the proposed £50 psm and nil CIL charging rates for shared/student accommodation development, and the geographical charging zones, justified by the viability evidence and reasonable?
- e) What are the overall viability buffers associated with shared/student accommodation? (where the buffer is measured as the difference between the maximum CIL rate psm that could be levied, and the proposed CIL rate psm, in percentage terms – see the equation below)
- $$100 - (\text{proposed CIL rate}/\text{maximum CIL rate} \times 100) = \text{buffer \%}$$
- f) Would the proposed shared/student accommodation CIL charge affect the delivery of such development in Newcastle?

**Issue 7 – Hotel rates: Are the Charging Schedules supported by appropriate available evidence on viability? Are the proposed charging rates informed by and consistent with the evidence? Would the charging rates put the delivery of hotel development in the area at risk?**

- a) Do the tested hotel typologies reflect the types of schemes likely to come forward in the Charging Areas?
- b) Have reasonable assumptions been made in relation to factors affecting viability of hotel development and up to date evidence used?  
Including:
- Rental income and yields

- Build costs
- Residual S.106 costings
- Profit levels

- c) Are the proposed £40 psm and nil CIL charging rates for hotel development and the geographical zones justified by the viability evidence and reasonable?
- d) What is the overall viability buffer associated with hotel development? (where the buffer is measured as the difference between the maximum CIL rate psm that could be levied, and the proposed CIL rate psm, in percentage terms – see the equation below).

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

- e) Would the proposed hotel CIL charge affect the delivery of hotel development in the Charging Areas?

**Issue 8 – Retail rates: Are the Charging Schedules supported by appropriate available evidence on viability? Are the proposed charging rates informed by and consistent with the evidence? Would the charging rates put the delivery of retail development in the area at risk?**

- a) Are the definitions of 'supermarkets', 'small retail units' and 'retail warehousing' in the Charging Schedule clear and robust?
- b) Do the tested retail typologies reflect the types, densities and sizes of schemes likely to come forward? What testing has been carried out on large scale comparison A1 retail development (>280 sqm)?
- c) Have reasonable assumptions been made in relation to factors affecting viability of retail development and up to date evidence used?  
Including:
- Rental income and yields
  - Build costs
  - Residual S.106 costs
  - City Centre abnormals
  - Profit levels
- d) Are the proposed £30 psm and nil CIL charging rates for small retail development, and the geographical zones, justified by the viability evidence and reasonable?
- e) Is the proposed £10 psm CIL charging rate for supermarket development justified by the viability evidence and reasonable?
- f) Are the proposed £50 psm and nil CIL charging rates for retail warehousing, and the geographical zones, justified by the viability evidence and reasonable?

- g) What are the viability buffers associated with different forms of retail development? (where the buffer is measured as the difference between the maximum CIL rate psm that could be levied, and the proposed CIL rate psm, in percentage terms – see equation below)

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

- h) Would the proposed CIL charges for small retail, supermarkets and retail warehousing affect the delivery of these uses in the Charging Areas?

### **Issue 9 – Other rates**

- a) Are the proposed nil CIL charging rates for 'all other development' justified by the evidence and reasonable?