

25 February 2016

Dear Ms Child,

## **Gateshead Borough Council and Newcastle City Council Community Infrastructure Levy Draft Charging Schedules**

Thank you for your Initial Note dated 19 February 2016 and sent to the Councils via the Programme Officer, Brian Wilson. The responses to the questions raised are addressed jointly by the Councils as indicated under the questions below.

1. The site specific residential appraisals in Appendix 8 of the Annex Update (2016) (Examination Document PO4) list the 'profit' of each scheme. This figure is different to the 'residual values' for each site, as set out in Tables 4.2 and 4.3 of the Annex Update. Could you explain this difference, and provide details of the additional costs/adjustments made?

NCC and GC Answer:

The profit level shown in the site specific appraisals at Appendix 8 is set at 20% of GDV, as per the residential developer viability assumptions (see Table D.2, page 20 in the Annex Update (P04)). The residual value set out in Table 4.2 and 4.3 is also included in the site specific appraisals under Acquisition Costs and this is the sum which is left after deducting all scheme costs from the scheme Net Realisation. The table shows the headline residual value (A) and the total threshold value (B), which is calculated by applying the threshold value to the net developable areas. The resultant figure (A-B) represents the headroom which is available to sustain site specific non CIL infrastructure and policy costs (D)

2. Do the 'profit' figures in the typology appraisals in Appendix 8 represent the full residual value for each notional scheme? If not, what is the full residual value, and what additional costings (such as developer profit costs and Section 106 costs) would be included in this calculation?

NCC and GC Answer:

The profit figures do not represent the residual value for each scheme. Residual value is arrived at by deducting all scheme costs from value. The residual value is shown under Acquisition Costs as Residualised Price and from this figure non CIL infrastructure and policy costs would be deducted.

3. Linked to the above, could you confirm what threshold value (per hectare and total figure) has been applied to the residual value for each scheme typology to produce the headroom figures in Table 4.1 on page 37.

NCC and GC Answer:

Table 4.1 has been reviewed and attached to this letter with additional columns inserted to stipulate the requested data.

4. The headroom figures for the specific Newcastle sites in Tables 4.2.1 and 4.3.1 (row E) in the Annex Update (2016) (PO4) appear to be different to the headroom figures for the same sites in the fifth column of Table 4 in Appendix 1 of the CIL Background Paper 2016 (PO2)? Could you explain the reason for these variations? [the headroom for the Gateshead sites appear to correspond between the two documents]

NCC and GC Answer:

Tables 4.2.1 and 4.3.1 summarises the appraisal results for the listed High Mid and Mid allocation sites in Newcastle and Tables 4.2.2 and 4.3.2 in Gateshead. Row D deducts the site specific non CIL infrastructure (inc. s106) costs in Table 4.2.1 and 4.3.1 (Newcastle). Table 4 (Plan Allocation: Headroom, Non CIL infrastructure and Policy Costs)(P02) identifies the standard policy costs for electric vehicle charges for each of the Plan allocation sites in column 4 which is then deducted from the headroom in column 5 of Table 4 (P02). Whereas in Tables 4.2.2 and 4.3.2 (Gateshead) the electric vehicle charge policy cost has been deducted along with the site specific non CIL infrastructure costs (Row D). This represents a minor presentational difference whilst adopting the same methodology. All 4 of the Tables 4.2.1/2 and 4.3.1/2 are attached to this letter and have been reviewed to provide clarity on the points raised and to ensure consistency and compliance with Table 4 (amendments in italic font).

5. Most of the site specific residential appraisals in Appendix 8 of the Annex Update (2016) (PO4) include an 'adjustment' column in the revenue section. Could you clarify for me what this represents?

NCC and GC Answer:

The adjustments to revenue represent the deduction to Market Value for the affordable housing units.

6. Linked to the above, can you explain why there are two versions of appraisals for each of the specific Newcastle sites - one with and one without the 'adjustment' column? Could you confirm which series of Newcastle appraisals have been used to derive the headroom calculations, as set out in Tables 4.2 and 4.3 on pages 40-43 of the Annex Update (2016)?

NCC Answer:

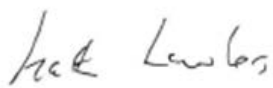
Two versions are included one with affordable housing and one without. The version with affordable housing has been used to derive headroom for the specific Newcastle sites.

The Councils preferred date(s) for the joint CIL Hearing is the week beginning 18 th or 25 April, however, it is understood that the programming will be dependent on your timescales.

I have asked the Programme Officer to provide you with hard copies of the all secondary CIL evidence as set out in your letter as soon as can be arranged.

I trust that this fully responds to the questions raised.

Yours faithfully,



**Kath Lawless**  
**Assistant Director**  
**Newcastle City Council**



**Paul Dowling**  
**Strategic Director**  
**Gateshead Council**

**Tables 4.2 High-Mid Area-SLR Sites- Headroom****Table 4.2.1. – Newcastle (£)**

		<b>CALLERTON PARK</b>	<b>KINGSTON PARK / KENTON BANK FOOT</b>	<b>GREAT PARK Expansions - 2030</b>	<b>DINNINGTON</b>	<b>WIDEOPEN</b>
	Site	Land Residual with Affordable Housing				
A	RESIDUAL VALUE	£120,023,640	£32,286,228	£24,342,838	£10,241,166	£4,033,508
	THRESHOLD VALUE (per hectare)	£480,000	£480,000	£480,000	£480,000	£480,000
B	TOTAL THRESHOLD VALUE (per hectare)	£51,840,000	£13,584,000	£9,600,000	£3,264,000	£2,400,000
C	HEADROOM (A - B)	£68,183,640	£18,702,228	£14,742,838	£6,977,166	£1,633,508
D	<i>Non CIL Infrastructure and Policy Costs</i>	<i>£40,393,449</i>	<i>£10,797,316</i>	<i>£6,415,205</i>	<i>£1,770,057</i>	<i>£1,001,926</i>
E	HEADROOM <i>after Non CIL Infrastructure and Policy Costs for CIL (C - D)</i>	<i>£27,790,191</i>	<i>£7,904,912</i>	<i>£8,327,633</i>	<i>£5,207,109</i>	<i>£631,582</i>

**Table 4.2.2 – Gateshead (£)**

		Dunston Hill	Crawcrook North	Crawcrook South	Highfield	High Spen West	High Spen East	Kibblesworth	Ryton	Sunniside NE	Sunniside SE
		LAND RESIDUAL WITH AFFORDABLE HOUSING									
A	Residual Value	£21,643,599	£5,128,210	£6,104,267	£3,176,702	£1,711,748	£5,260,600	£8,855,223	£20,789,288	£1,937,794	£3,591,494
	Threshold Value (per hectare)	£480,000	£480,000	£480,000	£480,000	£480,000	£480,000	£480,000	£480,000	£480,000	£480,000
B	Total Threshold Value (per hectare)	£8,520,000	£2,784,000	£3,144,000	£1,176,000	£696,960	£2,116,800	£4,080,000	£8,241,600	£747,840	£1,310,400
C	Headroom (A-B)	£13,123,605	£2,344,209	£2,960,266	£2,000,702	£1,017,149	£3,143,801	£4,775,224	£12,547,681	£1,187,469	£2,281,095
D	<i>Non CIL Infrastructure and Policy Costs</i>	£5,910,000	£740,000	£608,000	£216,000	£151,000	£544,000	£1,387,000	£2,111,000	£254,000	£479,000
E	HEADROOM after Non CIL Infrastructure and Policy Costs for CIL (C - D)	£7,213,605	£1,604,209	£2,352,266	£1,784,702	£866,149	£2,599,801	£3,388,224	£10,436,681	£933,469	£1,802,095

25/02/16

**Tables 4.3 Mid Area SLR Sites- Headroom**

**Table 4.3.1 Newcastle (£)**

		<b>NEWBIGGIN HALL</b>	<b>HAZLERIGG</b>	<b>THROCKLEY</b>	<b>NEWBURN RIVERSIDE</b>
	Site	Land Residual with Affordable Housing			
A	RESIDUAL VALUE	£6,138,260	£8,584,968	£11,109,050	£10,214,145
B	THRESHOLD VALUE	£4,956,000	£6,720,000	£9,156,000	£6,300,000
C	HEADROOM (A - B)	£1,182,260	£1,864,968	£1,953,050	£3,914,145
D	<i>Non CIL Infrastructure and Policy Costs</i>	<i>£2,818,348</i>	<i>£2,941,169</i>	<i>£4,435,700</i>	<i>£2,520,457</i>
E	<i>Headroom after Non CIL Infrastructure and Policy Costs for CIL (C-D)</i>	<i>-£1,636,088</i>	<i>-£1,076,201</i>	<i>-£2,482,650</i>	<i>£1,393,688</i>

25/02/16

**Table 4.3.2 Gateshead (£)**

		Middle Chopwell	South Chopwell
		LAND RESIDUAL WITH AFFORDABLE HOUSING	
A	RESIDUAL VALUE	£994,136	£2,636,339
B	THRESHOLD VALUE	£1,209,600	£3,023,160
C	HEADROOM (A-B)	-£215,464	-£383,821
D	<i>Non CIL Infrastructure and Policy Costs</i>	£262,000	£642,000
E	Headroom <i>after Non CIL Infrastructure and Policy Costs</i> for CIL (C-D)	-477, 464	-£1,025,821





25/02/16

1 unit	1,000,000	30,000	negative	negative	negative	420,000	12,600	negative	negative	negative
15 units	1,000,000	300,000	73,000	15,500	13	420,000	126,000	163,000	189,000	158
50 units	1,000,000	1,200,000	10,000	negative	negative	420,000	504,000	398,000	468,000	120
100 units	1,000,000	2,500,000	negative	negative	negative	420,000	1,050,000	319,000	432,000	54
Assisted Living	1,000,000	400,000	negative	negative	negative	420,000	168,000	negative	negative	negative
weighted average (excludes 1 bed)					negative				negative	83
<b>High Mid</b>										
1 unit	1,600,000	48,000	negative	negative	negative	480,000	14,400	2,000	negative	negative
15 units	1,600,000	480,000	296,000	220,000	167	480,000	144,000	565,000	503,000	383
50 units	1,600,000	1,920,000	561,000	208,000	49	480,000	576,000	1,624,000	1,322,000	310
100 units	1,600,000	4,000,000	negative	negative	negative	480,000	1,200,000	2,280,000	1,895,000	224
Assisted Living		640,000	negative	negative	negative	480,000	192,000	169,000	negative	-8
weighted average (excludes 1 bed)					negative				negative	265
<b>High</b>										
1 unit	2,100,000	63,000	negative	negative	negative	530,000	15,900	33,000	negative	negative
15 units	2,100,000	630,000	577,000	486,000	341	530,000	159,000	994,000	918,000	644
50 units	2,100,000	2,520,000	1,283,000	997,000	224	530,000	636,000	2,909,000	2,673,000	600
100 units	2,100,000	5,250,000	568,000	negative	nil	530,000	1,325,000	4,604,000	4,116,000	487
Assisted Living	2,100,000	840,000	717,000	439,000	149	530,000	212,000	1,075,000	1,128,000	382
weighted average (excludes 1 bed)					97					536

25/02/16

<b>Newcastle Central Area</b>									
100 unit scheme	2,100,000	525,000	negative	negative	negative				
Assisted Living	2,100,000	840,000		200	negative				
weighted average					negative				

**Table 4.1 Residential Generic Scheme Appraisals**

Note: the above Non urban columns include an average Non CIL infrastructure cost of £8,740. Please refer to the non urban site specific results.