



TRAFFORD
COUNCIL

Trafford Borough Council

Trafford Community Infrastructure Levy (CIL): Economic Viability Study – Addendum Report



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Appendix One: Summary of Consultation Responses

1 INTRODUCTION

- 1.1 The consultation on Trafford Council’s Preliminary Draft Charging Schedule (PDCS) took place during August and September 2012. Peter Brett Associates (formerly Roger Tym & Partners) have been retained by Trafford Council to support them in refining the viability evidence as a result of consultation comments received (see Appendix 1 for a summary of the comments).
- 1.2 This Addendum Report does not seek to repeat everything that was included in the preliminary draft stage report, but instead focuses on the key changes proposed to the approach to CIL in Trafford, the structure of the proposed Charging Schedule and the viability assessments that underpin it.
- 1.3 The changes set out in this report seek to reflect:
- Emerging best practice and the conclusions of recent Examiner’s Reports on CIL charging schedules;
 - The most recent update for the Government’s guidance on CIL and CIL (Amendment) Regulations 2012; and
 - Comments received on the PDCS.
- 1.4 The key changes in approach and areas of additional evidence and/or clarification of approach that are set out in this report include:
- A revised approach to CIL charges on retail development, removing references to size thresholds and charge variation by zone;
 - Amendments to the proposed boundaries of the hot, moderate and cold market charging zones;
 - Our approach to assumed land values, particularly for residential development;
 - Approach to the future use of S106 and CIL;
 - Impact of the introduction of CIL on the Major Development Areas set out in the Local Plan; and
 - Consideration of the impact of, and justification for, the ‘Base Charge’ for development that is not covered elsewhere on the Charging Schedule.

2 APPROACH TO RETAIL CHARGING

Introduction

- 2.1 CIL charge rates can only vary where viability differs by reference to either: the ways buildings are used; or by geographically defined ‘value zones’. At the time of writing the original Trafford CIL Viability Study, it was understood that charge variation for retail development by reference to a size threshold was feasible under the CIL regulations, on the basis that a size threshold could be considered a proxy for different uses of a building.
- 2.2 The PDCS therefore sets out different charges for convenience retail development of over and under a size threshold of 280sq. m (net additional floorspace) on the basis that such a threshold could be considered a proxy for differentiating between supermarkets and small neighbourhood convenience stores. This approach was based on Examiner’s reports available at that time.
- 2.3 More recent practice and Examiners’ reports have shown that the use of such a threshold is not appropriate. In order to justify differential charging by reference to this size threshold, it would be necessary to demonstrate that a store of 279 sq. m would have materially different levels of viability to one of 281 sq. m. Whilst large supermarkets and small neighbourhood stores do have materially different development economics, clearly it is not feasible to provide evidence by reference to a size threshold and a different approach is now required.

Revised Approach to Retail Charges

- 2.4 Given that there is clear evidence to support the fact that the costs and values, and the resultant viability of different types of retail development varies significantly, it remains the desire of the Council to reflect this in the way that CIL is levied. As such, it is necessary to define how different forms of retail development are used differently in order to justify charge variation.
- 2.5 As mentioned above, Charging Authorities may propose different charges where viability varies by reference to the way in which buildings are used (the word ‘use’ or ‘used’ being as normally defined, rather than by any reference to the Use Classes Order). Therefore, we set out below a series of definitions that describe how different types of retail development are used. Our consideration of the viability of each different type of use is then set out further below.

Defining different uses of retail development

- 2.6 We propose to define different uses of retail development as follows:
- **Supermarkets** – Supermarkets provide a very wide range of convenience goods, often along with some element of comparison goods also. Most customers use supermarkets for their main weekly shop, using a trolley to buy a large number of different products. The vast majority of custom at supermarkets arrives by car, using the large adjacent car parks provided.

- **Neighbourhood convenience stores** – Neighbourhood convenience stores tend only to provide a limited range of convenience goods. They largely cater for ‘top-up shopping’ for a small number of items that can be carried by hand or in a small basket. The vast majority of custom will access the store on foot and as such there are no large adjacent car parks.
- **Retail warehouses** – Retail warehouses are usually large stores specialising in the sale of household goods (such as carpets, furniture and electrical goods), DIY items and other ranges of goods. They can be stand-alone units, but are also often developed as part of retail parks. In either case, they are usually located outside of existing town centres and cater mainly for car-borne customers. As such, they usually have large adjacent, dedicated surface parking.
- **Town Centre comparison retail** – Town centre comparison retail development will usually involve redevelopment of existing buildings to provide new retail accommodation that better meets the demands of modern retail businesses. Typically such development will provide a wide range of unit sizes, including one or two large spaces for ‘anchor tenants’ and a much larger number of small spaces. They will typically have frontage on to areas of high footfall, aiming to capture the passing trade of shoppers on foot, who are also likely to visit other stores and other parts of the centre, many of whom will arrive in the centre by non-car modes.

Viability Assessments

- 2.7 Our assessment of development viability of each of the uses described above is set out in Table 2.1 below. Much of this assessment remains from the original assessment on the basis that the previous assessment covered both Town Centre Comparison Retail and Retail Warehouses. These assessments have not changed. Similarly, the data on which the previous ‘Convenience Retail’ assessment was based principally related to supermarkets and is considered to remain robust. The change here is simply in the naming of that use of development and in how it is defined.
- 2.8 An additional viability assessment has been undertaken with respect to Neighbourhood Convenience Stores. Typically, rents for small local convenience stores are more likely to be in the range of £135 - £150 per sq. m, as opposed to £180-220 per sq. m for supermarkets. In addition, because the covenant strength of the operators of smaller convenience stores is lower, yields are likely to be materially higher than for supermarkets, reflecting the higher levels of risk involved. As such, a more appropriate yield assumption for this type of development is 8%, rather than the 5.5% assumed for supermarkets.

Table 2.1: Revised Retail Viability Assessment

		Town Centre Comp. Retail		Retail Warehouse	Supermarkets	Neighbourhood Conv. Retail
		Altrincham	Other Town Centre			
Rent		£250	£200	£180	£200	£135
Yield %		7.50	8.00	8.00	5.50	8.50
Minus inducements	1	333	250	225	364	159
VALUES	2	3,000	2,250	2,025	3,273	1,429
COSTS	2					
Land + Purchase Costs	3	1,500	1,000	400	500	150
Basic Build Cost		730	730	600	1,000	600
External Works	4	37	37	72	120	48
Fees	5	77	77	67	112	65
Section 106/278	6	0	0	50	100	20
Marketing & Sales		150	113	101	164	71
Contingencies	7	42	42	37	62	36
Interest	8	234	184	119	183	88
Margin	9	554	436	279	428	212
Total Cost Benchmark		3,324	2,619	1,726	2,669	1,290
Surplus/Deficit		-324	-369	299	604	140
Surplus/Deficit % on cost		-10%	-14%	17%	23%	11%
Notes	1	A reduction of 10% of development value is made to reflect current market norms for rent free periods and other tenant inducements				
	2	All values and costs per m ² unless stated				
	3	The total cost of purchasing land, including related costs. It is assumed that this will be higher in urban areas.				
	4	Works outside built structure. Higher where extensive servicing and landscaping is required. Usually negligible in town centres.				
	5	Fees are higher for smaller and/or more complex structures.				
	6	Site/development specific mitigation such as on-site and access or public relam works close to it.				
	7	Contingencies at 5% of costs				
	8	Interest costs vary with the nature and length of a typical project.				
	9	Profit normally allowed at 20% on all costs and effectively assumed development is speculative.				
		Costs exceed values				
		Values exceed costs by less than 10%				
		Values exceed costs by more than 10%				

- 2.9 Table 2.1 above shows the findings of the viability assessments. Town centre comparison retail development is not currently viable under current market conditions and the assumptions applied that reflect them. As previously, Retail Warehouse development is shown to benefit from healthy levels of viability showing a 17% surplus over and above developer's margin at 20% on cost. Similarly, the re-defined assessment of supermarkets also shows this form of development to be viable, with a surplus of 23% on cost.
- 2.10 The assessment of Neighbourhood Convenience Retail development shows its viability to be more marginal, with the surplus at 11% on cost. Certainly, the level of viability is somewhat below that of retail warehouse and supermarket development.
- 2.11 Table 2.2 below, seeks to establish the maximum possible charge rates, consistent with maintaining the viability of development. This is the theoretical 'ceiling' of viability from

which proposed charges must draw down in order to take account of potential market changes and sites where costs may be higher and/or values lower than is typical.

Table 2.2: Revised Retail Maximum Charge Assessment

		Town Centre Comp. Retail		Retail Warehouse	Supermarkets	Neighbourhood Conv. Retail
		Altrincham	Other Centres			
Rent		£250	£200	£180	£200	£135
Yield %		7.50	8.00	8.00	5.50	8.50
Minus inducements	1	333	250	225	364	159
VALUES	2	3,000	2,250	2,025	3,273	1,429
COSTS	2					
Land + Purchase Costs	3	1,500	1,000	400	500	150
Basic Build Cost		730	730	600	1,000	600
External Works	4	37	37	72	120	48
Fees	5	77	77	67	112	65
Section 106/278	6	0	0	50	100	20
CIL at Maximum				123	320	15
Marketing & Sales		150	113	101	164	71
Contingencies	7	42	42	37	62	36
Interest	8	234	184	119	183	88
Margin	9	554	436	279	428	212
Total Cost Benchmark		3,324	2,619	1,849	2,989	1,305
Surplus/Deficit		-324	-369	176	284	125
Surplus/Deficit % on cost		-10%	-14%	10%	10%	10%

- 2.12 The assessment shows maximum charge rates of £123 per sq. m for retail warehousing; £320 per sq. m for supermarkets and £15 per sq. m for neighbourhood convenience stores.

Revised Retail Charging Recommendations

- 2.13 As set out in the original report, our approach to drawing down from the theoretical maxima is that charges should be set at between 50% - 75% of the maximum in each case. We consider that this represents an ‘appropriate balance’ between the need to fund the new infrastructure that is required to enable growth and the need to maintain the viability of development. Applying this approach, we recommend the following charge rates:
- Retail Warehousing - £75 per sq. m
 - Supermarkets - £250 per sq. m
 - Neighbourhood convenience stores - £10 per sq. m (i.e. in line with the proposed base charge)

3 RESIDENTIAL CHARGE ZONE BOUNDARIES

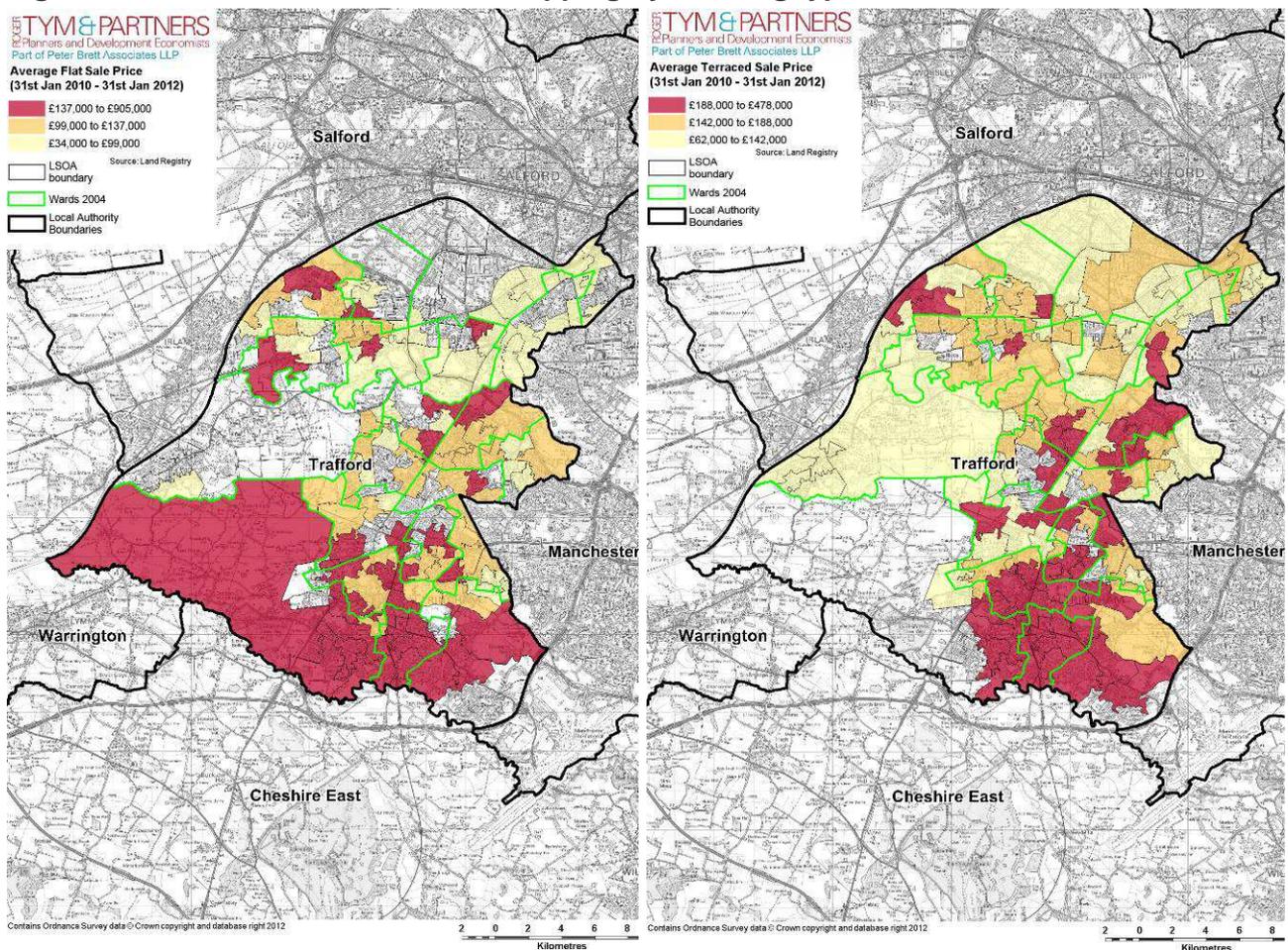
Introduction

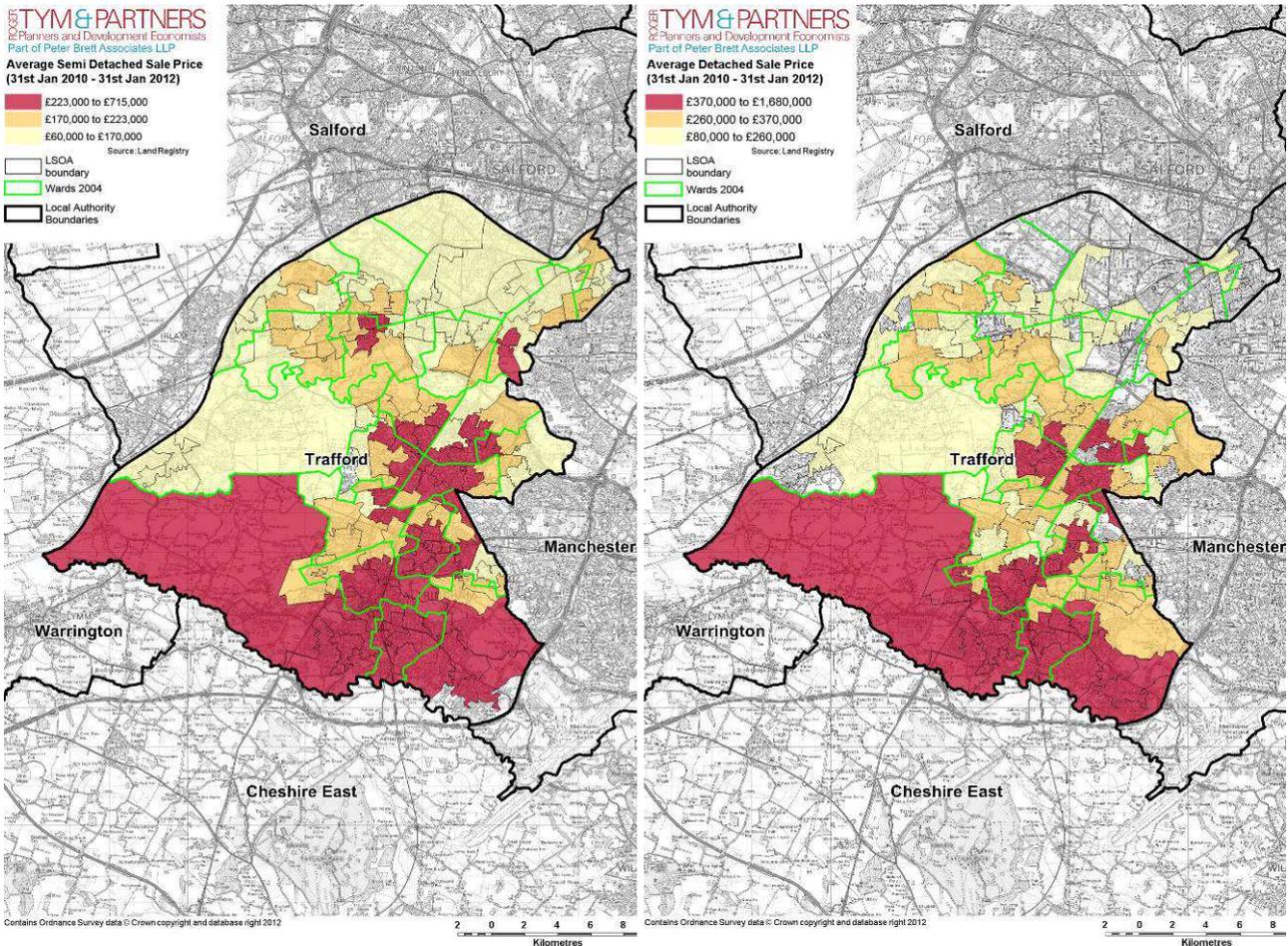
3.1 The CIL guidance states that where charge rates are proposed to vary by reference to viability zones, more fine grained evidence should be produced in order to define the boundaries of those zones. In order to meet this requirement, and to address some of the comments in this respect received through the consultation on the PDCS, we have undertaken further analysis of sales values in Trafford.

Fine-grained Analysis of Sales Values

3.2 The sales values achieved are the most critical factor in determining the viability of residential development. In order to accurately reflect market conditions in determining the boundaries of the proposed charging zones, we have analysed Land Registry house price data for sales during the last two years. The analysis is undertaken for each different type of dwelling (Figure 3.1), to enable detailed consideration of patterns.

Figure 3.1: LSOA Sales Value Heat Mapping by dwelling type





3.3 In analysing this more fine-grained data, and in response to representations received on the PDCS, we specifically sought to test whether there was a rationale for excluding Altrincham Town Centre from the highest charging zone, and to give further consideration to the most appropriate charging zone for the Trafford Quays¹ site.

Altrincham Town Centre

3.4 Altrincham town centre falls across two LSOAs. Both of these LSOAs are shown to be in the top value band in respect of three of the four dwelling types and in the middle band for the other – detached houses in the case of the eastern LSOA and flats in respect of the western LSOA.

3.5 This clearly demonstrates that the sales values for residential development in the town centre, which are the primary factor in determining viability, are within the highest value band. On the basis of this evidence therefore, there is no rationale for Altrincham Town Centre to be in a lower charging zone.

Trafford Quays

3.6 In respect of the Trafford Quays site, there is relatively little data on which to base conclusions, given the very limited amount of residential property currently in that area and

¹ Trafford Quays forms a development site within the Trafford Centre Rectangle Strategic Location

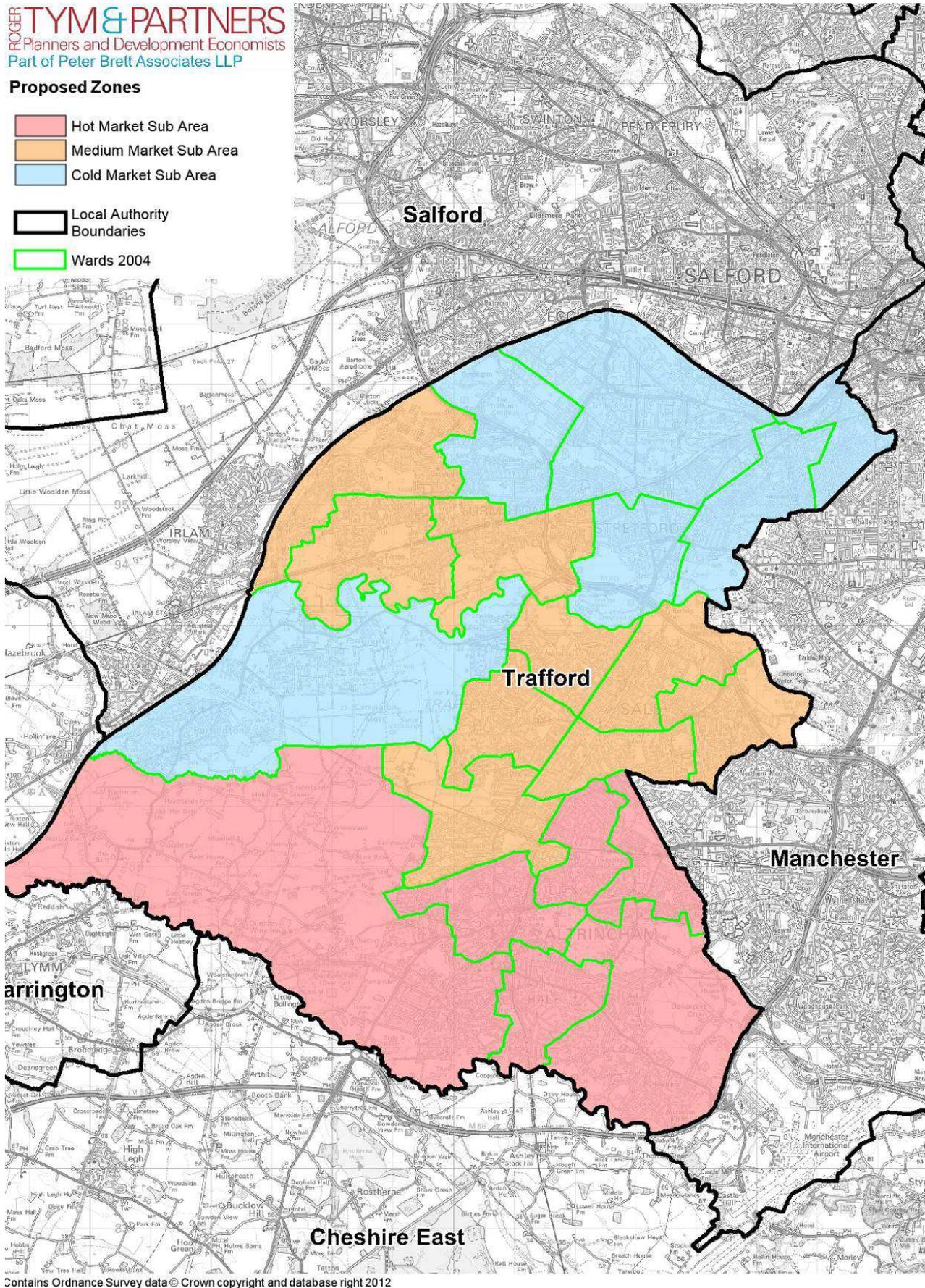
therefore the lack of transactional data that can be used to inform this study. Based on the limited data available (hence some LSOAs being un-shaded), it is clear from the mapping above that values are generally in the lowest or middle value band. Given the limited volume of data, we consider that a conservative approach to establishing the charging zone for this area is adopted. As such, the Trafford Quays site is considered to sit most appropriately within the ‘Cold Market Area’.

Proposed Revised Charging Zone Boundaries

- 3.7 The revised boundaries proposed were drawn so as to group together those wards where the majority of LSOAs were in the highest value band across all or most dwelling types; those where the majority of LSOAs were in the middle band; and those where the majority were in the lower band. The resulting boundaries, based on this analysis are shown in Figure 3.3 below.
- 3.8 These boundaries were considered the most appropriate fit to both the evidence in respect of the sales value heat mapping and in terms of a direct relationship with the findings of the viability assessments for hot, moderate and cold market areas in the original Viability Study. Therefore, these zones now form part of the Council’s proposed residential charging structure which comprises high, moderate and low charges by reference to the boundaries shown above and, at a larger scale in the plan below.
- 3.9 The Charging Zones contain the following wards:

Charging Zone	Wards Contained
Cold Market Sub Area	Bucklow St Martins, Clifford, Davyhulme East, Gorse Hill, Longford and Stretford
Moderate Market Sub Area	Ashton upon Mersey, Broadheath, Brooklands, Davyhulme West, Flixton, St Mary’s, Priory, Sale Moor and Urmston
Hot Market Sub Area	Altrincham, Bowdon, Hale Barns, Hale Central Timperley and Village

Figure 3.2: Revised Proposed Charging Zones



4 APPROACH TO LAND VALUE

- 4.1 Our assessments of residential development viability seek to test the range of likely market conditions evident within Trafford, applying a range of different land value assumptions related to different scenarios in terms of sales value and site size. We have also sought to ensure that, as far as is possible in all other respects, we are comparing like with like.
- 4.2 Therefore, our assumption in terms of land value is that all sites will be cleared and remediated (if they are brownfield) and are fully serviced parcels (if they are greenfield) so that in either scenario they are readily developable or ‘oven ready’. For sites that are not in this condition, the costs of making them readily developable (‘oven ready’) would ordinarily be subtracted from the gross land value in the offer that any rational developer would make to a landowner, in any case.
- 4.3 This approach ensures that the qualitative characteristics of a site are reflected in the price that developers are willing to pay. Sites that require significant up-front investment, either for demolition and remediation or in terms of utilities/services capacity/extensions and access infrastructure, will have lower values if these issues are not addressed prior to the sale of the land. This approach also ensures that we are comparing like with like through the assessments.

5 SECTION 106 AND CIL

Introduction

- 5.1 In order to provide additional clarity to the development industry about the future operation of Section 106 and CIL and to provide the necessary certainty that applications will not be ‘double charged’ for the provision of any infrastructure related to development, the Council has set out its position on how these two systems will operate in future. This is summarised below.

The Approach

- 5.2 CIL will become the principal means of funding the delivery of new infrastructure that is required to enable growth in Trafford. Therefore, the vast majority of development will be subject to CIL, except where the exceptional circumstances required for discretionary relief are demonstrably present.
- 5.3 This approach will provide a transparent, non-negotiable amount to be paid by the developer to fund strategic infrastructure. The certainty provided by this approach will allow the Council to fund upfront infrastructure investment using CIL receipts collected from development throughout the borough and/or prudential borrowing against future CIL receipts.
- 5.4 Under this approach, Section 106 may still be used to address matters of site specific mitigation. An estimate of the costs of such site specific mitigation is factored in to all of the viability assessments. In some circumstances, where the cost of site specific mitigation is extraordinarily high, development viability may be impacted upon (although caution is being exercised with the setting of development rates to minimise this). This may be of particular concern for Carrington, where the actual costs of redeveloping the area are currently unknown. In order to mitigate this risk, a discretionary relief policy is proposed for use in exceptional circumstances. The regulations provide a procedure for giving ‘discretionary relief in exceptional circumstances’, provided that a set of tightly drawn conditions can be met.
- 5.5 At the present time, affordable housing sits outside of CIL and will therefore still continue to be required through planning obligations. Affordable housing has been fully taken into account, at the levels sought by policy, in the viability assessments undertaken as part of the preparation of CIL.
- 5.6 CIL revenues will be allocated in line with the Council's priorities set out in the identified list of Infrastructure Priorities (the Regulation 123 list) which will be consulted on, agreed by the Executive and made public. Annual reporting of the spending of CIL revenues is required by the regulations. S106 payments cannot be requested by the Council for any item that is on the Regulation 123 list. Any payments made under S106 will be used solely for the purposes set out in the specific agreement that governs them. No double charging will be permitted to take place.

6 MAJOR DEVELOPMENT AREAS

Introduction

- 6.1 The recent revisions to the Government’s guidance on CIL placed greater emphasis on ensuring that key strategic development sites remain viable and deliverable, taking account of the proposed charging regime. In order to meet this requirement, we have considered the relative implications of the current S106 regime and the proposed CIL charging schedule on the two largest and most marginal of the ‘Strategic Locations’ identified in the Trafford Core Strategy. We set out the findings and conclusions of this analysis in this section of the Addendum Report.

Carrington

- 6.2 Carrington is a strategic location within the south of the Borough, which has the potential to deliver a major mixed-use development. The Council considers that this location can deliver: 1,560 residential units, comprising accommodation that is predominantly suitable for families and 75 hectares of land for employment activity.
- 6.3 Using the above information as set out in the Trafford Core Strategy, a comparison exercise has been undertaken of the payment required under the proposed CIL rates and the commuted sums that would be required under the existing planning obligations regime.
- 6.4 For the purpose of this exercise, a number of assumptions have had to be made in regard to both the residential and employment development. For residential these include the 1,560 residential units being made up of 1040 no. 2-bed houses and 520 no. 3-bed houses in line with Policy L2 of the Trafford Core Strategy, with an assumption for affordable housing factored in at 20 per cent. In terms of employment activity it has been assumed that only 40 per cent of the gross land area would be developed (in line with assumptions made in the viability assessment), this would be made up of 10 per cent (30,000sq. m) office development and 90 per cent (270,000sq. m) industrial / warehousing development.

CIL Costs

- 6.5 The levy payment for Carrington based on the proposed rates is:
- Residential
 - 1248 private market units (net) x 120sq. m (net) = 149,760sq. m (gross internal floorspace)
 - 149,760sq. m x £20 (cold market sub area) = **£2,995,200**
 - Employment
 - 75ha employment land (40 per cent development site area)
 - Office: 30,000sq. m x £10 (base rate) = £300,000 x 3 storeys = **£900,000**
 - Industrial / Warehousing: 270,000sq. m x £10 (base rate) = **£2,700,000**
 - **Total CIL Cost: £2,995,200 + £900,000 + £2,700,000 = £6,595,200**

'Residual' S106 costs

- 6.6 In addition to the CIL payment, site mitigation works are also likely to be needed to cover items such as provision of an open space area within the housing layout, trees planted in gardens and implementation of a new junction to link the development with the existing highway network. To calculate likely S106/278 costs that would be needed on top of CIL, the viability testing done by the consultant for CIL allowed for: £1000 per dwelling, £10 per sq. m of office development and £10 per sq. m for industrial and warehousing development. This is based on experience of other developments and is also comparable with the costs associated with items of infrastructure under the existing tariff based Planning Obligations SPD and the average S278 costs in Trafford.
- 6.7 These allowances equate to £1,560,000 for the residential element of the proposal; £900,000 for the office development and £2,700,000 for the industrial/warehousing element, giving a total 'residual' S106 cost of **£5,160,000** in addition to the CIL payments and a total combined cost of CIL and residual S106 of **£11,755,200**.

Section 106 planning obligations

- 6.8 Using the Trafford planning obligations calculator the payment for Carrington based on the current Section 106 regime would be **£13,846,293**.

Comparison

- 6.9 It is clear from the above, that the current S106 regime would result in a higher cost to the developer of some **£2,091,093** over the cost of CIL under the proposed Charging Schedule. On this basis, we consider that the introduction of CIL will have a beneficial impact on the viability of the Carrington Strategic Location over the continuation of the current S106 regime.

Trafford Centre Rectangle

- 6.10 Trafford Centre Rectangle is a strategic location within the north west of the Borough, which has the potential to deliver a major mixed-use development. The Council considers that this location can deliver: 1,050 residential units, comprising accommodation that is predominantly suitable for families, 15 hectares of land for employment activity and a high quality hotel and conference facility (this element already has full planning consent).
- 6.11 Using the above information as set out in the Trafford Core Strategy, a comparison exercise has been undertaken of the payment required under the proposed CIL rates and the commuted sums that would be required under the existing planning obligations regime.
- 6.12 For the purpose of this exercise, a number of assumptions have had to be made in regard to both the residential and employment development. For residential these include the 1,050 residential units being made up of 693 no. 2-bed houses and 357 no. 3-bed houses, in line with Policy L2 of the Trafford Core Strategy, with an assumption for affordable housing factored in at 30 per cent (based on the current planning application). In terms of employment activity, there are a number of current planning applications relating to these elements that will be used for the purpose of this exercise. These planning applications

include 67,740sq. m of office development and 1,000sq. m of commercial development (use class A1, A2, A3, A4 and A5).

CIL Costs

- 6.13 The levy payment for Trafford Centre Rectangle based on the proposed rates is:
- Residential
 - 735 private market units (net) x 120sq. m (net) = 88,200sq. m (gross internal floorspace)
 - 88,200sq. m x £20 (cold market sub area) = **£1,764,000**
 - Employment
 - 15ha employment land
 - Office: 67,740sq. m x £10 (base rate) = **£677,400**
 - Commercial: 1,000sq. m x £10 (neighbourhood convenience retail) = **£10,000**
 - **Total CIL Cost:** £1,764,000 + £677,400 + £10,000 = **£2,451,400**

'Residual' S106 costs

- 6.14 In addition to the CIL payment, site mitigation works are also likely to be needed to cover items such as provision of an open space area within the housing layout, trees planted in gardens and implementation of a new junction to link the development with the existing highway network. To calculate likely S106/278 costs that would be needed on top of CIL the viability testing done by the consultant for CIL allowed for: £1000 per dwelling, £10 per sq. m of office development and £10 per sq. m for all other chargeable development. This is based on experience of other developments and is also comparable with the costs associated with items of infrastructure under the existing tariff based Planning Obligations SPD and the average S278 costs in Trafford.
- 6.15 These allowances equate to £1,050,000 for the residential element of the proposal; £677,400 for the office development and £10,000 for the neighbourhood convenience retail element, giving a total 'residual' S106 cost of **£1,737,400** in addition to the CIL payments and a total combined cost of CIL and residual S106 of **£4,188,800**.

Section 106 planning obligations

- 6.16 Using the planning obligations calculator the payment for Trafford Centre Rectangle based on the current Section 106 regime would be **£8,166,015**.

Comparison

- 6.17 It is clear from the above, that the current S106 regime would result in a higher cost to the developer of some **£3,977,215** over the cost of CIL under the proposed Charging Schedule. On this basis, we consider that the introduction of CIL will have a beneficial impact on the viability of the Trafford Centre Rectangle Strategic Location over the continuation of the current S106 regime.

Conclusion on the Impact of CIL on Viability, relative to S106

- 6.18 It is clear from the above assessments that the introduction of CIL will have a positive overall effect on the viability of development at both of the strategic locations considered. Given that these strategic locations were found to be deliverable through the examination of the Trafford Core Strategy, that market conditions have remained broadly flat since that time, and that the introduction of CIL will have a beneficial impact on viability, we consider that both Carrington and Trafford Centre Rectangle can be considered to remain viable and deliverable following the introduction of CIL.

7 BASE CHARGE IMPACT ON VIABILITY

Introduction

- 7.1 The CIL regulations state that Charging Authorities must balance the need to maintain viability of development with the need to fund infrastructure investment. Speculative development of new office and industrial development were shown by the viability assessments in the original study to be unviable in current market conditions. That said, some development of these uses may well take place, where pre-lets are agreed, or by owner occupiers for example, for which the development economics would be somewhat different.
- 7.2 On this basis, it is considered that there is scope for a small ‘base charge’ levied on such uses. Obviously, such a charge would have to be at a level where it is unlikely to be the determining factor as to whether a development takes place or not. Such a ‘*de minimis*’ base charge should be pegged at a ceiling of 1% of the cost of development of the lowest cost development – industrial – which equates to approximately £10 per sq. m.
- 7.3 Concerns were raised during the consultation period with regard to the level of base rate proposed in the preliminary draft charging schedule. Further analyses were undertaken with varying levels of base rate charge to ascertain the impact different amounts would have on the viability of the development types. The findings of a sensitivity analysis of the CIL charge rate is set out below.

Table 5.1: Base Charge at £0

CIL @ £0						
		Town Centre Office		Business Park Office	Industrial	
		Altrincham	Other Town Centre		Trafford Park	Rest of Trafford
Rent		£170	£140	£160	£65	£55
Yield %		8.50	9.00	8.25	7.25	8.50
Minus inducements	1	200	156	194	90	65
VALUES	2	1,800	1,400	1,745	807	582
COSTS	2					
Land + Purchase Costs	3	150	100	75	75	50
Basic Build Cost		1,100	1,100	1,000	520	520
External Works	4	55	55	100	52	52
Fees	5	116	116	110	57	57
Section 106/278	6	0	0	10	10	10
CIL		0	0	0	0	0
Marketing & Sales		90	70	87	40	29
Contingencies	7	64	64	61	31	31
Interest	8	142	137	130	71	69
Margin	9	343	328	312	169	162
Total Cost		2,059	1,969	1,885	1,027	980
Surplus/Deficit		-259	-569	-139	-220	-398
Surplus/Deficit % on cost		-12.59%	-28.91%	-7.39%	-21.42%	-40.60%

Table 5.2: Base Charge at £5

CIL @ £5						
		Town Centre Office		Business Park Office	Industrial	
		Altrincham	Other Town Centre		Trafford Park	Rest of Trafford
Rent		£170	£140	£160	£65	£55
Yield %		8.50	9.00	8.25	7.25	8.50
Minus inducements	1	200	156	194	90	65
VALUES	2	1,800	1,400	1,745	807	582
COSTS	2					
Land + Purchase Costs	3	150	100	75	75	50
Basic Build Cost		1,100	1,100	1,000	520	520
External Works	4	55	55	100	52	52
Fees	5	116	116	110	57	57
Section 106/278	6	0	0	10	10	10
CIL		5	5	5	5	5
Marketing & Sales		90	70	87	40	29
Contingencies	7	64	64	61	31	31
Interest	8	142	137	130	71	69
Margin	9	343	328	312	169	162
Total Cost		2,064	1,974	1,890	1,032	985
Surplus/Deficit		-264	-574	-144	-225	-403
Surplus/Deficit % on cost		-12.80%	-29.09%	-7.63%	-21.81%	-40.90%

Table 5.3: Base Charge at £10 (as proposed)

CIL @ £10						
		Town Centre Office		Business Park Office	Industrial	
		Altrincham	Other Town Centre		Trafford Park	Rest of Trafford
Rent		£170	£140	£160	£65	£55
Yield %		8.50	9.00	8.25	7.25	8.50
Minus inducements	1	200	156	194	90	65
VALUES	2	1,800	1,400	1,745	807	582
COSTS	2					
Land + Purchase Costs	3	150	100	75	75	50
Basic Build Cost		1,100	1,100	1,000	520	520
External Works	4	55	55	100	52	52
Fees	5	116	116	110	57	57
Section 106/278	6	0	0	10	10	10
CIL		10	10	10	10	10
Marketing & Sales		90	70	87	40	29
Contingencies	7	64	64	61	31	31
Interest	8	142	137	130	71	69
Margin	9	343	328	312	169	162
Total Cost		2,069	1,979	1,895	1,037	990
Surplus/Deficit		-269	-579	-149	-230	-408
Surplus/Deficit % on cost		-13.01%	-29.27%	-7.88%	-22.18%	-41.20%

Table 5.4: Base Charge at £20

CIL @ £20						
		Town Centre Office		Business Park Office	Industrial	
		Altrincham	Other Town Centre		Trafford Park	Rest of Trafford
Rent		£170	£140	£160	£65	£55
Yield %		8.50	9.00	8.25	7.25	8.50
Minus inducements	1	200	156	194	90	65
VALUES	2	1,800	1,400	1,745	807	582
COSTS	2					
Land + Purchase Costs	3	150	100	75	75	50
Basic Build Cost		1,100	1,100	1,000	520	520
External Works	4	55	55	100	52	52
Fees	5	116	116	110	57	57
Section 106/278	6	0	0	10	10	10
CIL		20	20	20	20	20
Marketing & Sales		90	70	87	40	29
Contingencies	7	64	64	61	31	31
Interest	8	142	137	130	71	69
Margin	9	343	328	312	169	162
Total Cost		2,079	1,989	1,905	1,047	1,000
Surplus/Deficit		-279	-589	-159	-240	-418
Surplus/Deficit % on cost		-13.43%	-29.62%	-8.36%	-22.93%	-41.79%

7.4 The introduction of a £5 base rate, as opposed to a zero rate, would have an impact on viability (the deficit/surplus expressed as a percentage of total development costs) of between 0.18% and 0.39%. At £10 per sq. m, the range of impacts on viability is between 0.36% and 0.76%. Introducing a CIL base rate of £20 per sq. m is shown to have an impact of between 0.71% and 1.51%. The different impacts of the various potential base charges are summarised below:

Potential Base Rate	Deficit Level Increase
Zero charge	-
£5	0.18 – 0.39%
£10	0.36 – 0.76%
£20	0.71 – 1.51%

Conclusion on appropriateness of the Proposed Base Charge

7.5 It remains our view that given the relative insensitivity of these forms of development to a CIL charge at such a minimal scale of £10 per sq. m that the base charge is an appropriate response to the viability evidence that balances the need to fund the infrastructure required to enable growth, with the need to maintain development viability.

8 PROPOSED DRAFT CHARGING SCHEDULE

- 8.1 Following the reassessment of the information that was received during the consultation period, a small number of amendments have been made to the preliminary draft charging schedule.
- 8.2 The assessment of the CIL rate data has confirmed that the amounts proposed in the schedule will remain unchanged. However, to draw in line with new guidance, the retail definitions have been altered.
- 8.3 The Draft Charging Schedule will be as follows:

Table 6.1: Draft Charging Schedule

Use	Proposed CIL charge (per sq. m)
Private market houses in:	
<i>Cold market sub-area</i>	£20
<i>Moderate market sub-area</i>	£40
<i>Hot market sub-area</i>	£80
Apartments in:	
<i>Hot market sub-area</i>	£65
Retail Warehouses	£75
Supermarkets	£250
Public/Institutional Facilities as follows: education, health, community and emergency services	£0
All other chargeable development	£10

Revenue Projections

- 8.4 In the previous report a revenue projection was formulated to indicate the likely revenue incomes from the proposed CIL rates. Whilst the charging schedule has not changed in figures terms, the revenue projection has been updated to match up with the revised definitions and charging zone boundaries within the Draft Charging Schedule. Table 6.2 below provides an assessment of the scale of development of each type likely to be forthcoming over the plan period, and the CIL revenues it would generate at the proposed charging rates. It also provides an annualised figure in the final column.

Table 6.2: CIL Revenue Projections 2012-2026

CIL Revenue Projections									
	CIL Charge per sq.m	No. units in plan period (note 1a)	Market units (note 1b)	Unit floorspace (note 2)	Gross floorspace (see note 3)	Estimated net additional proportion (see note 4)	Estimated net additional floorspace	Estimated CIL revenue in plan period	Estimated annual CIL revenue
Residential								-	-
Houses								-	-
<i>Cold</i>	20	4,968	4720	100	472,000	95%	448,400	8,968,000	597,867
<i>Moderate</i>	40	3,685	2948	120	353,760	95%	336,072	13,442,880	896,192
<i>Hot</i>	80	1,511	907	140	126,980	95%	120,631	9,650,480	643,365
Apartments									-
<i>Cold</i>	10	1,700	1615	50	80,750	95%	76,713	767,125	51,142
<i>Moderate</i>	10	346	277	55	15,235	95%	14,473	144,733	9,649
<i>Hot</i>	35	-	-						-
Non-residential									-
Retail - convenience	250					95%	-	-	-
Retail - TC comparison	10				9,000	50%	4,500	45,000	3,000
Retail warehouse	75					95%	-	-	-
Industrial/warehousing	10				646,000	75%	484,500	4,845,000	323,000
Business Park Office	10				376,000	95%	357,200	3,572,000	238,133
Town Centre Office	10				15,000	50%	7,500	75,000	5,000
Total								41,510,218	2,767,348

Note 1a: taken from the Core Strategy - 2012-2026

Note 1b: affordable housing is not liable for CIL. We assume that policy levels for affordable housing are achieved.

Note 2: the average unit size is based on our analysis of new build properties

Note 3: office and industrial floorspace relates to the figure of 190 ha in the Core Strategy Table W1. This is converted into floorspace based on the 85:15 split between industrial and offices with industrial at 40% site coverage with 1 storey, business park offices at 40% site coverage with 4 storeys, and town centre offices at 75% site coverage with 4 storeys. Retail floorspace is taken from the Core Strategy less floorspace already completed of with

Note 4: CIL is levied on net additional floorspace. Although in Trafford most of development will take place on brownfield land much of this is land is not currently in use.

APPENDIX ONE: SUMMARY OF CONSULTATION RESPONSES

Community Infrastructure Levy: Preliminary Draft Charging Schedule

Consultation Responses: Summary

A total of 32 responses have been received to the Preliminary Draft Charging Schedule consultation during August and September 2012. Key respondents to the consultation included Peel, RLAM, Shell, Nikal Developments Ltd, Asda, Sainsburys, Wm Morrisons, TfGM, United Utilities and Network Rail.

The majority of responses are positive about the introduction of the Community Infrastructure Levy, but challenge the rates and the assumptions used within the viability assessment in determining them. Respondents are requesting more clarity and transparency regarding the assumptions leading to a more robust evidence base upon which to support the proposed charges as set out in the Preliminary Draft Charging Schedule.

No.	URN	Name	Company	Agent	Comments
1	1051	Alan Hubbard	National Trust		<ul style="list-style-type: none"> Note the confirmation that development by charitable institutions and/or for charitable purposes is exempt from CIL. The exclusion of conversions where there is no increase in floorspace is noted and supported.
2	1023	Andrew Thompson	Morris Homes		<ul style="list-style-type: none"> Support comments made by Drivers Jonas Deloitte, especially in relation to the L&M site. Have concerns with the CIL and how it is applied.
3	1026	Andrew Thomson	Shell	Thomson Planning Partnership Ltd	<ul style="list-style-type: none"> Strongly object to the proposed rates applicable to retail and residential uses, they are unrealistic and unviable and will have a significant impact upon the viability of schemes and the potential to secure major investment in Trafford. Object to the proposed omission of discretionary relief. Discretionary relief should be available for major developments involving substantial on and off site highway works, decontamination/demolition, transport infrastructure improvements etc., so they can be assessed on a case by case basis to ensure investment is not deterred. Major developments can involve substantial on and off site highway works and improvements controlled by Section 106 and 278 Agreements, the CA should recognise this and acknowledge that in such circumstances, there will be a relief from the levy and Section 106 agreements will be used instead. Where it can be demonstrated that edge of centre or new locations are

No.	URN	Name	Company	Agent	Comments
					<p>required to meet the 'need' of new retail facilities (outside of a defined centre) that will benefit the role and function and vitality and viability of the defined centre, the CA should recognise such development opportunities as a possible exception to the levy or set a lower rate for edge of centre and new retail development.</p> <ul style="list-style-type: none"> • There is no evidence to suggest different viability exists between locating retail and other types of town centre development in centres as opposed to edge of centre or new locations. • CIL is only payable for schemes comprising >280sqm retail floorspace and comparison retailing outside of defined centres, this is seeking to 'differentiate' between retail uses contrary to Regulations. • The imposition of inflexible CIL rates could seriously prejudice the delivery of a range of development and the imposition of 'standard' rates upon strategic development areas where large mixed use developments are proposed needs to be considered in more detail, particularly the timing and scale of payments should be balanced against the infrastructure required to service and deliver the development.
4	1097	Anna Ortega	National Grid	Indigo Planning	<ul style="list-style-type: none"> • Serious reservations with the content of the schedule, in particular the proposed base rate charge and the lack of exceptions and instalments policies. • Common Lane site comprises a significant proportion of the Borough's employment land need, the base rate charge would have a severe detrimental impact on the viability of industrial and warehouse development, which is contrary to Regulation 14.
5	1282	Bobby Williams	Persimmon Homes North West		<ul style="list-style-type: none"> • Have serious concerns over all market areas in respect of sales values. • Support the approach of employing a simple framework consisting of differential charge rates, based on the identifiable market sub-areas. • To better secure the deliverability of the Core Strategy, it is logical for the Strategic Locations to be included within the sub-area employing the least viability-challenging level of Levy rates. • Any opportunities to ease the burden CIL places on viability should be pursued e.g. New Homes Bonus Scheme and CIL payments channelled to local communities could be used to facilitate new housing delivery.

No.	URN	Name	Company	Agent	Comments
					<ul style="list-style-type: none"> • The approach to affordable housing should be flexible in terms of requirements and conditions regarding phasing of delivery, helping to ease viability issues and facilitate the delivery of new homes. • Highlight serious concerns relating to the assumptions that have informed the formulation of the PDCS including landowner premium, residual developer's margin, land values, build costs, density and sensitivity testing. • Would like viability assessments to be undertaken of examples within the housing land supply from both greenfield and PDL sites to create a more accurate picture of viability within Trafford. • Would encourage the incorporation of a phased payment or installation policy, in accordance with the CIL Regulations. • Consultation is limited without the publication of the infrastructure planning evidence referred to in paragraph 4.7 of the EVS. • A significant amount of the housing land supply in Trafford is PDL for which the true costs of land preparation are considered not to have been accurately reflected in the supporting evidence.
6	1284	Brett Harbutt	Capital Shopping Centres Group PLC		<ul style="list-style-type: none"> • Disappointed the CA has not used this opportunity to issue a Regulation 123 list. The early publication of this information provides clarity and transparency and demonstrates that the proposed charging rates are appropriate having regard to estimated costs of key infrastructure. • Consultation fails to make it clear as to when and how the existing Planning Obligations SPD will be revised to ensure that there will be no duplication between the CIL charges and S106 obligations relating to infrastructure provision. • It is essential that the CA is in a position to publish its Regulation 123 list and a consultation draft of a revised Obligations SPD at the next stage of consultation. • There is a need for a clear statement from the CA as to how the extension of the Metrolink and other similar unimplemented infrastructure are to be dealt with under the CIL/residual S106 regimes, this should be addressed in the next consultation draft of the Charging Schedule. • Support the recognition that CIL payments for larger developments will be paid in instalments, however reserve the right to comment upon the detail of

No.	URN	Name	Company	Agent	Comments
					<p>the instalments policy when it is consulted upon.</p> <ul style="list-style-type: none"> • Consider it essential that the CA retains the opportunity to introduce a discretionary exemptions policy in particular circumstances, this policy should be draft and consulted on at the next stage of consultation. • Consider that the appropriate evidence is not sufficient to demonstrate that the proposed CIL rate is reasonable and justified in respect of retail development, particularly in relation to the differential rate proposed to be applied to comparison and convenience retail development (over 280sqm) outside of a defined centre. • The viability study supporting the CIL is based on a very limited number of retail examples that are not considered to be reflective of the complexity of the retail market in Trafford and therefore insufficient to support the proposed geographical zones. • Without more fine grained evidence, the CA should amend this aspect of the Charging Schedule to include a single flat rate for all retail development, and taking into account the findings of the viability work this should be set at a much lower level than that currently proposed. • It is unclear as to what the position would be for edge of centre retail development, which does not appear to be covered by the categories included in the PDCS. • Applying a standard rate to all other chargeable development does not reflect the viability evidence and in the absence of robust evidence to support any alternative proposal, all other forms of chargeable development not specified in the schedule should be set at a zero rate.
7	1285	Carl Dyer	Asda Stores Limited	Thomas Eggar LLP	<ul style="list-style-type: none"> • Object to the approach taken to assessing the charging schedule, and to the disproportionate loading of CIL upon retail development. • The decision to apply differing rates to out-of-centre retail developments, depending upon the size and type of the proposed scheme, falls outside of the scope of the rate differentials permitted in the CIL Regulations and is not justified by the viability evidence put forward. • Current proposals will potentially result in two different CIL rates being charged on additional floor space within the same retail development, such an approach adds undue complexity to CIL.

No.	URN	Name	Company	Agent	Comments
					<ul style="list-style-type: none"> • No planning permission is needed to switch between convenience and comparison retailing, which may present enforcement and collection difficulties. • The assumed S106 costs for convenience stores are too low. • The viability report should have considered the impact of CIL on the viability of conversion/regeneration schemes involving vacant units. • Would strongly encourage the CA to adopt an exceptional circumstances relief policy. • Intention to draft a staged payments policy is welcomed, it should take into account the fact that many major development projects are implemented in phases. • The CA should formulate its staged payments policy to ensure that developers are not disadvantaged by submitting an application for full, rather than outline planning permission. • The Charging Schedule proposed exhibits a fundamental disconnect between the CIL charges proposed and the infrastructure requirements of the developments upon which they are levied. • Trafford is proposing one of the highest levels of CIL for convenience retail in the country so far, with proposed charges exceeding those proposed in Newcastle, Gateshead and the vast majority of London Boroughs by a significant margin. • The CA should adopt a single flat rate levy across all development within its boundaries. • The CA should apply a single rate to all retail uses, regardless of the size of development proposed. • The CIL charges for out of centre convenience retail units should be reduced to £75 per sq m i.e. to the same level proposed for out of centre comparison retail.
8	1211	Dan Mitchell	Royal London Asset Management (RLAM)	Barton Willmore	<ul style="list-style-type: none"> • Consider the viability study and the assumptions applied to be broadly robust and a sound basis upon which to determine the charges which will be viable in the Borough. • Note that whilst the 40% site coverage assumption for a Business Park is broadly realistic, the number of storeys may vary significantly and could in

No.	URN	Name	Company	Agent	Comments
					<p>turn impact on viability.</p> <ul style="list-style-type: none"> • Whilst the Charging Schedule appears to have regard to additional costs typically associated with bringing forward a large commercial scheme, consider that it should build in additional provisions to allow for the relaxation of these charges if it can be demonstrated through a viability appraisal that the CIL charges would preclude a particular development. • It does not appear at this stage that the CA has taken account of or provided for infrastructure requirements at Davenport Green, these works and their associated costs should be taken into account in the formulation of the CIL Charging Schedule.
9	1286	Dave Walker	Wigan Council		<ul style="list-style-type: none"> • Consider that the proposals are reasonable and appear to be based on sound background evidence.
10	1019	Dave Watson	United Utilities		<ul style="list-style-type: none"> • The definition of public/institutional facilities should be broadened to include the operational buildings of utility providers or statutory undertakers, these are buildings into which people do not regularly go and are exempt from charging as defined by the Regulations.
11	1019	David Sherratt	United Utilities		<ul style="list-style-type: none"> • If a dwelling is connected to the public water and/or sewerage assets, then the developer pays an infrastructure charge to UU PLC. These charges are payable when properties become connected for the first time to the water supply and sewerage systems for domestic purposes. Developers may see it as a double charge if CIL is used to address water and sewerage infrastructure issues and therefore there is a risk of the process becoming unsound.
12	1045	Diana Richardson	Peel Holdings (Management)	Turley Associates	<ul style="list-style-type: none"> • There is a need for clarity as to what is included in the list of infrastructure projects to be funded or part funded from CIL. This clarity would be greatly assisted if the CA was to publish a draft Regulation 123 list alongside the next (formal) consultation Draft Charging Schedule. • Because no draft Regulation 123 list has yet been issued, and because the consultation papers do not make it clear as to when and how the existing Obligations SPD will be revised so as to ensure that there will be no duplication between the CIL charges and S106 obligations, there is a lack of clarity to the overall costs that any future development project might be required to incur.

No.	URN	Name	Company	Agent	Comments
					<ul style="list-style-type: none"> • The Red Rose Forest contributions need to be deleted from any revised Obligations SPD, this and any similar wider public realm programme falls clearly outside the definition of a “site specific mitigation measure”. Any further development and implementation of the Red Rose Forest and any similar initiatives should be included in the Regulation 123 list and no further contributions should be sought by means of S106 obligations, once the Charging Schedule has been adopted. • There is a need for a clear statement as to how the extension of Metrolink and other similar, as yet unimplemented, infrastructure works, are to be dealt with within the CIL/ residual S106 regimes, again to avoid any uncertainty to overall costs and cost burden on new development schemes submitted for planning permission after CIL is brought into effect. • There should be a form of CIL “claw back” provision such that a private sector funder of a major piece of infrastructure (e.g. WGIS) which has such wider benefit should receive some contribution to (reimbursement of) the costs of its construction from those developments which will in future be facilitated or made possible because of the extra highway capacity which this (WGIS) creates. • Regulation 69B (2) sets out the specific requirements to be included in an instalment policy. Paragraph 1.14 of the draft Charging Schedule sets out that the CA intends to allow CIL to be paid on the basis of an “agreed phased period” for larger developments. Assume that the CA intends to prepare its own instalment policy for CIL payments in relation to larger developments and this approach is welcomed. • Consider that it would be simpler for the CA to manage its instalment policy by reference to the amount of CIL that is payable rather than by the quantum of the development. • Would be pleased to discuss the wording of an appropriate instalments policy with officers in due course. • The EVS makes reference to the opportunity to adopt a policy which would provide for the CA to offer discretionary relief from the CIL payments, suggest that this policy needs to be drafted and consulted upon at the next stage of consultation. • Contend that the proposal in the PDCS to set different charging rates for

No.	URN	Name	Company	Agent	Comments
					<p>retail development on the basis that the floorspace proposed is either above or below 280 sq m net is inappropriate and is not consistent with the Regulations.</p> <ul style="list-style-type: none"> • The CA should reconsider this aspect of the PDCS and amend it to include one rate only for all retail development. Given the findings of the EVS this would clearly need to be at a much lower level than that currently proposed for out of centre development. • There is no logic to the classification of Trafford Park as a moderate market area, contrary to the comment made at paragraph 5.9 of the EVS, there is no sales evidence on which to assess whether it is at all similar to Urmston or any other part of the district to confirm its classification as a “moderate area”. • Contend that the rational approach is that the Trafford Park area must be classified as a “cold” area in the initial Charging Schedule. • It seems unlikely that sites in ‘cold areas’ could support a CIL charge and the rate should, therefore, be set at zero. If the charge proposed in the PDCS is maintained this is likely to render developments unviable or, alternatively, developers will seek a reduction in the affordable housing contribution (as the only negotiable element of development contributions), thereby undermining the Council’s Affordable Housing policy. • Under prevailing market conditions there remains downward pressure on (office) rents and a healthy supply of available space. These wider market conditions, mean landlords are prepared to offer space at reduced rents and at greater incentives to mitigate holding costs. Whilst the existing stock may not be suitable for all occupiers (and not subject to CIL charges) it does create a “rental tone” in the market place meaning the higher rents suggested and quoted in the EVS are unlikely to be met by many occupiers as they are regarded as 'above market'. • The build cost assumptions as set out in the EVS are also considered to be too low. • It is not transparent what evidence has informed the choice of yield. • Whilst the EVS makes reference to inducements there appears to be no acknowledgment of the relationship between the length of lease term and the inducements which may need to be offered. No evidence is provided to

No.	URN	Name	Company	Agent	Comments
					<p>substantiate the assumptions underpinning inducement levels which have been used in the viability calculations.</p> <ul style="list-style-type: none"> • Consider that the uncertainties in the evidence base need to be reviewed and the evidence base updated in order to ensure that the proposed CIL rates accurately provide for the threshold 20% return which the EVS seeks to achieve. • The charge on 'all other forms of development' contradicts the viability evidence, which clearly demonstrates that certain forms of development (e.g. town centre offices, business parks, industrial, warehousing and town centre retail development) are not viable. • The rationale for proposing a (£10 per sq m) charge on uses which have clearly been demonstrated as non-viable does not appear to have been set out or justified in terms of the potential impact on development activity. • In the absence of an adequate evidence base to support any alternative proposal, all other forms of development not specified in other parts of the schedule should be set at a zero rate.
13	1106	Diana Richardson	Sainsbury's Supermarket Ltd	Turley Associates	<ul style="list-style-type: none"> • It is understood that the intention is to revise the Obligations SPD and consult upon and adopt this updated version alongside CIL, request confirmation of this approach prior to next round of consultation. • It is only through reviewing both the proposed CIL Charging Schedule and Obligations SPD alongside each other that an informed decision can be made as to whether the proposed CIL charges would be likely to have a detrimental impact upon the viability of future development. • In order for the requirements of CIL not to affect the viability and deliverability of major development projects, consider it essential that an instalments policy is adopted under Regulation 69B, if the CA is willing to allow developers to pay CIL in instalments. • Suggest that an instalments policy is prepared and adopted which makes reference to the amount of CIL that is payable rather than by the quantum of the development. • Suggest the CA prepare an exceptions policy to offer discretionary relief from the CIL payments to consult upon at the next round of consultation. • Suggest the proposal to set different charging rates for retail development

No.	URN	Name	Company	Agent	Comments
					<p>on the basis that the floorspace proposed is either above or below 280 sq m net is inappropriate and is not consistent with the Regulations.</p> <ul style="list-style-type: none"> • The proposed discrimination between convenience stores potentially offers a selective financial advantage or state aid to the smaller store. State aid needs to be objectively justified and there is no adequate evidence supporting the PDCS on this point, the issue of state aid does not appear to have been considered either in relation to retail or residential development. • To be compliant with the Regulations, the Charging Schedule should be amended to include only a single rate for all retail development. Given the findings of the EVS this needs to be much lower than that currently proposed for out of centre development. • In light of the lack of evidence to support the adoption of a £10 charge 'for all other development' and concerns over how such a charge would significantly impact the viability of future development, recommend it is removed. • Encourage the CA to publish a draft Regulation 123 list alongside the next (formal) consultation on the DCS, in order to help clarify what infrastructure projects might be funded by CIL.
14	1018	Graeme Scott	Trafford Housing Trust		<ul style="list-style-type: none"> • Support the CIL levy not being charged where an organisation is providing wholly affordable housing schemes. • There may be schemes which affordable housing providers are trying to develop that need a small element of private sale/rent to make them financially viable in the long-term, would like to know whether such a scheme could be including as an exemption, as this may help to promote the delivery of affordable housing in Trafford. • Altrincham probably has 3 distinctive residential market areas and assuming the same CIL rates across this area could be detrimental to any developments planned in Broomwood or Broadheath. • The build costs included within the report seem to reflect the current prices that are being paid. • The common assumptions used for the cost of sales, professional fees etc. all seem in line with the market at present. • In terms of land costs, there may be some scope to say the hot market sites

No.	URN	Name	Company	Agent	Comments
					for residential seem to be slightly undervalued and the ones in the cold market areas overvalued.
15	1146	J C Williams			<ul style="list-style-type: none"> • Evidence base is not robust. • The rates as currently conceived could put the overall development of the area at serious risk. • Do not agree with differential rates for residential development in the South of the Borough. • If a differential charging approach is to be justified and implemented, Land Registry evidence should be used. • There should be no boundaries unless they are based on robust evidence. • Unable to demonstrate a coherent and justifiable rationale for a base rate charge.
16	1288	J Morrison	Morrison Property Services		<ul style="list-style-type: none"> • Representation challenges the underlying viability assessment assumptions in relation to developer profit and social housing provision. • Do not agree with the supposition that the risk/value of development will not be affected by the cost of a CIL. • Charging zones are unfair. • Do not agree with the base rate charge.
17	1037	Jamie Melvin	Natural England		<ul style="list-style-type: none"> • Note that NPPF paragraph 114 requires LPAs to set out a strategic approach in Local Plans for the creation, protection, enhancement and management of networks of biodiversity and green infrastructure. Expect CIL to play an important role in delivering this approach. • Advise that careful consideration is given to the role of CIL in meeting this aspect of NPPF, to ensure the Local Plan is consistent with NPPF.
18	1235	Jill Stephenson	Network Rail		<ul style="list-style-type: none"> • Developments on railway infrastructure should be exempt from CIL or classified as payment in kind. • Railways to be included on Regulation 123 list. • Clear definition of 'buildings' required. • Line-side infrastructure (e.g. sheds, depots, buildings etc.) should be exempt. • Confirmation required that rail development over 100 sq m undertaken using PDR will not be CIL chargeable.
19	1193	John Coxon		Emery Planning	<ul style="list-style-type: none"> • Charging schedule only appears to take account of viability, without the

No.	URN	Name	Company	Agent	Comments
				Partnership	<p>infrastructure list and an assessment of the funding gap it cannot comply with Regulation 14.</p> <ul style="list-style-type: none"> • It appears that the CA is seeking to set the rate as essentially the maximum amount that would be viable in each area. • Impossible to determine how the Draft Charging Schedule complies with NPPF, as it unclear where the money accrued through CIL will be invested. • It is unclear which infrastructure projects would be charged for under CIL, and which S106 contributions will still be required under Policy L8. • Question the accuracy of the assumed figure of £1,000 per unit for S106 contributions. • Request the right to be heard by examiner should the Draft Charging Schedule be submitted for examination.
20	1152	Jon Suckley	Nikal Developments Ltd	How Planning LLP	<ul style="list-style-type: none"> • Clarification is required on whether the comparison and convenience retail element of Altair will be subject to the retail charges in the PDCS, or as it is within the defined centre, will it fall within the 'other chargeable development' category and be subject to the £10 per sq m charge. Clarity is also sought in regard to the charge in relation to office provision within the defined centre. • Confirmation is required as to whether leisure and hotel development will be subject to a charge as part of the emerging CIL proposals. • A standard charge could render large scale mixed use regeneration schemes such as Altair unviable, therefore flexibility is required to ensure that such developments are not stifled. • Flexibility should be introduced into the CIL proposals to enable (on viability grounds) the standard charge to be reduced where necessary to enable development. • Important that a phased approach is agreed to the payment of CIL charges so that large upfront costs are not required prior to the development being delivered and ensure the viability of developments is protected.
21	1289	Laura Fern	Wm Morrison Supermarkets Plc	Peacock and Smith	<ul style="list-style-type: none"> • Strongly object to the proposed CIL rate of £250/sq m for convenience retail outside a defined centre and above 280 sq m. • Suggest the proposed CIL rate for all retail development is set at £100 per sq m for all retail developments over 100 sq m.

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					<ul style="list-style-type: none"> Concerned that the current charge will put undue additional risk on the delivery of foodstore proposals and will be an unrealistic financial burden.
22	1157	Lorna Jackson	McCarthy and Stone Retirement Lifestyles Ltd	The Planning Bureau Ltd	<ul style="list-style-type: none"> The proposed Charging Schedule would effectively be prejudicial against the development of specialist accommodation for the elderly in Trafford, the need for which is set out in the Core Strategy and supported by the Trafford SHMA. Concerned with the appropriateness of the methodology used in the Charging Schedule that does not account for variations across different 'apartment' unit types. Specialist housing providers have to pay additional CIL costs for communal areas, which are provided at an additional cost to the developer, as opposed to other residential developments that will only pay on 100% saleable floorspace. Suggest the CIL is solely applied to saleable areas for specialist accommodation for the elderly. Request a nil CIL rate on specialist accommodation for the elderly. No reference to any charges which would be sought for a C2 use (e.g. 'Extra Care' accommodation) within the proposals and would like clarification on this. In line with the joint advisory note 'Sheltered Housing for Sale' (1998), have concerns that the residential sub-areas as set out in the PDCS, will discourage specialist accommodation for the elderly in the places where there is an evidenced existing and urgent need for it. By using the same CIL for urban and rural areas, there is no differentiation between brownfield and greenfield development and this is at odds with NPPF and the concept of sustainable development. Consideration should be given to creating a lower, intermediary CIL rate for urban areas, which acknowledges the higher costs associated with redeveloping PDL and recognise that brownfield land is a sequentially preferable location for development.
23	1088	Megan Lewis	Taylor Wimpey	Nathaniel Lichfield & Partners	<ul style="list-style-type: none"> Supportive of the identification of separate charging zones for residential development. Hot market area stretching across the south of Urmston and Stretford is

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					<p>more a reflection of local policy rather than actual sales prices, it should be included within the Moderate market area.</p> <ul style="list-style-type: none"> • Based on average residential sales price data, Stretford should be included within the Cold market area to better reflect its existing residential property market. • Do not consider the EVS has accurately assessed the viability of residential development. • Challenge the evidence for the assumptions used in the viability assessments and request this is made available to properly gauge accuracy. • Consider the proposed CIL charge for Hot market sub-areas is disproportionately high in comparison with other sub-area charges and the reason for this is not clearly set out in the EVS, should be in a preferred range of 50-60% of the identified theoretical maximum. • Relying on only sales values to test potential CIL charges does not provide a realistic test for establishing viable CIL rates, rising development costs should be tested, further work is required. • Consider that Trafford should adopt a scheme of relief, so that in exceptional circumstances of economic viability, developments that meet all the essential criteria can be exempted from paying CIL. • Support the decision to accept payments 'in kind'. • Strongly recommend that Trafford uses its powers as CA to set flexible payment deadlines to allow CIL to be paid in a series of agreed instalments from commencement date of development. • May want to consider specifying the definition of 'commencement', this could be achieved by excluding works such as remediation and demolition from the TCPA 1990 S56 definition. • Consider Trafford should include a policy for large developments which are phased to allow payments to be made on the commencement of construction for each phase.
24	1036	Michael Barrett	L&M Limited		<ul style="list-style-type: none"> • EVS lacks clarity and justification underpinning a number of the viability assessment assumptions. • The allowance of £1,000 per unit for on-site secondary infrastructure is

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					<ul style="list-style-type: none"> unlikely to be able to absorb these costs (especially on PDL sites). Assumptions regarding land values (based on VOA, 2011) do not provide for a suitably robust evidence base. Regard should have been had to the RICS published guidance on financial viability in planning.
25	1244	Michael Sparks	Canmoor and Harbert	Michael Sparks Associates	<ul style="list-style-type: none"> The proposed imposition of a £10 charge for 'all other chargeable development' will be detrimental to the targets for commercial development set out in the Core Strategy. The CIL charge at this maximum level will slow the pace of development. Undertaken some initial calculations of likely CIL payments, in all cases for industrial and warehouse development as well as convenience retail and comparison retail outside a defined centre the CIL payments are greater than the current planning obligations (SPD1). Likely that any impetus for new growth is going to be undermined by excessive CIL charges.
26	1243	Michael Sparks	Legal and General Property Partners Ltd	Michael Sparks Associates	<ul style="list-style-type: none"> The proposed imposition of a £10 charge for 'all other chargeable development' will be detrimental to the targets for commercial development set out in the Core Strategy. The CIL charge at this maximum level will slow the pace of development. Undertaken some initial calculations of likely CIL payments, in all cases for industrial and warehouse development as well as convenience retail and comparison retail outside a defined centre the CIL payments are greater than the current planning obligations (SPD1). Likely that any impetus for new growth is going to be undermined by excessive CIL charges.
27	1041	Moira Percy	TfGM		<ul style="list-style-type: none"> Would welcome opportunity to aid Trafford in production of infrastructure planning evidence and the production of the Regulation 123 list. Clarification is required as to whether new public transport infrastructure would be liable for the proposed CIL base charge rate of £10 per sq m.
28	1080	Paul Daly	Sport England		<ul style="list-style-type: none"> Keen to ensure that Trafford's CIL captures funding for sport and recreation infrastructure that is needed as a result of development. Main concern is that weaknesses in the LDF evidence base in relation to sport and recreation might limit the ability to capture contributions towards

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					such infrastructure (see Land Allocations response).
29	1073	Sion Owen-Ellis	Highways Agency		<ul style="list-style-type: none"> No comment.
30	1290	Stephen Ashworth			<ul style="list-style-type: none"> Although there are multiple graphs in the RTP viability analysis that show the effect on value thresholds of various levels of CIL, there is no obvious evidence that quantifies this effect in terms of the number of houses, or the level of commercial or other development floorspace, that are likely to be affected. Nor is there any analysis of the spatial consequences of CIL – will it have a greater effect in some areas than others, if so are there equality consequences? In the absence of this evidence it is difficult to see how a Regulation 14 balance can properly be drawn. The viability assessment makes it clear that affordable housing will, potentially, be prejudiced by the chosen CIL rate, particularly in the upper value areas. Unfortunately, the effect is never quantified. Only if the CA had a clear idea about the level of prejudice to affordable housing will it be possible to make a sensible balanced Regulation 14 judgment. The Regulation 14 exercise requires a balance, one part of which relates to the “estimated total cost of infrastructure required to support development”. The analysis seems only to be based on an assessment of the cost of part of the total cost. A proper balancing exercise cannot be carried out in the absence of this essential appropriate evidence. It is best practice for viability assessments to review the impact of CIL on large sites, particularly those which are of borough wide (or regional) significance since they will often be expected to make a significant on-site/enabling infrastructure cost. The RTP report deals with this in a broad-brush way, by assuming higher on-site S106 infrastructure costs for large proposals. It would be far better to review the major sites/areas of opportunity in order to be able to test properly the balance that should be drawn. There is no evidence that the CA have carried out this analysis. Given the importance of potential development in Trafford Park and Carrington (and the need for renewal in Partington), this seems odd. This is of particular concern given the very clear differences in the viability characteristics of Trafford Park and

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					<p>Carrington.</p> <ul style="list-style-type: none"> • Although the duty to co-operate does not apply directly to the preparation of CIL charging schedules, there is a disappointing lack of reference to the progress being made by other authorities on charging schedules or, critically, to the potential effects of the chosen CIL rate on schemes that have a more than local significance. The potential redevelopment of Carrington (and crossings over the Ship Canal) and at Trafford Park, have implications which make it sensible to look at CIL rates likely to be charged elsewhere. • Regulation 13 only permits differentiation by location and intended use. As a matter of law, it is not considered that it is possible to differentiate, as proposed, between convenience retail facilities above and below 280 sq m. • There is no clear division between convenience and comparison retail uses. Stores do not simply sell one set of goods. They often offer a range of both comparison and convenience goods. The suggestion in the RTP report that a CIL charge should be levied on the "predominant" use is risible because of the lack of definition and also because the split is unlikely to be known at the date which CIL will be charged. • The distinction, and different charge, drawn between "apartments" and private market houses is similarly opaque, and risks other forms of housing falling between the two classes. As with retail, there is also little genuine evidence to support the distinction. • Regulations 122 and 123 use the same formula to set out limitations on the way in which planning obligations should be considered. The regulations indicate that obligations cannot "constitute a reason for granting planning permission" unless certain tests are met. A great part of the PDCS (and the supporting RTP analysis) mis-state the law on this. • Outside the CIL examination process, in order to be able to understand the effect of CIL on schemes it is important to understand the CA's position on both exceptions and instalments. These should be set out in detail so that their effect on viability can be considered. For large sites, particularly, this can have a significant effect. • Potential CIL payments are meant to influence planning decisions. Care will need to be taken, and development plan policies may need to be prepared,

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					<p>to ensure that CIL payments are material considerations. If the planning authority wishes to take a CIL payment into account then it will probably have to give a commitment that the resulting CIL will be spent on infrastructure related to the development. The Plymouth case indicates that the relationship does not need to be strong – “more than tenuous” was the language used. However, in the absence of that link any committee report treating a payment as material will raise a potential ground for challenge.</p> <ul style="list-style-type: none"> • Paragraph 1.1 suggests that "the remit of section 106 will be limited to section 278 of the Highways Act, site specific mitigation measures and the provision of affordable housing". This is not strictly true. Planning obligations are not quite so limited. What is limited is the ability for the CA to take into account a planning obligation as a reason for approval. • This error is repeated in paragraph 1.2, which suggests that planning obligations can only be taken into account in determining planning applications where they meet various tests. A non-compliant obligation can still be taken into account (and may need to be taken into account) as a reason as a material consideration. • In paragraph 1.3 the Regulation 123(3) restriction relates to "five or more" obligations not "more than five". • Care will need to be taken about the way in which CIL monies are spent. Clearly, section 216 of the Planning Act 2008 is not exclusive. However, care will need to be taken in relation to "green" facilities (mentioned in paragraph 1.4); a large number of facilities described as green infrastructure do not really fall within the meaning of "infrastructure". • Paragraph 1.14 suggests that CIL only relates to permissions where new floorspace is created. Paragraph 1.15 compounds this, by saying that there will be "no charge for change of use applications". This is not correct. For example, a change of use from commercial to residential on an existing but unused building will be liable for CIL. Regulation 41(2) is clear on this. • Paragraph 1.21 is inaccurate. Even if infrastructure is on the Regulation 123 list, contributions can still be sought towards it. They can be done so where a failure to provide the infrastructure would justify a reason for refusal – effectively, it is an on-site requirement. The planning obligation can then be taken into account as a material consideration although it cannot, as

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					<p>Regulation 123(2) indicates, be a reason for the grant of permission.</p> <ul style="list-style-type: none"> There are multiple instances where the effect of the CIL legislation, regulations and guidance has been mis-stated. There are also many areas of the viability analysis that could be strengthened.
31	1291	Stephen Nicol	Altrincham Forward	Regeneris	<ul style="list-style-type: none"> Altrincham town centre area should be treated differently as with retail, CIL for new residential build should be set at a moderate or cold market sub-area rate.
32	1096	Sylvia Whittingham	Environment Agency		<ul style="list-style-type: none"> Happy in principle with the charging schedule and wish to discuss in more detail future flood defence requirements.