Public Document Pack

DEVELOPMENT PLAN PANEL

Meeting to be held in Civic Hall, Leeds, LS1 1UR on
Monday, 14th January, 2013
at 1.30 pm

MEMBERSHIP

Councillors

M Coulson
P Gruen
R Harington
J Lewis
K Mitchell
N Taggart (Chair)
N Walshaw

C Campbell

B Anderson
C Fox

T Leadley

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A G E N D A

Item No	Ward	Item Not Open		Page No
1			**APPEALS AGAINST REFUSAL OF INSPECTION OF DOCUMENTS** To consider any appeals in accordance with Procedure Rule 25 of the Access to Information Rules (in the event of an Appeal the press and public will be excluded) (*In accordance with Procedure Rule 25, written notice of an appeal must be received by the Head of Governance Services at least 24 hours before the meeting)	
2			**EXEMPT INFORMATION - POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC** 1 To highlight reports or appendices which officers have identified as containing exempt information, and where officers consider that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons outlined in the report. 2 To consider whether or not to accept the officers recommendation in respect of the above information. 3 If so, to formally pass the following resolution:- **RESOLVED –** That the press and public be excluded from the meeting during consideration of the following parts of the agenda designated as containing exempt information on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information, as follows:	

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3			**LATE ITEMS** To identify items which have been admitted to the agenda by the Chair for consideration. (The special circumstance shall be specified in the minutes).	
4			**DECLARATION OF DISCLOSABLE PECUNIARY AND OTHER INTERESTS** To disclose or draw attention to any disclosable pecuniary interests for the purposes of Section 31 of the Localism Act 2011 and paragraphs 13-18 of the Members' Code of Conduct. Also to declare any other significant interests which the Member wishes to declare in the public interest, in accordance with paragraphs 19-20 of the Members' Code of Conduct.	
5			**APOLOGIES FOR ABSENCE** To receive any apologies for absence.	
6			**MINUTES OF THE PREVIOUS MEETING** To approve as a correct record the minutes of the previous meeting held on 19th December 2012 (Copy attached)	1 - 4
7	All Wards		**LEEDS COMMUNITY INFRASTRUCTURE LEVY - PRELIMINARY DRAFT CHARGING SCHEDULE** To consider a report by the Director of City Development which provides an overview of the findings and recommendations of the Economic Viability Study undertaken by consultants GVA as the key evidence base for the development of the CIL for Leeds. (Report attached)	5 - 224
8			**DATE AND TIME OF NEXT MEETING** Date and time of next meeting - To be confirmed	

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Development Plan Panel

Wednesday, 19th December, 2012

PRESENT: Councillor N Taggart in the Chair

Councillors B Anderson, M Coulson, C Fox, T Leadley and J Lewis

58 Declaration of Disclosable Pecuniary and Other Interests

There were no declarations of interest.

59 Apologies for Absence

Apologies for absence were received from Councillors: Harrington, Campbell, Gruen, Mitchell and Walshaw.

60 Minutes - 26th September 2012

RESOLVED - That the minutes of the previous meeting held on 26th September 2012 be accepted as a true and correct record.

61 Matters Arising

Minute 48. Late Items – Affordable Housing Threshold

Members questioned the progress made with regards to the wording in Policy H5.

RESOLVED – That the Director of City Development be requested to provide an update at the next meeting

Minute 52. LDF Core Strategy – Publication Draft, Analysis of Consultation Responses: Housing Policies H1 (Phasing), H2 (development on non allocated sites), H3 (Density), H4 (mix) and H8 (Independent Living)

Members questioned the Policy H3 and what the logic behind and that it was essential that this policy was correctly drafted.

RESOLVED – That the Director of City Development be requested to review the wording of policy H3.

62 Natural Resources & Waste Development Plan Document - Inspector's Report

The Director of City Development submitted a report presenting the Inspectors report which concluded the Natural Resources and Waste Development Plan Document (DPD) was sound and subsequently sought formal Adoption of the Plan by the City Council.

Members welcomed the document commenting that this was a comprehensive report that would stand up to scrutiny.

RESOLVED –

(a) To note the Inspectors report;
(b) To recommend to full Council that the Natural Resources and Waste Development Plan Document pursuant to Section 23 of the Planning and Compulsory Purchase Act 2004 be adopted.

63 Leeds Community Infrastructure Levy - Results from the Leeds Economic Viability Study

The Director of City Development submitted a report which provided an overview of the findings and recommendations of the Economic Viability Study undertaken by consultants GVA as the key evidence base for the development of the CIL (Leeds Community Infrastructure Levy) for Leeds.

Members considered the report in detail. Initially discussion took place on the size of houses being built and the links in terms of Council Tax Banding.

Members gave consideration to the different map zones used for different purposes in planning policy. Officers confirmed that once the CIL was adopted that the zones used for affordable housing policy would be updated.

Discussion also took place on the zoning of areas and how this had been arrived at.

Members raised concern about developers' desire to make profits and what if any influence they had on the CIL.

At this point in the meeting Members views were invited on the following issues:

1) whether different rates should be set on the zoned basis as outlined in paragraph three of the report – Members agreed that this was the basis that the Preliminary Draft Charging Schedule should be proceeded with, including splitting the broad outer southern zone into two;

2) what the appropriate balance in setting the Leeds CIL should be and whether this rate of £10 below the rates in the Viability Study was appropriate – Members requested further explanation on this issue at the next Panel;

3) whether to set a nominal rate for all or some types of development which the Viability Study proposed as a zero charge – Members agreed that there should be a nominal charge;

4) Members views were invited on the detailed residential zone boundaries, in order to proceed with setting the OS map base for the Preliminary Draft Charging Schedule – Members accepted the principle of the five zones and their general extent but considered that there would be a need to look again at the exact boundaries at the next Panel;

5) Whether to have an Instalments Policy for phased payments of the CIL charge – Members agreed that this should be proceeded with subject to details of the instalments being brought back to the Panel.

RESOLVED –

(a) That the information relating to the Economic Viability Study for the Leeds Community Infrastructure Levy be noted
(b) That a further report be received setting out the Preliminary Draft Charging Schedule and the related evidence base
(c) That the Director of City Development be requested to action the views of Members raised at points 1 – 5 above.

(Councillor Coulson left the meeting during discussion of this meeting at 2:45pm)

64 Date and Time of Next Meeting

RESOLVED – To note, that the next meeting will take place on Monday 14th January 2013 at 1.30pm in the Civic Hall, Leeds.

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Report author: Lora Hughes
50714

LEEDS CITY COUNCIL

Report of the Director of City Development

Report to: Development Plan Panel

Date: 14th January 2013

Subject: Leeds Community Infrastructure Levy – Preliminary Draft Charging Schedule

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): District Wide	☒ Yes	☐ No
Are there implications for equality and diversity and cohesion and integration?	☒ Yes	☐ No
Is the decision eligible for Call-In?	☒ Yes	☐ No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	☐ Yes	☒ No

Summary of Main Issues

1. Consultancy GVA were commissioned to provide the key piece of evidence for developing the Leeds Community Infrastructure Levy (CIL); a CIL Economic Viability Study. At Development Plan Panel on 19th December 2012 GVA attended to present the Study's recommendations.

2. The Study outlines recommended maximum viable rates at which the CIL could be charged for a range of uses in different locations across the District. However, in line with the CIL Regulations and guidance it is acknowledged that a Study for a District the size of Leeds is inevitably at a strategic level and will be to a certain extent theoretical. Therefore other evidence can be used to justify a variation from the Viability Study's recommended rates. This other evidence is focused on historic Section 106 agreements signed and S106 monies received, and the infrastructure funding gap. This other data is set out in the background documents 'Leeds Funding Gap: Justification for the CIL' and 'Leeds Historic S106 Data: Justification for the CIL.'

3. At Development Plan Panel on the 19th December Members were also posed a series of questions to inform the development of the Preliminary Draft Charging

Schedule. The Regulations specifically state that the Council must aim to strike what appears be an appropriate balance between the desirability of gaining funding from the CIL to support the development of the District, and the potential effects of the CIL rates on the economic viability of development across the District. All the evidence must be weighed up in determining what levels to set the draft CIL rates at in the Preliminary Draft Charging Schedule for public consultation.

4. This report therefore recommends the rates for public consultation in the Preliminary Draft Charging Schedule, which is attached as a background document.

5. The proposed rates are:
   a. A zoned basis for residential development in five zones: City Centre, Inner Areas, Outer Southern Area, Outer Central, and the Outer Northern Area. The rates range from £5 per sqm up to £90 per sqm.
   b. Retail above 500 sqm a rate of £158 per sqm in the City Centre and £248 per sqm outside it.
   c. Offices in the City Centre at a rate of £90 per sqm.
   d. No charge for development by a predominantly publicly funded or not for profit organisation, including sports and leisure centres, medical or health services, community facilities, and education.
   e. A rate of £5 per sqm for all other uses.

6. The CIL for residential development is to be charged at different rates in different zones. While these must remain similar to those used in the Viability Study (based on housing market areas) in order for the viability modelling to be accurate, officers' and Members' local knowledge of housing and market characteristics has also been used as evidence for determining the precise location of these boundaries.

Recommendations

Development Plan Panel is requested to:

i) Agree the CIL rates in the Preliminary Draft Charging Schedule, including the charging zone boundaries, in order to present the Panel's recommendation for approval at Executive Board.

ii) Agree the scope of the evidence base and associated documents supporting the setting of the CIL rates, in order to present the Panel's recommendation for approval at Executive Board.

1.0 Purpose of this Report

1.1 This report gives an overview of the findings and recommendations of the Economic Viability Study undertaken by consultants GVA as the key evidence base for the development of the CIL for Leeds.

2.0 Background Information

2.1 The Community Infrastructure Levy Regulations 2010 (as amended 2011 and 2012, final Regulations expected early 2013) set out that a charging authority can choose to charge the CIL on new development in its area. The charges must be set out in a Charging Schedule, and must be based on viability evidence. The CIL Regulations have also changed the use of S106 planning obligations. From April 2014 it will no longer be possible to secure S106s for District wide requirements such as greenspace, transport schemes and education facilities.

2.2 In December 2011 the Executive Board agreed to progress work on developing a CIL for Leeds. Development Plan Panel on 19th December 2012 agreed some parameters for setting the draft CIL rates based on a range of evidence as outlined in the rest of this report.

3.0 Main Issues

3.1 Consultants GVA were appointed to undertake the key piece of evidence to inform the CIL, an Economic Viability Study. Members will recall that GVA attended Development Plan Panel on 11th September and 19th December to present their methodology and recommendations. GVA also presented the Study's methodology to Scrutiny Board (Housing and Regeneration) on 25th September.

Economic Viability Study

3.2 GVA in discussion with the City Council agreed the various assumptions and inputs to be used in the Study. They tested a range of uses across the District using a residual appraisals methodology of hypothetical sites based on appropriate sample sizes and typologies. This took into account the Council's current and potential future policy requirements, such as for affordable housing, greenspace, Code for Sustainable Homes, and other relevant assumptions. This included the policy requirements for new development in the emerging Core Strategy. The methodology was in line with Government CIL guidance and Royal Institute of Chartered Surveyors guidance on viability appraisals.

3.3 Provided the effects of introducing design standards and policy requirements, including CIL, do not result in a reduction in land values of more than 25% it is the Study's view that landowners will not ultimately withhold their land from the development market beyond the immediate period when the CIL is introduced. Where land value is affected to a greater extent it is considered that landowners will reasonably seek alternative uses for their land or will withhold it from development.

3.4 The key findings of the Economic Viability Study (EVS) are the suggested maximum CIL rates which could be set across a range of development types. The CIL guidance is clear that the viability evidence is important, but that it is for the Council to decide where the balance lies in setting the final rates which should be set in the Preliminary Draft Charging Schedule, as a pragmatic approach needs to be taken. For clarity the EVS maximum CIL rates are set out below, followed by the reasons why the final proposed rates for the Preliminary Draft Charging Schedule have been recommended.

3.5 The proposed CIL charging zones are: City Centre, Inner Areas, Outer Northern, Outer Central, and Outer Southern. Appendix 1 contains a map of the zones and Appendix 2 (separate PDF document) shows this on a more detailed base. For consistency the EVS undertook the modelling using the same zones as in the previous Economic Viability Assessment for affordable housing and the Strategic Housing Market Assessment update 2010. It was felt that gaining this consistency was essential in being able to withstand future Examination, and was more important than aligning with the market areas used to determine the amount of housing in the Core Strategy and the Site Allocations DPD (which are not based on viability).

3.6 For the commercial uses GVA advised that the markets and values are broadly the same across the District, other than for offices and retailing in the City Centre. Greenfield sites allow a higher CIL charge than brownfield sites across all the development types, but due to new commercial development likely to be primarily only on brownfield land, brownfield rates have been recommended.

3.7 Within the Outer Northern area the residential rates have been set at a rate which is viable on greenfield land. The EVS advised that generally residential development is not viable in the inner area and city centre, and that only retail above 500 sqm and offices are viable. Hotels, residential care homes, employment, and student accommodation were specifically modelled but show that a CIL rate would not be viable. It is not anticipated that there will be a significant provision in the market for new build of other uses not discussed previously. There are also no allocations made for these uses in the Core Strategy. Therefore these uses were not modelled in the viability assessment and the Study recommended they should be subject to a zero CIL charge.

Type of development in Leeds	***Economic Viability Study Recommended <u>Maximum</u> CIL Charge***
Residential – Outer Northern	*£100 /sqm*
Residential – Outer Southern	*£50 /sqm*
Residential – Outer Area Central	*£25 /sqm*
Residential – Inner Area	*£0 /sqm*
Residential – City Centre	*£0 /sqm*
Retail: < 500 sqm	*£0 /sqm*
Retail: City Centre ≥ 500 sqm	*£175 /sqm*
Retail: Outside City Centre ≥ 500 sqm	*£275 /sqm*
Offices: City Centre	*£100 /sqm*
All other uses	*£0 /sqm*

3.8 The EVS also recommends that there is an early review of potential charges in 2016/2017 when there will be evidence as to how the local market, landowners and developers have responded to the charges.

Other Evidence to Balance against the EVS Recommendations

3.9 The CIL Regulations state that the CIL should be set high enough to ensure that when combined with other sources of funding it makes a good contribution towards the infrastructure needed to support growth. However, it shouldn't be set so high that the growth set out in the Core Strategy is made unviable and it becomes a serious risk to the overall development of the area. This needs to be 'an appropriate balance'. The Viability Study results do therefore have to be balanced alongside other information. At December's Panel consensus was not reached on whether the maximum recommended CIL rates in the EVS (where these are above zero) should be taken forwards in the Preliminary Draft, or reduced slightly as advised by national guidance. Members requested further information and consideration on this point

3.10 The key intention is to achieve a balance in gaining a reasonable contribution for infrastructure from new development, against the need to continue to encourage the overall growth of the District. The rates have to be set at a level which is not expected to harm the overall viability of development in the City in this current difficult economic period. Critically, new Government CIL guidance was published in mid December 2012, with contains a greater emphasis that the CIL rates have to support the implementation of the development plan, and specifically that they should not threaten the scale of development identified in the Core Strategy. The relevant sections of the guidance are set out below for clarity:

> "Charging authorities will need to be able to show why they consider that the proposed levy rate(s) sets an appropriate balance between the need to fund infrastructure, and the potential implications for the economic viability of development across their area" (Paragraph 23). "A charging authority's proposed levy rate (or rates) should be reasonable given the available evidence, but there is no requirement for a proposed rate to exactly mirror the evidence, for example, if the evidence pointed to setting a charge right at the margins of viability. There is room for some pragmatism" (Paragraph 28). "In proposing a levy rate(s) charging authorities should show that the proposed rate (or rates) would not threaten delivery of the relevant Plan as a whole" (Paragraph 29). "<u>Charging authorities should avoid setting a charge right up to the margin of economic viability across the vast majority of sites in their area</u>. Charging authorities should show, using appropriate available evidence, including existing published data, that their proposed charging rates will contribute positively towards and not threaten delivery of the relevant Plan as a whole at the time of charge setting and throughout the economic cycle" (Paragraph 30).

3.11 The impact on affordable housing also needs to be considered, as once adopted the CIL will not be negotiable, whereas affordable housing will remain negotiable and therefore there will be pressure to reduce provision where schemes are not viable. Reducing the CIL rate from the potential maximum will help to alleviate this pressure.

3.12 In setting the rates it also needs to be remembered that retail development often acts as enabling development, and therefore it is again recommended that rates be set so as to maximise this enabling potential.

3.13 It is therefore recommended that in line with the guidance and to create an appropriate balance a rate of at least 10% below the maximum rates in the EVS should be used (where the EVS value is higher than zero).

Infrastructure Funding Gap

3.14 The Council published its draft Infrastructure Delivery Plan (IDP) in March 2012, a document identifying the City's social, physical and green infrastructure needs. It was put together in partnership with external infrastructure providers, and has a particular focus on the infrastructure needed to support the new development planned for through the Core Strategy. The IDP is intended to be a 'living' document which will be updated as necessary and particularly to support the key stages of the draft Core Strategy, and the progression of the CIL.

3.15 For the purposes of this current stage of the CIL, the IDP was updated with amendments and refinements to each item of infrastructure to determine whether CIL was an appropriate tool for plugging any gaps, with projects removed where full funding is already identified, or the where the item is not within the Regulations' definition for CIL spending (i.e. to meet new growth). This review resulted in the much shorter list of infrastructure items, as set out in the separate paper 'Leeds Infrastructure Funding Gap: Justification for the Leeds CIL.' That paper provides the best available information at this time on the funding gap for the infrastructure needed to support planned development in the city, and for which CIL is a suitable mechanism for contributing to filling that gap.

3.16 The CIL guidance recognises that it is inevitable that predicting future infrastructure funding sources for the longer term contains uncertainties, and the Funding Gap paper sets out these caveats and assumptions. Infrastructure requirements and costs may change over the plan period and will be updated accordingly in future revisions of the IDP or supporting CIL documentation. In summary, an overall 'funding gap' of £1.3 billion has been identified for the Leeds District up to 2028.

3.17 It is possible to divide the total CIL funding gap by the projected amount of floorspace across the District required in the Core Strategy, to identify a starting point for considering the potential CIL rates. However, as the CIL rates need to be set primarily based on viability evidence, rather than infrastructure needs, further work has not been done to this regard. As outlined above, the CIL is not to be the only source of infrastructure funding. Assuming a rate for the CIL which would meet this whole gap would be far greater than that which would be viable.

Historic S106 data

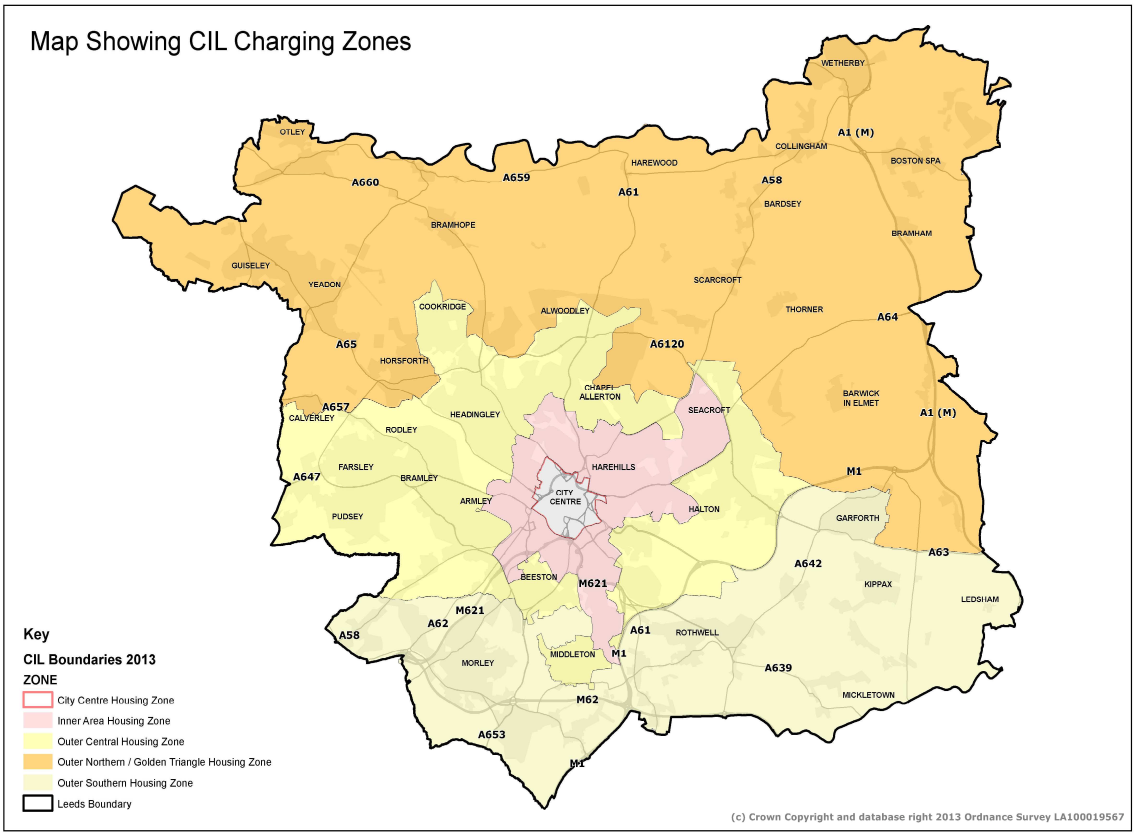
3.18 The background paper 'Historic S106 Data' has been prepared to outline that even in areas or types of development where the Viability Study shows schemes are generally unviable, some schemes have come forward which have signed S106s. Therefore there is a strong argument that a nominal charge of £5 should be set on the locations and many of the rates the Study shows as zero charge. Setting a nominal charge was therefore agreed at Development Plan Panel on 19th December.

3.19 This would not only bring in more revenue overall, but would mean that local development would bring local benefits through providing a meaningful proportion to all local communities. However, the Charging Schedule needs to be as simple as possible, and it may not be appropriate to set this nominal charge against all other development types. The Preliminary Draft Charging Schedule sets out that all other uses will be subject to this £5 charge "except for development by a predominantly publicly funded or not for profit organisation, including sports and leisure centres, medical or health services, community facilities, and education."

Preliminary Draft Charging Schedule Rates

3.20 The proposed Preliminary Draft Charging Schedule is included as a separate document which aims to be a comprehensive introduction to the CIL and to bring a summary of all the background evidence together. The proposed CIL rates and map are presented below for clarity.

Type of development in Leeds	CIL Charge per square meter
Residential – Outer Northern	**£90 /sqm**
Residential – Outer Southern	**£48 /sqm**
Residential – Outer Central	**£24 /sqm**
Residential – Inner Area	**£5 /sqm**
Residential – City Centre	**£5 /sqm**
Retail: < 500 sqm	**£5 /sqm**
Retail: City Centre ≥ 500 sqm	**£158 /sqm**
Retail: Outside of City Centre ≥ 500 sqm	**£248 /sqm**
Offices: City Centre	**£90 /sqm**
All other uses, except for development by a predominantly publicly funded or not for profit organisation, including sports and leisure centres, medical or health services, community facilities, and education.	**£5 /sqm**



3.21 Panel on 19th December agreed the broad locations of the residential zone boundaries as presented at the meeting, which included Calverley and Micklefield within the outer northern area and splitting of the broad southern area into outer southern and outer central. This is presented in the map below and at a larger scale in Appendix 1. It was recognised there may be a need to consider further minor boundary amendments at Panel on 14th January and Appendix 2 (separate PDF document) presents this map on a more detailed base. Larger copies will be available at Panel.

3.22 The CIL guidance is clear that the charging zones should be as simple as possible, and that all zones need to be supported by viability evidence. Splitting the District into smaller areas would be vastly complex, require a much more time intensive and expensive viability study, and would be very liable to challenge at Examination. Although there will be individual differences within each of the zones, the proposed rates take the range of these factors into account and are based on allowing the majority of development to come forwards. It is intended that the affordable housing zones would be realigned to match the CIL zone boundaries on adoption of the CIL.

Instalments Policy

3.23 At Panel on 19th December Members agreed to adopt an instalments policy to allow developers to pay their CIL charges in phased stages and to therefore support and enable development and economic growth. Without such a policy, the whole of the CIL charge is liable within 60 days of the commencement of development.

Generally, authorities have adopted an instalments policy for larger developments to encourage growth and to reflect that phased payments can help developments to be more viable, which is especially important in the current market. This policy is similar to that adopted or proposed by other authorities, and also similar to that originally set out in the CIL Regulations (subsequently removed by Amendment to enable authorities to set their own local policy).

INSTALMENTS POLICY	
< £9,999	Due in full within 60 days of commencement
> £10,000 - £59,999	Due in 3 equal instalments within: 60 days of commencement 120 days of commencement 180 days of commencement
> £60,000 - £99,000	Due in 4 equal instalments within: 60 days of commencement 120 days of commencement 180 days of commencement 240 days of commencement
> £100,000	Due in 4 equal instalments within: 90 days of commencement 180 days of commencement 360 days of commencement 720 days of commencement

<u>Exceptional Circumstances Policy</u>

3.24 The Council can also choose to adopt an Exceptional Circumstances Policy, whereby developers can request through a viability appraisal for some or all of the CIL charge to be waived. This is intended to be for exceptional circumstances only, and has very narrow criteria. These criteria are that the development would pay a higher S106 charge than the total CIL charge, and that the relief would not constitute State Aid. It cannot be used to appeal against a CIL charge if for instance a S106 has not been signed.

3.25 It is therefore recommended for the Council to adopt an Exceptional Circumstances Policy. It is important to note that the Council retains discretion over its use and does not have to give the relief in specific instances of development where it is applied for if the Council does not agree that to pay it would have an unacceptable impact on the economic viability of the scheme. The Council also only requires two weeks notice before being able to remove the policy, so its use could be monitored.

<u>Revised CIL Guidance – December 2012</u>

3.26 Revised Government CIL Guidance was published on December 14th and while overall it is consistent with earlier guidance and the approach taken in Leeds, there are a few key differences. There is the need to be a lot clearer at an early stage as to what infrastructure items will be funded through the CIL and which will be funded through S106s. This is through the Council preparing a ‘Regulation 123 List’. Previously this List was not subject to examination and was able to be changed by the Council at any time. The new guidance requires the List to be a statutory consideration at the CIL Examination, should be consulted upon at Draft Charging Schedule stage, and cannot be changed after the CIL is adopted until the authority has consulted on the proposed changes.

Next Steps

3.27 Subject to any modifications requested by Development Plan Panel it is proposed to present the Preliminary Draft Charging Schedule to Executive Board on February 15th. Subject to approval by Executive Board the intention is to commence the formal public consultation period in March 2013. This will be a 6 week period of publication of all the relevant documents and background evidence, and will include stakeholder events as appropriate.

3.28 Following any amendments as a result of the Preliminary Draft consultation, there will be an opportunity for public representations on the Draft Charging Schedule currently anticipated in mid 2013, followed by Examination in late 2013 (subject to progress of the Core Strategy). It is intended to adopt the CIL by April 2014 following resolution by Full Council.

4.0 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 Executive Board agreed to implement a CIL for Leeds in December 2011, and Members have been kept aware of ongoing work since then, particularly through Development Plan Panel on 11th September and 19th December 2012.

4.1.2 As yet there has been no formal consultation stages of the CIL. The first formal consultation will be on the Preliminary Draft Charging Schedule, anticipated in March 2013. The Economic Viability Study as the key piece of evidence to inform the CIL has included informal consultation with the development industry by holding a stakeholder workshop in September, and with neighbouring authorities through ongoing meetings and discussions.

4.1.3 The initial findings of the Viability Study were also presented to Scrutiny Board on 25th September 2012. Briefings have been given in December 2012 which were available to all Members, to give a broad overview of the CIL, how the CIL rates are a separate decision making process from the spending mechanisms for the CIL receipts, and to outline the draft Study results.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 An Equality Impact Assessment Screening was undertaken on the Executive Board report in December 2011. This concluded that equality, diversity, cohesion and integration issues were being considered as part of the preparation of the CIL although it was too early to be able to have any meaningful consideration of specific effects.

4.2.2 An Equality Impact Assessment Screening has been undertaken to help work up the recommendations for the CIL rates to be set in the Preliminary Draft Charging Schedule. This is a background document to this report to assist with Members' decision making and to give due regard to equalities implications. A draft of the Screening Report was also attached to the Development Plan Panel report 19th December 2012 for front loading of information.

4.2.3 The draft Screening sets out that there are three elements in considering equality in the Community Infrastructure Levy (CIL) charge setting process:

1) Equal and fair consultation throughout the charge setting process.
2) Equality for those who will have to pay the charge.
3) Equality as a result of decisions on spending the CIL and subsequent service and infrastructure delivery (which links back to a certain extent to the geographical locations where it is charged).

4.2.4 The consideration of most relevance to equality, diversity, cohesion, and integration will be relating to the choices to be made in spending the CIL, based to a large extent on geographical differences including infrastructure needs. This includes the 'meaningful proportion' to be given to the community for spending. The impacts would arise at the point at which money has been secured through CIL and new or improved infrastructure is actually delivered; they would not arise directly as a result of the Charging Schedule itself. Such matters will also involve extensive consultation and agreement with a wide range of stakeholders, and equality and cohesion will need to be fully integrated into decision making as there will likely be disproportionate impacts and mitigation. Therefore as the decisions to be taken on governance, spending, and service delivery cannot be fully considered until after the initial rates have been set and an estimate of potential revenues can be determined the Screening is primarily concerned with the first two elements set out above.

4.2.5 The conclusions in relation to the screening for the current stage are that overall the CIL will be a benefit for the people of the District, and that no impacts are identified that cannot be mitigated against. The key mitigation is in considering whether to set a nominal CIL charge against all types of development in all locations to ensure that every community can benefit from local growth. The public consultation stages will ensure that interested parties will have an opportunity to comment and to influence the rates and zones. Zone boundaries need to be carefully considered in order to ensure equality alongside the key consideration of viability.

4.3.4 It will be necessary to continue to have regard to equality and diversity issues as part of the ongoing process of developing a CIL for Leeds, including arranging and responding to appropriate consultation stages, and in particular in the governance and spending arrangements which are still to be set up across the Council. Another formal Screening will be required at the point of decision making on such aspects.

4.3 Council Policies and City Priorities

4.3.1 The CIL is already a process which local authorities can use, as supported by the CIL Regulations 2010 (and Amendment Regulations 2011 and 2012). The CIL will be a document within the Local Development Framework. The intention to develop the CIL broadly reflects Council policies and city priorities in that it emphasises incentivising growth, both to the development industry and local communities.

4.4 Resources and value for money

4.4.1 Executive Board gave agreement in December 2011 to progress work on the CIL, including the release of the necessary funds. The Government recognises that costs will be incurred and so the Regulations allow set up and administration costs to be reclaimed from future CIL receipts. The implementation of the CIL in Leeds is expected to result in increased funding for strategic infrastructure across the District. The impetus to deliver the CIL as early as possible would therefore provide the most value for money.

4.5 Legal Implications, Access to Information and Call In

4.5.1 The Community Infrastructure Levy Regulations (2010 and amended 2011 and 2012, final Regulations expected early 2013) set out that a charging authority can choose to charge the CIL on new development in its area. The charges must be set out in a Charging Schedule, and must be based on viability evidence. The CIL Regulations have also changed the use of S106 planning obligations. From April 2014 it will no longer be possible to secure S106s for District wide requirements such as greenspace, transport schemes and education facilities

4.6 Risk Management

4.6.1 If the Community Infrastructure Levy is not brought forward in Leeds, then the Council is at risk of losing out on monies which under the present system are gained through the S106 mechanism, as this system will no longer be available. In order to manage this risk it is recommended that Officers continue to work on the development of the CIL as outlined in this report. The preparation of the CIL is a challenging process within the context of ongoing national changes to the Regulations, limited precedents nationally, and in responding to local issues and priorities. Consequently at the appropriate time advice is sought from a number of sources, including legal and that from the Planning Advisory Service, Planning Officers Society, and neighbouring authorities as a method to help manage risk and to keep the process moving forward.

5. Conclusions

5.1 This report provides the background evidence for the rates recommended in the associated CIL Preliminary Draft Charging Schedule.

5.2 It is considered that the rates proposed are based on sound appropriate evidence, subject to any modifications made as a result of public consultation.

6. Recommendations

6.1 Development Plan Panel is requested to:

i) Agree the CIL rates in the Preliminary Draft Charging Schedule, including the charging zone boundaries, in order to present the Panel’s recommendation for approval at Executive Board.

ii) Agree the scope of the evidence base and associated documents supporting the setting of the CIL rates, in order to present the Panel's recommendation for approval at Executive Board.

7. Background documents[1]

7.1 Relevant background documents can be obtained from Lora Hughes on 0113 39 50714:

- Leeds CIL Economic Viability Study (GVA January 2012)
- Preliminary Draft Charging Schedule (Draft January 2013)
- Infrastructure Funding Gap: Justification for the Leeds CIL (January 2013)
- Historic Section 106 Data: Justification for the Leeds CIL (January 2013)
- Map of Proposed CIL Charging Zones (detailed)
- Equality Screening for Development Plan Panel January 14th 2013.
- Infrastructure Delivery Plan (February 2012)
- Development Plan Panel Report 19th December 2012

APPENDIX 1

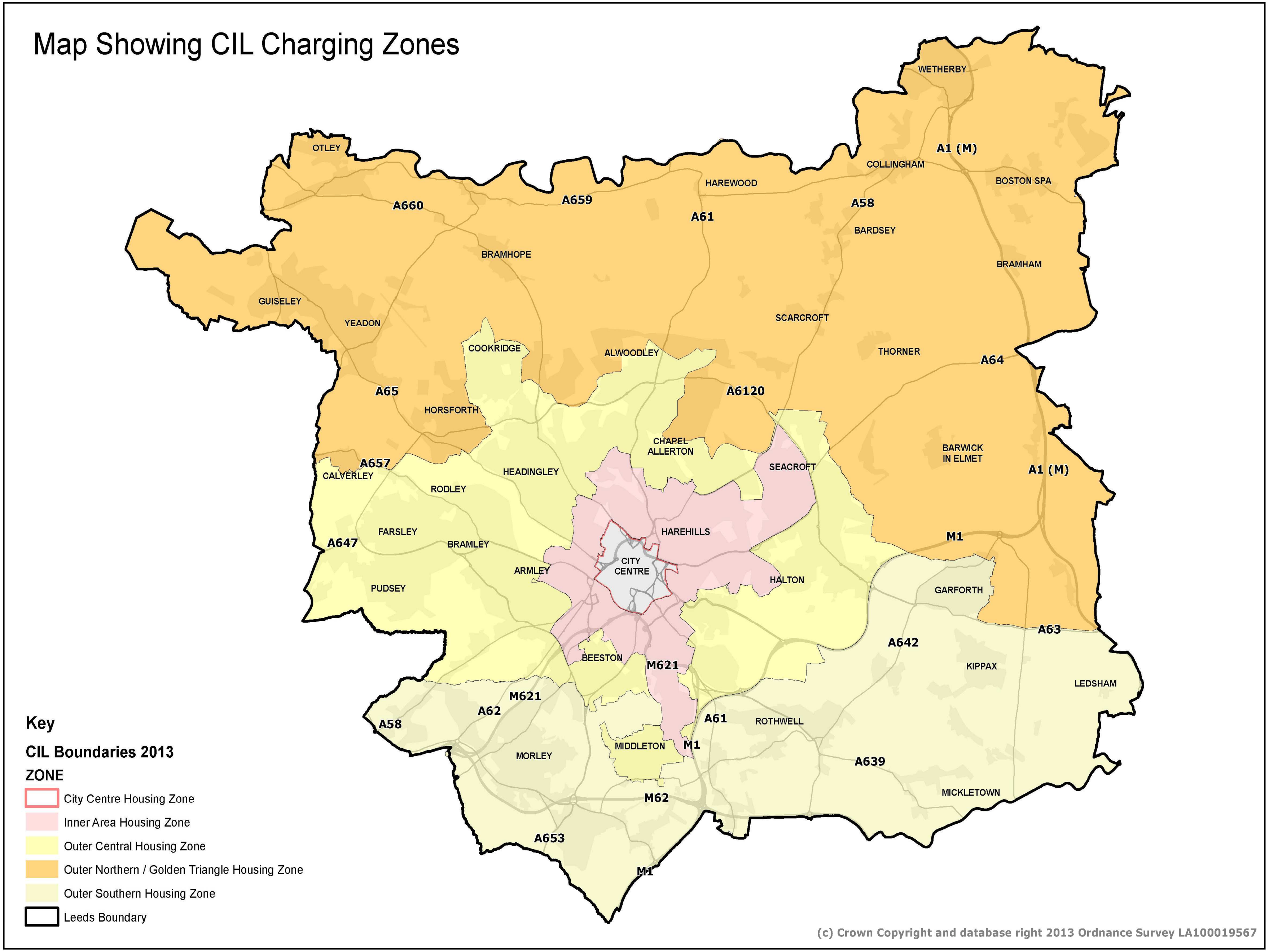
Map of Proposed CIL Charging Zones

APPENDIX 2 (separate PDF document)

Map of Proposed CIL Charging Zones (detailed)

[1] The background documents listed in this section are available for inspection on request for a period of four years following the date of the relevant meeting. Accordingly this list does not include documents containing exempt or confidential information, or any published works. Requests to inspect any background documents should be submitted to the report author.

APPENDIX 1 – MAP OF PROPOSED CIL CHARGING ZONES



LEEDS CITY COUNCIL

COMMUNITY INFRASTRUCTURE LEVY

PRELIMINARY DRAFT CHARGING SCHEDULE

Date xxx 2013

Planning Act 2008 and the
Community Infrastructure Levy Regulations 2010
(as amended by Amendment Regulations 2011 and2012)

Leeds City Council is a charging authority for the purposes of Part 11 Section 206 of the Planning Act 2008 and may therefore charge the Community Infrastructure Levy in respect of development in the Leeds District.

CIL will be applied to the chargeable floor space of all new development apart from that exempt under Part 2 and Part 6 of the Community Infrastructure Levy Regulations 2010 (as amended by the CIL Regulations 2011 and 2012)

CONTENTS

Statement of Statutory Compliance

The Preliminary Draft Charging Schedule has been approved and published in accordance with the Community Infrastructure Levy Regulations 2010 (as amended 2011 and 2012) and Part 11 of the Planning Act 2008 as amended. In setting the levy rates, Leeds City Council considers it has struck an appropriate balance between;

a) the desirability of funding from CIL in whole or in part the actual and estimated total cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding, and

b) the potential effects, taken as a whole, of the imposition of CIL on the economic viability of development across its area.

A full and updated Statement of Statutory Compliance will be included within the Draft Charging Schedule submitted for Examination.

1.0 Introduction

1.1 This document is the consultation paper on the Preliminary Draft Charging Schedule for the Leeds Community Infrastructure Levy (CIL). As well as the proposed Charging Schedule itself, it provides the background to the Charging Schedule, and explains general principles of the CIL and its links to Section 106 planning obligations.

1.2 The Charging Schedule will sit within the Leeds Local Development Framework, but will not form part of the statutory development plan.

The CIL in Leeds

1.3 The CIL is a tariff system that local authorities can choose to charge on new developments in their area by setting a Charging Schedule. The CIL is a charge levied on new buildings and extensions to buildings according to their floor area. In this way money is raised from developments to help the Council pay for schools, leisure centres, aged care accommodation, roads, and other facilities to ensure sustainable growth. It can only be spent on infrastructure needs as a result of new growth. The CIL should not be set at such a level that it risks the delivery of the development plan, and should be based on viability evidence. Once approved, it becomes a mandatory charge. From April 2014 CIL will replace the Section 106 'tariff' approaches which had previously been used for this purpose. S106s will continue to be used for affordable housing and anything required just for the specific development site to make it acceptable in planning terms.

1.4 The purpose of this document is to set out the Preliminary Draft Charging Schedule for the CIL for Leeds City Council. It has been prepared in accordance with the Planning Act 2008 and the Community Infrastructure Levy Regulations 2010 as amended by the Community Infrastructure Levy (Amendment) Regulations 2011 and 2012. The document will be used as the basis for formal consultation between xxx date and xxx date.

Why is the CIL better for Leeds?

- Without a CIL, income for infrastructure will be greatly reduced as the current system for collecting contributions via S106 agreements will be scaled back in April.
- CIL is certain, predictable, transparent and developers can factor it into schemes from an early stage. The Government's intention is that it will eventually be factored into land values (and reduce them accordingly).
- It has been subject to viability testing which shows it to be a relatively modest charge and not to impact on the overall viability of development across the District.
- It should not slow down the development approval process as much as negotiations on S106s can.
- CIL will deliver more infrastructure funding than S106 because it requires contributions from a broader range of developments, including small scale schemes which currently do not pay any contributions.
- A meaningful proportion will be under direct local control over spending.
- Flexibility of spending compared to S106s.

Who will pay the CIL and how will it be collected?

1.5 The levy's charges will become due from the date that a chargeable development is commenced. The definition of commencement of development for the levy's purposes is the same as that used in planning legislation, unless planning permission has been granted after commencement. When planning permission is granted, the Council will issue a liability notice setting out the amount of the levy that will be due for payment when the development is commenced, the payment procedure and the possible consequences of not following this procedure.

1.6 The owner of the land is liable to pay the CIL, unless another party claims liability, i.e. a prospective developer / purchaser. This is in keeping with the principle that those who benefit financially when planning permission is given should share some of that gain with the community. That benefit is transferred when the land is sold with planning permission, which also runs with the land.

What will the CIL be spent on and where?

1.7 'Infrastructure' has a very wide definition and includes transport, flood defences, schools, health and social care facilities, parks and green spaces, cultural and sports facilities as well as maintenance and improvement of facilities affected by development. The Regulations specify that CIL cannot be spent on affordable housing, and must only be spent on infrastructure required as a result of new growth.

1.8 The Preliminary Draft Charging Schedule is primarily concerned with the rates the CIL is to be set at, rather than the Council's mechanisms for apportioning the CIL revenue and the specific infrastructure items which it will contribute towards.

1.9 The 'CIL Guidance: Charge Setting and Procedures' (2010) document set out the need to consider the relationship of the CIL alongside the ongoing use of S106 agreements. Up until December 2012 it was not required for this relationship to be considered in detail in the lead up to examination, other than in using its broad parameters in relation to the collection of viability evidence. The Council was to publish on its website a list called the Regulation 123 List of those projects or types of infrastructure that it may fund through the levy. This list could be updated at any time (albeit it would be good practice for this to be linked to e.g. the Annual Monitoring Report or updates to the Infrastructure Delivery Plan). On adoption of the CIL, S106 requirements should be scaled back to those matters that are directly related to a specific site, and are not set out in the Reg123 List.

1.10 However, the latest statutory guidance 'CIL Guidance' (December 2012) document (which replaces the 2010 guidance) now requires consideration of these matters to be more closely linked to the Charging Schedule and its progress through Examination. The Reg123 List should now be a stronger statement of intent, will be tested at Examination as part of the viability evidence, and any subsequent changes will require public consultation. The Council fully intends to undertake the further work necessary in order to consult on the Reg123 List at the Charging Schedule and Examination stage. However, the need to maintain the tight timescale in developing the CIL in Leeds and the unexpected publication of the new guidance very late in the Preliminary Draft preparation stage means that it is not appropriate to delay the planned progress and therefore this full information is not available at this time.

1.11 The associated paper the 'Leeds Infrastructure Funding Gap: Justification for the Leeds CIL' does set out the infrastructure planning work, discussed further below. A draft Reg123 List has also been prepared but this is a broad example of the types of projects which may be funded by the CIL and should not be considered as definitive at this stage. Further discussion of the links between S106s and the CIL is contained in Annex 2.

1.12 In terms of apportioning spending of the CIL, the Council will need to work closely with communities through neighbourhood planning, the Site Allocations Development Plan Document, and other mechanisms to determine local infrastructure priorities, and balance neighbourhood funding with funding of strategic infrastructure. It is important that the infrastructure needed by local communities is delivered when the need arises. Therefore, the Regulations allow authorities to use the levy to support the timely provision of infrastructure, for example, by using the levy to backfill early funding provided by another funding body. The CIL regime also allows charging authorities to collaborate and pool their revenue from their respective levies to support the delivery of 'sub-regional infrastructure', for example, a larger transport project where they are satisfied that this would support the development of their own area.

1.13 The Regulations propose that there is a duty to pass on (as a minimum) a 'meaningful proportion' of the funds raised through the levy to a parish or town council for the area where the development that gave rise to the payment takes place and the meaningful proportion is not restricted or tied to the Regulation 123 List. Where there is no town or parish council the City Council has to spend it in the local area in consultation with the community. This aims to ensure that where a neighbourhood accepts new development, it receives money for infrastructure to help it manage those impacts, and the local community has control over identifying their infrastructure priorities. Where development crosses more than one parish council's boundary, each council will receive a proportionate amount of the levy payment based on how much development is located within their area.

1.14 The Government has not yet set the level of the meaningful proportion (anticipated early 2013), but it is expected to be modest, given that the purpose of CIL is to help fund strategic infrastructure. However, there would also be scope to help deliver significant infrastructure projects in the area where growth takes place. No decisions have yet been made on the spending or governance mechanisms of the CIL. These mechanisms have not yet been determined as it has not been appropriate to do so until there is a greater clarity on the amount of CIL which can be charged, which locations this will generally be in, and the amounts which will be collected overall.

1.15 There is a clear link to the forthcoming Site Allocations Development Plan Document, which will set out the infrastructure requirements in relation to newly proposed sites, and will be subject to various stages of formal public consultation. It also links neighbourhood plans (and other community led and locally identified plans and proposals) which can set out the community's priorities for infrastructure needs and spending. Spending by the City Council will require identification of infrastructure priorities which will be informed by the Council's Infrastructure Delivery Plan, which in turn is informed by the delivery and spending plans of many other agencies and infrastructure providers. This is discussed further below. To a certain extent spending has to be a result of where development occurs, which other than phasing in the Site Allocations DPD is outside of the Council's control.

2.0 Evidence for the Preliminary Draft Charging Schedule

2.1 The development of the Preliminary Draft Charging Schedule has been informed by a range of evidence which is discussed in more detail in the following sections:

- Leeds Community Infrastructure Levy Economic Viability Study, undertaken by consultants GVA (January 2012).
- Core Strategy: Publication draft (March 2012) and Publication Draft Pre-Submission Changes (December 2012), including the supporting evidence base.
- Infrastructure Delivery Plan draft March 2012.
- Justification for the Leeds CIL – Funding Gap. Evidence of infrastructure requirements to support the growth set out in the Core Strategy, which demonstrates there is a funding gap and that implementation of a CIL is justified.
- Justification for the Leeds CIL – Section 106 Data. Evidence of the rates of S106s collected and signed in the past few years as an indication of the minimum target amount to be collected from the CIL which demonstrates the reality as well as the EVS.

a) The Infrastructure Delivery Plan (IDP) and identifying the funding gap

2.2 The Council published its draft Infrastructure Delivery Plan (IDP) in March 2012, a document identifying the City's social, physical and green infrastructure needs. It was put together in partnership with external infrastructure providers, and has a particular focus on the infrastructure needed to support the new development planned for through the Core Strategy. The IDP is intended to be a 'living' document which will be updated as necessary and particularly to support the key stages of the draft Core Strategy, and the progression of the CIL.

2.3 For the purposes of this current stage of the CIL, the IDP was updated with amendments and refinements to each item of infrastructure to determine whether CIL was an appropriate tool for plugging any gaps, with projects removed where full funding is already identified, or where the item is not within the Regulations' definition for CIL spending (i.e. to meet new growth). This review resulted in the much shorter list of infrastructure items, as set out in the separate paper 'Leeds Infrastructure Funding Gap: Justification for the Leeds CIL.' That paper provides the best available information at this time on the funding gap for the infrastructure needed to support planned development in the city, and for which CIL is a suitable mechanism for contributing to filling that gap.

2.4 The CIL guidance recognises that it is inevitable that predicting future infrastructure funding sources for the longer term contains uncertainties, and the Funding Gap paper sets out these caveats and assumptions. Infrastructure requirements and costs may change over the plan period and will be updated accordingly in future revisions of the IDP or supporting CIL documentation. In summary, an overall 'funding gap' of £1.3 billion has been identified for the Leeds District up to 2028.

2.5 It is possible to divide the total CIL funding gap by the projected amount of floorspace across the District required in the Core Strategy, to identify a starting point for considering the potential CIL rates. However, as the CIL rates need to be set primarily based on viability evidence, rather than infrastructure needs, further work has not been done in this regard. But as outlined above, the CIL is not to be the only source of infrastructure funding. Assuming a rate for the CIL which would meet this whole gap would be far greater than that which would be viable.

2.6 A broad projection of possible future CIL revenue has been undertaken (using the maximum rates in the Economic Viability Study) [This projection is to be updated once final figures have been agreed] which shows that this could be approximately £3.8m in 2014 going up to £8.5m in 2019 (due to the level of extant permissions which exist prior to the CIL being adopted). This is higher than that from current S106s (both actual receipts and S106s signed) and this projection does not take into account additional CIL from non-residential uses and additional S106 payments relating on site specific matters. However, it also does not take into account where schemes would not be liable for CIL due to conversion or demolition, which would reduce the total accordingly.

b) Economic Viability Study

2.7 Consultants GVA were appointed to undertake the key piece of evidence to inform the CIL, an Economic Viability Study (EVS). GVA in discussion with the City Council agreed the various assumptions and inputs to be used in the Study. They tested a range of uses across the District using a residual appraisals methodology of hypothetical sites based on appropriate sample sizes and typologies. This took into account the Council's current and potential future policy requirements, such as for affordable housing, greenspace, Code for Sustainable Homes, and other relevant assumptions. This included the policy requirements for new development in the emerging Core Strategy. The methodology was in line with Government CIL and viability of local plans guidance, and Royal Institute of Chartered Surveyors guidance on viability appraisals.

2.8 A development industry workshop was held in September, with 60 attendees. They were invited to submit any comments regarding the methodology and the detailed assumptions in it. Whilst a number of useful comments were received, these did not require any major changes to the Study's approach. This frontloading aimed to understand developers' concerns at an early stage and attempt to reduce subsequent objections. Useful comments were also received in relation to other related information to be released at the Preliminary Draft Charging Schedule stage, which officers are taking into account.

2.9 Planning application data was also used in the EVS to identify trends and to determine whether it would be useful to model particular types of development. The one year period June 2011 to May 2012 was analysed in further detail to help identify retail thresholds, location and type of leisure applications. During this period 122 permissions for C3 dwelling houses were also granted, across 28 wards.

2.10 The key recommendations of the EVS are the maximum CIL rates which could be set across a range of development types. The Study also recommends that there is an early review of potential charges in around 2016/2017 when there will be evidence as to how the local market, landowners and developers have responded to the charges.

2.11 The overall market context is that for both residential and commercial development the market remains fragile as a result of the economic recession affecting demand. There have been some periods of short lived stability, but little evidence that represents a solid signal of sustained market recovery. Land values have been subject to a marked decline since mid-2007 as landowner expectations of value have been affected by the recession and implications of the slow down in demand. Values for potential residential land have also been somewhat artificially supported by the availability of grant funding which will be less easily available in the future. Market demand for business and employment floor space remains sensitive to the national and regional economic situation. It is a fragile position that shows only slow signs of recovery in terms of demand and the values achievable.

2.12 Provided the effects of introducing design standards and policy requirements, including CIL, do not result in a reduction in land values of more than 25% it is the Study's view that landowners will not ultimately withhold their land from the development market beyond the immediate period when the CIL is introduced. Where land value is affected to a greater extent it is considered that landowners will reasonably seek alternative uses for their land or will withhold it from development.

<u>EVS Residential CIL Rates</u>

2.13 Four zones were used for the modelling; City Centre, Inner Areas, Outer Southern Area, and the Outer Northern / Golden Triangle Area. For consistency these are the same as used in the previous Economic Viability Assessment for affordable housing and the Strategic Housing Market Assessment update 2010, as these 4 broad areas are considered to be broadly representative of different housing characteristics, land values and house prices within Leeds.

2.14 The EVS suggests that the CIL is not feasible within the City Centre or Inner Areas, both for greenfield and brownfield sites. Within the Outer Area greenfield sites are feasible at rates between £25psm and £50psm although some sites, particularly large sites, may not come forward for development at the highest rate. Brownfield sites could be charged £25psm although site values are very low/marginal at best. Because the outer area has a very diverse value geography, it is recommended that consideration is given to splitting this zone further into two, and setting two rates to reflect the differences in values. Initial proposals are shown on the attached map.

2.15 Within the Golden Triangle Area the CIL is considered feasible at rates between £75psm and £100psm on greenfield sites and £50psm on brownfield sites. As development will primarily come forwards on greenfield sites in this area then it is considered appropriate to set the CIL rate at the greenfield level.

Type of development in Leeds	Viability Study Recommended Maximum CIL Charge per sqm
Residential – Golden Triangle	**£100 /sqm**
Residential – Outer Central	**£25 /sqm**
Residential – Outer South	**£50 /sqm**
Residential – City Centre, Inner Area	**£0 /sqm**

<u>EVS Commercial Rates</u>

2.16 For commercial uses the EVS advised that the markets and values are broadly the same across the District, other than for offices and retailing in the City Centre. Greenfield sites allow a higher CIL charge than brownfield sites across all the development types, but due to new commercial development likely to be primarily only on brownfield land, brownfield rates have been recommended. Retail development often acts as enabling development, which is an additional reasons for the rates to be set with reference to brownfield land.

2.17 For retail, a range of sizes and types of units were modelled, including within and outside the City Centre. and the evidence showed that they can be differentiated in terms of viability. As a result it is proposed that a distinction is made as to the size of unit to which a charge would apply, and also a different rate within and outside the City Centre. The size distinction arises from the type of occupier likely to take a larger unit, bringing a stronger covenant and better rents and yields. A 500sqm threshold is proposed as this allows flexibility for both slightly larger convenience stores and smaller supermarkets to be developed providing an appropriate margin between different types of store able to support a CIL charge. 500sqm has also been recognised as an appropriate threshold in other authorities.

2.18 Smaller stores perform a day to day ‘top up’ shopping function and range from ‘express’ type stores of the multinationals, to independent corner shops, newsagents, and grocers. Larger convenience shopping provided by supermarkets and superstores attract those undertaking a different type of shopping trip, typically those who are undertaking a weekly food shop. They do generally include non-food floor space as part of the overall mix of the unit. Supermarkets above 500 sqm are more likely to be the destination of a trip, more likely to involve a car trip, provide a dedicated car park and are characterised by higher spend transactions. This is supported by various reports by the Competition Commission and the Office for Fair Trading (OFT) in their descriptions of such stores as one-stop shopping, i.e. where the bulk of a household’s weekly grocery needs are met, carried out in a single trip and under one roof. Large format retail warehousing is also a different use than the other smaller retail formats as it also serves different markets, i.e. those purchasing larger format household goods such as carpets, furniture, electrical, and DIY. Again, they generally involve stores that mainly serve car-borne customers in dedicated retail park or destination locations. It is also considered relevant that they could be competing with the supermarket / superstores for similar types of sites, whereas the smaller format convenience retailing is a very different scenario.

2.19 For the other commercial uses, the summary table below shows the maximum rates the EVS proposed across the District.

Type of development in Leeds	Viability Study Recommended Maximum CIL Charge per sqm
Retail: < 500 sqm	**£0 /sqm**
Retail: City Centre ≥ 500 sqm	**£175 /sqm**
Retail: Outside of City Centre ≥ 500 sqm	**£275 /sqm**
Offices: City Centre	**£100 /sqm**
All other uses	**£0 /sqm**

2.20 Hotels, residential care homes, student accommodation, and employment were specifically modelled but show that a CIL rate would not be viable. It was not anticipated that there will be a significant provision in the market for new build of other uses not discussed previously. There are also no allocations made for these uses in the Core Strategy. Therefore these uses were not modelled in the viability assessment and the GVA study suggests they should be subject to a zero CIL charge.

c) Section 106 data

2.21 The 'Justification for the Leeds CIL – Section 106 Data' paper provides further detail on recently signed S106s and S106 receipts, broken down by type of S106 (i.e. education, public transport improvements etc). This information fed into the EVS assumptions and also includes further data to help inform the judgement that needs to be made when setting the CIL rates.

2.22 The CIL Regulations set out that the CIL should be set high enough to ensure that (when combined with other sources of funding) sufficient money is available to pay for the community infrastructure needed to support growth. However, it should not be set so high that the growth ambitions of the development plan are rendered commercially unviable.

2.23 The impact of the current recession has to be borne in mind in making assumptions about the continuation of these trends but the data is the best available. The average per year from the last two years of received S106s is £3.28m, and £3.5m from the last five years. The three current tariff style S106s (for greenspace, education, and public transport improvements) would be directly superseded by the CIL and therefore the minimum CIL income should be £2.23m per year, with an additional £1.05m to continue each year from site specific S106s.

2.24 Alternatively, looking at S106 contributions which were signed per year, on an average of 88 sqm for a 3 bed house shows that the average total was £5,096 per dwelling or £58 per sqm. The three tariff style S106s equate to an average of £4,535 per dwelling, or £52 per sqm. Although not a direct approximation of the amount which the CIL could be set at, as the CIL rates need to take into account geographic differences in viability plus the CIL will be charged on all residential units compared to the historic S106s only signed for schemes above 10 units, it is a very useful benchmark.

2.25 For commercial schemes with signed S106s it is more difficult to identify averages due to the small numbers of some uses in the time period used and especially because many schemes are mixed use and it has not been possible to break down the payments against the different floorspace and uses within them. The full schedule of the commercial S106s are set out in the S106 Data paper.

d) Wider Planning and Economic Considerations

2.26 The CIL Regulations state that the CIL should be set high enough to ensure that when combined with other sources of funding it makes a good contribution towards the infrastructure needed to support growth. However, it shouldn't be set so high that the growth set out in the Core Strategy is made unviable with a serious risk to the overall development of the area. There needs to be 'an appropriate balance'. The Economic Viability Study results outlined above do therefore have to be balanced alongside other information.

2.27 The key intention is to achieve a balance in gaining a reasonable contribution for infrastructure from new development, against the need to continue to encourage the overall growth of the District. The rates have been set at a level which is not expected to harm the overall viability of development in the City in this current difficult economic period based on the evidence presented.

2.28 The impact on affordable housing also needs to be considered, as once adopted the CIL will not be negotiable, whereas affordable housing will remain negotiable and therefore there will be pressure to reduce provision where schemes are not viable. Reducing the CIL rate from the potential viable maximum will help to alleviate this pressure.

2.29 It is therefore proposed that to create an appropriate balance a rate of 10% per square meter below the maximum rates in the Viability Study should be used. This is considered to be a reasonable reduction from the EVS maximum viability as required by the CIL guidance, but reflects the Council's confidence in the methodology and assumptions used in the EVS to determine accurate testing of the viability of the current market. This includes that generally rates have been set to reflect brownfield rather than Greenfield land, i.e. the lowest common denominator (other than residential in the outer northern and outer southern areas).

2.30 Other authorities' CIL rates can be referred to as a broad comparison, but caution must be used as they all have different cost assumptions and different policy requirements which must be factored in. Within this context, neighbouring authorities have been given an opportunity to contribute in order to share information and ideas. Where possible the EVS for Leeds has taken into account the same assumptions as for neighbouring authorities and is confident in the assumptions used where they vary.

2.31 Investigation of historic S106 information as outlined above shows that even in areas for types of development where the Viability Study shows schemes are generally unviable, some schemes have come forward with signed S106s. Therefore there is a strong argument to state that in balancing this information against the Viability Study results, a nominal charge of £5 should be set for the locations the Study shows as zero charge. This would not only bring in more revenue overall, but would mean that local development would bring local benefits through providing a meaningful proportion to all local communities. As all developments create some impact on local infrastructure it is important that all developments contribute, even if the amount is modest. However, the Charging Schedule needs to be as simple as possible, and it is not appropriate to set this nominal charge against all other development types such as those which are not for profit due to viability.

2.32 The CIL needs to be presented on an OS map base. The broad residential zone boundaries used in the Economic Viability Study have been slightly refined based on local knowledge, the need to follow physical attributes, and the detail of specific sites and where larger sites may be split across two zones. This has been balanced against the viability considerations including affordable housing zones. It is intended that the affordable housing zones would be realigned to match the CIL zone boundaries on adoption of the CIL.

2.33 The Council has chosen to adopt an Instalments Policy, which allows developers to pay their CIL charges in phased stages. This is set out in Annex 3. Without such a policy, the whole of the CIL charge is liable on the commencement of development. Generally, authorities have adopted an Instalments Policy for larger developments to reflect that phased payments can help developments to be more viable, which is especially important in the current market.

2.34 Regulations 55 to 58 allow charging authorities to set discretionary relief for exceptional circumstances. The Council can therefore also choose to adopt an Exceptional Circumstances Policy consistent with government guidance, whereby developers can request through a viability appraisal for some or all of the CIL charge to be waived. This is intended to be for exceptional circumstances only, and has very narrow criteria. These criteria are that the development would pay a higher S106 charge than the total CIL charge, and that the relief would not constitute State Aid. The policy cannot be used to appeal against a CIL charge if for instance a S106 has not been signed. The Council's Exceptional Circumstances Policy is set out in Annex 4.

3.0 THE PRELIMINARY DRAFT CHARGING SCHEDULE

3.1 To charge CIL Leeds City Council must produce and adopt a Charging Schedule setting out the levy rates. This document is the Leeds Preliminary Draft Charging Schedule issued for consultation. There is another formal stage of consultation on the Draft Charging Schedule, followed by Submission to Inspector, and an Examination. The final CIL rates must be approved by Full Council.

3.2 The Economic Viability Study provided evidence to support the CIL rates, and Officers and Members have considered these against the other competing factors outlined above. The Preliminary Draft CIL rates have been set as a result, and are outlined below.

Proposed CIL Rate

3.3 The CIL Regulations enable differential rates to be set for different types of development and in different parts of the District, however, the Council proposes to use a simple approach to avoid over-complexity as advised by government guidance. The figures used have been demonstrated to be economically viable on the majority of sites based on the Economic Viability Study (January 2012).

3.4 The CIL will be charged on the net additional floor area, i.e. after the area of any demolished buildings has been deducted. It will be levied in pounds per square metre.

3.5 CIL will be applied on the chargeable floor space of all new development apart from that exempt under the Community Infrastructure Levy Regulations 2010 (as amended 2011 and 2012) and specifically Part 2 and Part 6. These exemptions from the CIL rates are:

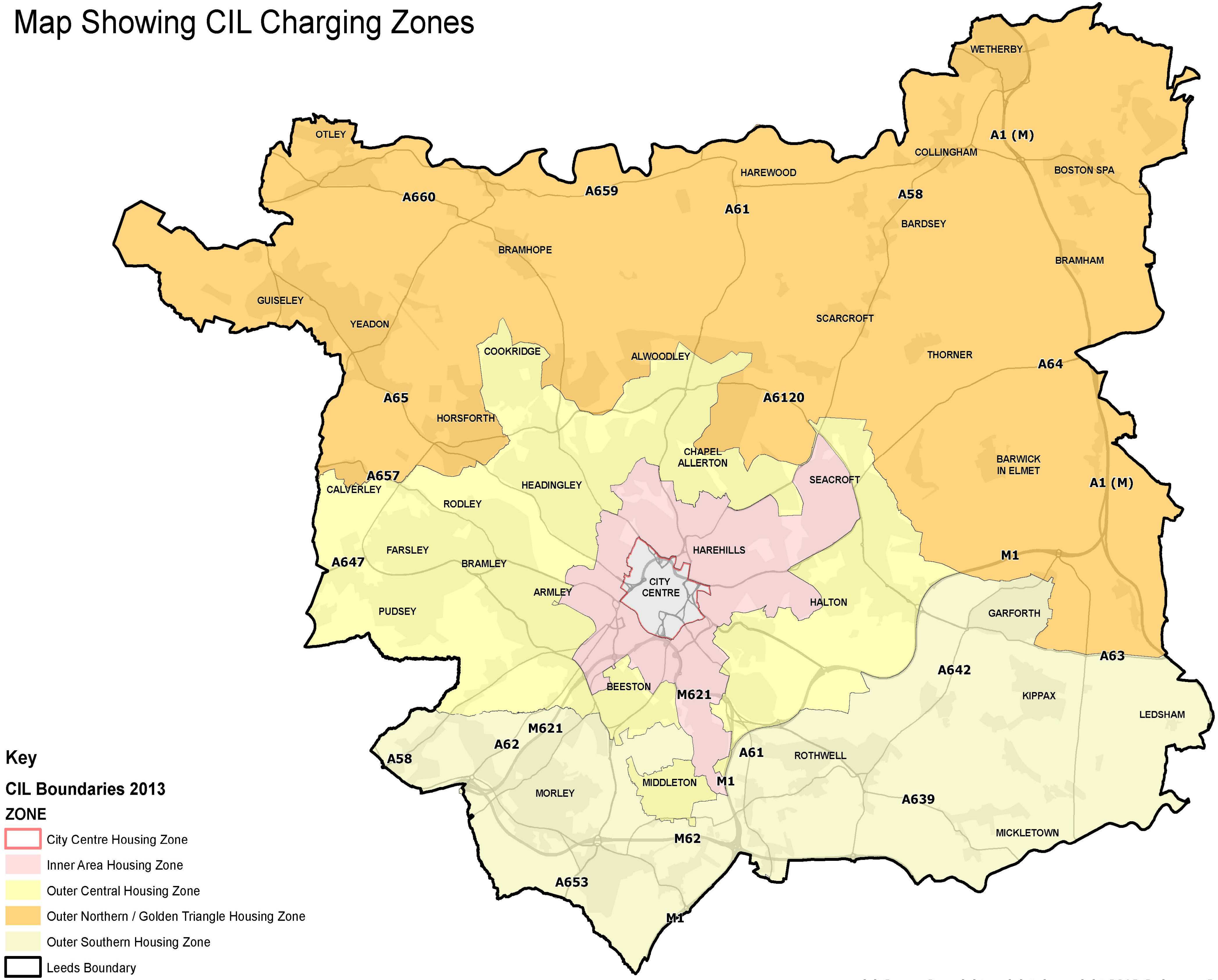
- Where the gross internal area of a new buildings or extensions to buildings will be less than 100 square metres (other than where the development will comprise one or more dwellings);
- A building into which people do not normally go;
- A building into which people go only intermittently for the purpose of maintaining or inspecting machinery;
- A building for which planning permission was granted for a limited period;
- Development by charities of their own land to be used wholly or mainly for their charitable purposes;
- Social Housing;
- Floorspace resulting from change of use development where the building has been in continuous lawful use for at least six months in the twelve months prior to the development being permitted;
- Retail mezzanine floors.

Preliminary Draft Charging Schedule

Type of development in Leeds	CIL Charge per square meter
Residential – Outer Northern	**£90 /sqm**
Residential – Outer Southern	**£48 /sqm**
Residential – Outer Central	**£24 /sqm**
Residential – Inner Area	**£5 /sqm**
Residential – City Centre	**£5 /sqm**
Retail: < 500 sqm	**£5 /sqm**
Retail: City Centre ≥ 500 sqm	**£158 /sqm**
Retail: Outside of City Centre ≥ 500 sqm	**£248 /sqm**
Offices: City Centre	**£90 /sqm**
All other uses, except for development by a predominantly publicly funded or not for profit organisation, including sports and leisure centres, medical or health services, community facilities, and education.	**£5 /sqm**

3.6 The amount to be charged for each development will be calculated in accordance with Regulation 40 of the Community Infrastructure Levy Regulations 2010 (as amended 2011 and 2012). See Annex 1 for the detailed calculations to be used. For the purposes of the formulae in paragraph 5 of Regulation 40 (set out in Annex 1 of this document), the relevant rate (R) is the Rate for each charging zone shown in Table 1 above. The CIL payments are index linked. The map on the following page shows the different charging zones, paper copies at a more detailed scale are available on request and on the Council's website.

Map Showing CIL Charging Zones



4.0 How to comment on the CIL Preliminary Draft Charging Schedule

4.1 If you have any comments on the Leeds Preliminary Draft Charging Schedule, including the associated evidence base and other documents, please write to the following address by XXX DATE *[to be updated after confirmation of Preliminary Draft by Executive Board]*

Leeds Community Infrastructure Levy
Forward Planning and Implementation
Leeds City Council
Leonardo Building, 2 Rossington Street
Leeds, LS2 8HD

Email: LDF@Leeds.gov.uk
Phone: Lora Hughes - 0113 39 50714

4.2 Please note that if you disagree in particular with any aspects of the Schedule, your response needs to be supported with actual **evidence and examples**, otherwise it may be difficult to give your comments much weight.

4.3 When commenting on the proposed rates set out in this PDCS, questions you may wish to consider include:

- Do you agree with the assumptions and approach of the Economic Viability Study? If not what alternatives do you suggest?
- Do you agree that the Council has presented an appropriate evidence basis for determining the level of CIL that would be viable across the District and if not why not?
- Do you agree that the rates proposed represent an appropriate balance between the desirability of funding infrastructure and the need to maintain the overall viability of growth across the District?
- Do you agree with the different rates and charging zones for the development types proposed? If not which do you not agree with and why?
- Do you think the boundaries between the different zones are appropriate? If not please say what amendments should be made.
- Do you support the draft instalments policy?
- Do you support the Council adopting an exceptional circumstances policy?

5.0 Next Steps and Indicative Timetable

Stage	**Date**	**Notes**
Preparation of CIL evidence base	Throughout 2012	
Leeds Economic Viability Study	January 2012	Undertaken by consultancy GVA as part of the evidence base
Consultation on CIL Preliminary Draft Charging Schedule	Spring 2013 - 6 weeks	This is the current stage of consultation
Consultation on Draft Charging Schedule	Mid 2013 - 6 weeks	
Draft Charging Schedule submitted for Examination	Sept 2013 (subject to progress of Core Strategy)	
Independent Examination	Late 2013	
Adoption of the CIL – charging to commence	By April 2014	To be approved by Full Council

5.1 Please note that as much advance notice as possible will be given as to the date on which the Council intends to adopt the final CIL. This is to ensure that applicants with pending planning applications including those with S106s still to be concluded, have sufficient time to determine their approach. If applications are not determined (and S106s signed) by the date that the CIL is adopted then they will become CIL liable.

ANNEX 1 – CALCULATION OF CHARGEABLE AMOUNT

Extract from the Community Infrastructure Levy Regulations 2010 (as amended by the Amendment Regulations 2011 and 2012)

(NB: this Annex is formally part of the Preliminary Draft Community Infrastructure Levy Charging Schedule)

Calculation of chargeable amount

Regulation 40.

(1) The collecting authority must calculate the amount of CIL payable ("chargeable amount") in respect of a chargeable development in accordance with this regulation.

(2) The chargeable amount is an amount equal to the aggregate of the amounts of CIL chargeable at each of the relevant rates.

(3) But where that amount is less than £50 the chargeable amount is deemed to be zero.

(4) The relevant rates are the rates at which CIL is chargeable in respect of the chargeable development taken from the charging schedules which are in effect:
(a) at the time planning permission first permits the chargeable development; and
(b) in the area in which the chargeable development will be situated.

(5) The amount of CIL chargeable at a given relevant rate (R) must be calculated by applying the following formula:

$$\frac{R \times A \times Ip}{Ic}$$

Where -

§ A = the deemed net area chargeable at rate R;
§ Ip = the index figure for the year in which planning permission was granted; and
§ Ic = the index figure for the year in which the charging schedule containing rate R took effect.

(6) The value of A in paragraph (5) must be calculated by applying the following Formula:

$$GR - KR - \left(\frac{GR \times E}{G}\right)$$

Where:

§ G = the gross internal area of the chargeable development;
§ GR = the gross internal area of the part of the development chargeable at rate R;
§ E = an amount equal to the aggregate of the gross internal areas of all buildings which -
(a) on the day planning permission first permits the chargeable development, are situated on the relevant land and in lawful use; and
(b) are to be demolished before completion of the chargeable development; and
§ KR = an amount equal to the aggregate of the gross internal area of all buildings (excluding any new build) on completion of the chargeable development which -
(a) on the day planning permission first permits the chargeable development, are situated on the relevant land and in lawful use; and

(b) will be part of the chargeable development upon completion; and
(c) will be chargeable at rate R.

(7) The index referred to in paragraph (5) is the national All-in Tender Price Index published from time to time by the Building Cost Information Service of the Royal Institution of Chartered Surveyors; and the figure for a given year is the figure for 1st November of the preceding year.

(8) But in the event that the All-in Tender Price Index ceases to be published, the index referred to in paragraph (5) is the retail prices index; and the figure for a given year is the figure for November of the preceding year.

(9) Where the collecting authority does not have sufficient information, or information of sufficient quality, to enable it to establish:

(a) the gross internal area of a building situated on the relevant land; or
(b) whether a building situated on the relevant land is in lawful use, the collecting authority may deem the gross internal area of the building to be zero.

(10) For the purposes of this regulation a building is in use if a part of that building has been in use for a continuous period of at least six months within the period of 12 months ending on the day planning permission first permits the chargeable development.

(11) In this regulation "building" does not include:

(a) a building into which people do not normally go;
(b) a building into which people go only intermittently for the purpose of maintaining or inspecting machinery; or
(c) a building for which planning permission was granted for a limited period.

(12) In this regulation "new build" means that part of the chargeable development which will comprise new buildings and enlargements to existing buildings.

ANNEX 2 – RELATIONSHIP BETWEEN THE CIL AND SECTION 106 AGREEMENTS

After adoption of the Leeds CIL or from April 2014 (whichever is sooner) national Regulations will scale back and limit the use of S106s. The Government's intention is to break the link between the development of a specific site and its contribution to infrastructure provision. This is because the levy is intended to provide strategic infrastructure to support the development of an area rather than to make individual planning applications acceptable.

Therefore any infrastructure which is directly required to make development acceptable in planning terms will continue to be sought through S106s. This means S106 obligations will remain alongside CIL but will be restricted to infrastructure required to directly mitigate the impact of the proposal. The Regulations therefore restrict the use of planning obligations to ensure that no development is charged twice for the same item of infrastructure through both CIL and S106s.

Regulation 123 provides for the Council to set out a list of those projects or types of infrastructure that it intends to fund through the levy. In order to ensure that individual developments are not charged for the same infrastructure items through both S106s and the CIL, the Council will publish the Reg123 List on its website. A S106 contribution cannot then be made towards an infrastructure item already on the List. The Council is currently in the process of preparing the List to meet the requirements of the new CIL Guidance (CLG, December 2012). S106s can still be used to fund a specific item of infrastructure, but there is a limit of five separate obligations which can be pooled for this purpose, as it is intended that the CIL becomes the main mechanism for pooled contributions.

The Council is able to update its Reg123 list, however any changes must be clearly explained and subject to appropriate local consultation. Items also can not be removed from the List just so the item can be funded through a site specific S106. Where a change to the List would have a significant impact on the viability evidence that supported examination of the charging schedule a review of the charging schedule may be required. Items on the List are also not guaranteed to receive CIL funding (depending on the amount collected) as the list does not identify spending priorities.

Example infrastructure types that could be delivered through the CIL and S106s:

Type of infrastructure funded by the CIL	**Type of infrastructure funded by S106s**
Transport infrastructure e.g. roads, railway improvements	Local site-related transport improvements e.g. new bus stops, junction improvements, travel plans and Metro cards
Flood defences	Local site related flood risk solutions
Green infrastructure and open spaces	Provision of on-site greenspace in relation to larger sites

Larger scale developments typically have larger and more concentrated impacts on the local community and infrastructure network. For instance, major sites are one of the main opportunities to increase the quantity of open space and will be required to provide open space on site. Under the CIL regime, there will still therefore be a need for provision of infrastructure on-site as part of the determination of a planning application.

For instance, education infrastructure is an integral component of balanced sustainable communities. Where new housing schemes create a need for more school places, these will generally be accommodated across the existing school network through payments from the CIL for e.g. school extensions. Where a scheme in itself creates such a level of need for school places that it cannot be easily accommodated elsewhere, it follows that the site should provide the land for a school on site. On large scale major sites therefore it may be necessary to provide schools directly on site to meet the needs of the development, or it may be appropriate to locate the school on a nearby site where the school will meet the needs of a number of medium to large scale developments. In such cases an appropriate off-site s106 contribution will be secured. The Council will ensure that these schools will not be funded through CIL receipts, that the obligations meet the statutory tests and that no more than five separate planning obligations will be secured for the same school.

The Site Allocations DPD, development briefs, and other policy guidance relating to these sites will provide more detail as they become applicable. They will also need to consider which large sites may require significant on site facilities and be of sufficient scale to fund these through S106 obligations. Where CIL and S106 payments are both required viability may be taken into account through the exceptional circumstances policy (as set out in Annex 4). As it is possible for the CIL to be paid through a payment 'in kind' of land, this may be an option where it is not viable for a site to provide both CIL and on-site infrastructure through S106.

Where viability issues still remain after investigating opportunities to defer the timing of obligations it may be possible to reach an agreement with the Council whereby it will use a portion of the CIL funds payable to deliver elements of the site specific infrastructure that would normally be secured through a s106 agreement. Reductions would be the minimum necessary to make the scheme viable.

<u>Payments-in-kind</u>
The CIL Regulations allow for payments-in-kind in the form of land to be offset against the CIL liability where agreed by the Council as more desirable instead of monies. However, this must only be done with the intention of using the land to provide, or facilitate the provision of, infrastructure to support the development of the area. This could be for example where the most suitable land for the infrastructure project is within the development site.

An agreement to make an in-kind payment must be entered into before commencement of development and provided to the same timescales as cash payments. Land paid in kind may contain existing buildings and structures, and must be valued by an independent valuer who will ascertain its open market value, which will determine how much liability it will off-set.

However, where land is required within a development to provide built infrastructure to support that specific development it will be expected that land transfer will be at no cost to the Council and will not be accepted as a CIL payment in kind.

ANNEX 3 – DRAFT INSTALMENTS POLICY

The responsibility to pay the levy is with the landowner on which the proposed developed is to be situated. The regulations define the landowner as a person who owns a ‘material interest’ in the relevant land to be developed.

This draft Instalments Policy is made in line with Regulations 69B and 70 of the Community Infrastructure Levy Regulations 2010 (as amended by the Amendment Regulations 2011) and is as follows:

a) This Instalments Policy takes effect on xxx date.

b) The CIL instalment policy calculates payment days from commencement of development on site. The Commencement date will be taken to be the date advised by the developer in the commencement notice under CIL Regulation 67.

c) Payment of instalments are as follows:

< £9,999	Due in full 60 days of commencement
> £10,000 - £59,999	Due in 3 equal instalments within: 60 days of commencement 120 days of commencement 180 days of commencement
> £60,000 - £99,000	Due in 4 equal instalments within: 60 days of commencement 120 days of commencement 180 days of commencement 240 days of commencement
> £100,000	Due in 4 equal instalments within: 90 days of commencement 180 days of commencement 360 days of commencement 720 days of commencement

d) Where the amount of the levy payable is >£50,000 Leeds City Council may consider an in-kind payment of land. Land that is to be paid in kind may contain existing buildings and structures and must be valued by an independent valuer who will ascertain its 'open market value', which will determine how much liability the in-kind payment will off-set. Payments in kind must be entered into and agreed before commencement of development. Land provided in kind must be provided to the same timescales as cash payments dependant on their value.

ANNEX 4 – EXCEPTIONAL CIRCUMSTANCES POLICY

Regulations 55 to 58 allow charging authorities to set discretionary relief for exceptional circumstances. Use of an exceptional circumstances policy enables the charging authority to avoid rendering sites with specific and exceptional cost burdens unviable should exceptional circumstances arise. It is a mechanism to enable growth and deliver development where CIL and S106 conflict. Before granting relief, the Council will need to be satisfied that the costs relating to the section 106 agreement are greater than those related to the Community Infrastructure Levy, and that the relief would not constitute notifiable State Aid as set out further below.

Leeds City Council intends to have an Exceptions Policy. The Council will have to comply with notification requirements and publish a statement confirming that relief for exceptional circumstances is available in Leeds from a specified date. The process would then be that a landowner would have to submit a claim in accordance with the Regulations. The Council may grant relief from liability to pay CIL if (a) it appears to the Council that there are exceptional circumstances which justify doing so; and (b) the Council considers it expedient to do so. The Regulations specify the requirements that must be met in making this assessment, and these are set out below:-

Reg 55(3) A charging authority may grant relief for exceptional circumstances if –

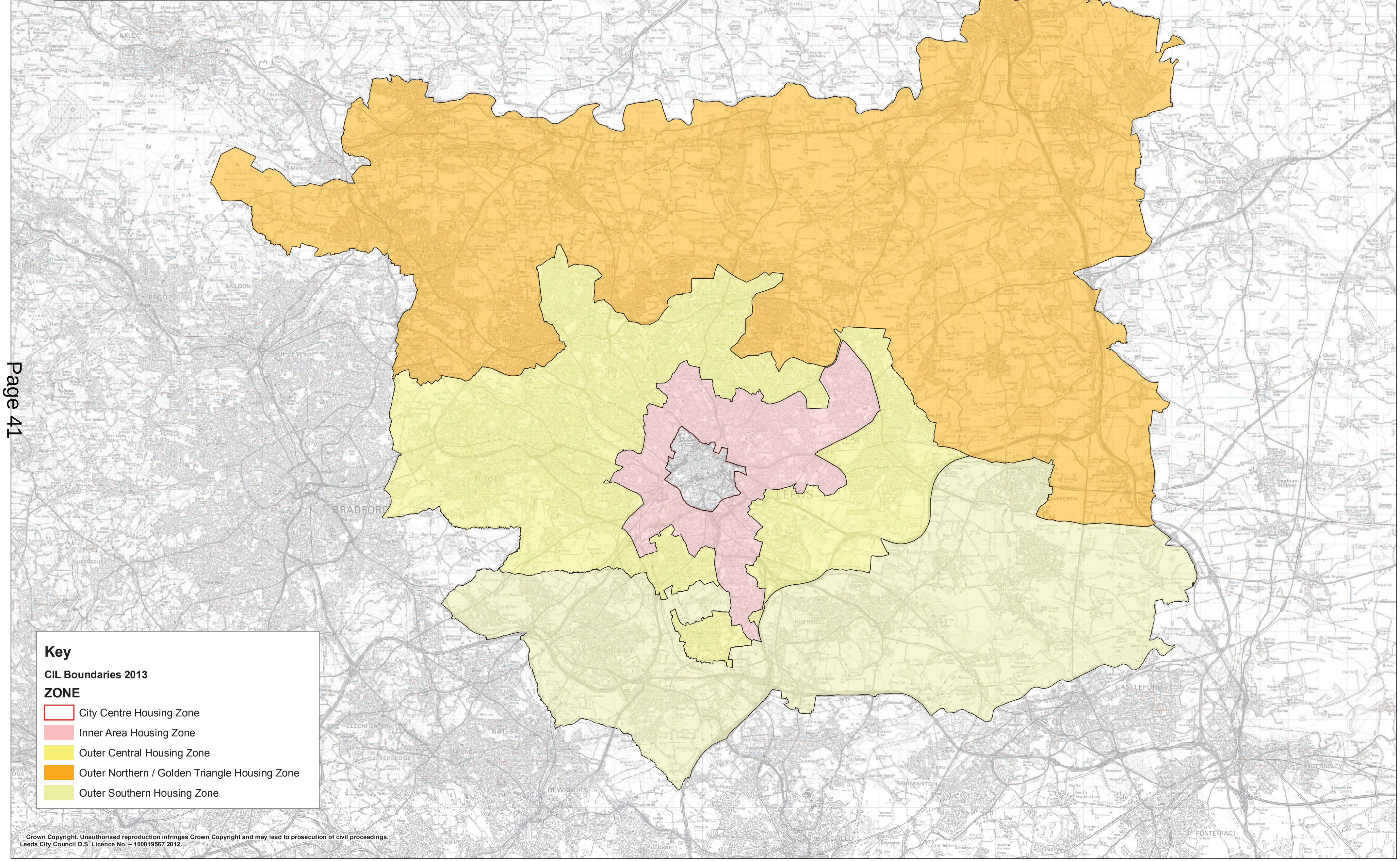
- (a) It has made relief for exceptional circumstances available in its area;
- (b) A planning obligation under S106 of TCPA 1990 has been entered into in respect of the planning permission which permits the chargeable development; and
- (c) The charging authority-
    - (i) Considers that the cost of complying with the planning obligation is greater than the chargeable amount payable in respect of the chargeable development,
    - (ii) Considers that to require payment of the CIL charged by it in respect of the chargeable development would have an unacceptable impact on the economic viability of the chargeable development, and
    - (iii) Is satisfied that to grant relief would not constitute a State aid which is required to be notified to and approved by the European Commission.

The person claiming relief must be an owner of a material interest in the relevant land. A claim for relief must be submitted in writing and be received before commencement of the chargeable development. It must be accompanied by an assessment carried out by an independent person of the cost of complying with the planning obligation, the economic viability of the chargeable development, an explanation of why payment of the chargeable amount would have an unacceptable impact on the economic viability of that development, an apportionment assessment (if there is more than one material interest in the relevant land), and a declaration that the claimant has sent a copy of the completed claim form to the owners of the other material interests in the relevant land (if any).

For the purposes of the above paragraph an independent person is a person who is appointed by the claimant with the agreement of the charging authority and has appropriate qualifications and experience.

A chargeable development ceases to be eligible for relief for exceptional circumstances if before the chargeable development is commenced there is a disqualifying event. This is where the development is granted charitable or social housing relief, is disposed of, or has not been commenced within 12 months.

Map Showing CIL Charging Zones



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LEEDS INFRASTRUCTURE FUNDING GAP

JUSTIFICATION FOR THE COMMUNITY INFRASTRUCTURE LEVY

Introduction to the Funding Gap

1.1 This paper sets out the justification for progressing with the development of a Community Infrastructure Levy (CIL) in Leeds and forms part of the evidence base for the Leeds CIL Preliminary Draft Charging Schedule.

1.2 The Planning Act 2008 (as amended), the Localism Act 2011, and the Community Infrastructure Levy Regulations 2010[1] (the CIL Regulations 2010) set out that a charging authority can collect a CIL in its area. In particular, the CIL Regulations 2010 state at Regulation 14 that authorities must strike an appropriate balance between "the desirability of funding from CIL (in whole or in part) the actual and expected estimated total cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding and the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area."

1.3 Statutory guidance issued by the Secretary of State 'Community Infrastructure Levy Guidance (December 2012, CLG) states at paragraph 12 that: "A charging authority needs to identify the total cost of infrastructure that it desires to fund in whole or in part from the levy. In order to do this, the charging authority must consider what additional infrastructure is needed in its area to support development and what other funding sources are available (for example, core Government funding for infrastructure, which will continue following the introduction of a levy, anticipated section 106 agreements and anticipated necessary highway improvement schemes funded by anyone other than the charging authority) based on appropriate available evidence."

1.4 The guidance goes on to state at paragraph 14: "In determining the size of its total or aggregate infrastructure funding gap, the charging authority should consider known and expected infrastructure costs and the other sources of possible funding available to meet those costs. This process will identify a Community Infrastructure Levy infrastructure funding target. This target should be informed by a selection of infrastructure projects or types (drawn from infrastructure planning for the area) which are identified as candidates to be funded by the levy in whole or in part in that area. The Government recognises that there will be uncertainty in pinpointing other infrastructure funding sources, particularly beyond the short-term. The focus should be on providing evidence of an aggregate funding gap that demonstrates the need to levy the CIL."

1.5 This paper is intended to set out the aggregate funding gap in line with the above guidance and regulations.

[1] As amended by the Community Infrastructure Levy (Amendment) Regulations 2011 and 2012

Infrastructure Projects

1.6 The CLG guidance states that information on the Council's infrastructure needs should be drawn directly from the infrastructure planning that underpins its Development Plan (paragraph 13). The existing development plan for Leeds is the Unitary Development Plan Review (2006) and this is being replaced by the emerging Local Development Framework (LDF). Within the LDF the Leeds Core Strategy is currently at Publication Draft stage (March 2012) including the Publication Draft Pre-Submission Changes (December 2012). Submission is expected in Spring 2013. The Core Strategy is supported by a draft Infrastructure Delivery Plan (IDP), the published version of which was also consulted upon in March 2012. The IDP identifies the current infrastructure provision in the Leeds District, and where possible bearing in mind funding uncertainties and shorter timescales of partner infrastructure providers, the critical infrastructure necessary for the delivery of the Core Strategy over the plan period including funding gaps and priorities.

1.7 The March 2012 Draft IDP is not the final document intended to support the Core Strategy as it is a draft 'living' document which will be updated as necessary. The IDP will be published as a final version alongside the Core Strategy Submission document, and reviewed in future as necessary. However, in developing the Economic Viability Study and the Preliminary Draft Charging Schedule for the CIL, the March 2012 Draft IDP has been used as the main piece of evidence in relation to the cost gap for Leeds.

1.8 For the purposes of this justification paper the IDP has been updated with amendments and refinements as a result of further consultation and discussion with infrastructure service providers. Taking into account the list of infrastructure needs, a fuller assessment was made of sources of funding for each item of infrastructure identified and whether CIL was an appropriate tool for plugging any gaps, once other sources of funding had been explored. This review resulted in the much shorter list of infrastructure items, as set out in Table 1. Table 1 also includes a column outlining the assumptions made on the level of CIL needed to support each project. For many projects no alternative sources of funding have yet been identified, so the full cost has been included for funding from the CIL, albeit that in reality it is expected that such other sources would come forwards for instance as new Government programmes and grants become available. This is in line with the CIL guidance as outlined further below.

1.9 The guidance states that "where infrastructure planning has been undertaken specifically for the CIL and was not tested as part of another examination, the CIL examiner will need to test that the evidence is sufficient in order to confirm the aggregate infrastructure funding gap and total target amount that the authority proposes to raise through the levy" (paragraph 17). However, in Leeds, the infrastructure evidence will have been tested at examination of the Core Strategy and therefore in line with paragraph 18 it is not intended that the CIL examination should re-open detailed discussion on this infrastructure planning.

1.10 Table 1 should not therefore be considered to be the Council's programme for spending on infrastructure, or the definitive list of the infrastructure items that CIL will contribute to. The infrastructure projects or types of infrastructure that LCC intends will be wholly or partly funded by CIL will be set out in its Regulation 123 list. Table 1 is the best available information at this time on the funding gap for the infrastructure needed to support planned development in the District, and for which CIL is a suitable mechanism for contributing to filling that gap. Infrastructure requirements and costs may change over the plan period and will be updated accordingly in future revisions of the IDP or supporting CIL documentation.

1.11 Predicting future levels of funding beyond the short-term is difficult and it is particularly problematic in the current economic and funding climate, where funding has considerably reduced from the levels available in previous years. Where exact levels of funding are unknown and therefore are not included within funding assumptions, Table 1 identifies indicative future funding sources and expected value, in line with national guidance.

1.12 For instance, the resources available to fund the Council's infrastructure provision may be provided by central Government in the form of supported borrowing and grants (normally for specific purposes, and particularly from the Department for Transport and the Department for Education), in the form of grants from other external bodies, or from developer contributions. Funding sources investigated for LCC services also include the capital programme including Council tax, generation of capital receipts, the New Homes Bonus, and other innovative sources of funding and borrowing such as TIF and the Aire Valley Enterprise Zone. The recent City Deal for the Leeds City Region will also be a very important tool in bidding for funding and attracting investment.

1.13 **In summary, an overall 'funding gap' of £1.3 billion has been identified for the Leeds District up to 2028.**

TABLE 1 - INFRASTRUCTURE POTENTIALLY TO BE FUNDED FROM THE COMMUNITY INFRASTRUCTURE LEVY UP TO 2028

TOPIC	SCHEME	TOTAL COST	CONFIRMED FUNDING SOURCES	FUNDING GAP	DELIVERY NOTES
PUBLIC TRANSPORT, PEDESTRIAN AND CYCLE					
Cycle	Leeds Core Cycle Network **Route 1** East Middleton Spur	£190k	None	£190k	Spur to extend coverage of route 3. LTP3 scheme post 2014
Cycle	Leeds Core Cycle Network **Route 4** Adel Spur	£157k	None	£157k	Spur to extend coverage of route 15. LTP3 scheme post 2014
Cycle	Leeds Core Cycle Network **Route 6** North Morley Spur	£448k	None	£448k	Spur to extend coverage of route 13. LTP3 scheme post 2014
Cycle	Leeds Core Cycle Network **Route 7** Scholes to City Centre	£611k	None	£611k	Connects to Penda's Way (17) and Wyke Beck Way (16). LTP3 scheme post 2014
Cycle	Leeds Core Cycle Network **Route 8** Rothwell to City Centre	£887k	None	£887k	Connects to Route 3 and Aire Valley. LTP3 scheme post 2014
Cycle	Leeds Core Cycle Network **Route 11** Farnley - Leeds City Centre	£1.107m	None	£1.107m	Links to Route 10. LTP3 scheme post 2014
Cycle	Leeds Core Cycle Network **Route 13** Morley to City Centre	£932k	None	£932k	Links to White Rose shopping centre and Holbeck regeneration area. LTP3 scheme post 2014
Cycle	Leeds Core Cycle Network **Route 14** A64 York Rd corridor improvements	£482k	None	£482k	Connects with Route 16. LTP3 scheme post 2014
Cycle	Leeds Core Cycle Network **Route 16** - Wyke Beck Valley (phase 2)	£573k	None	£573k	Connections to East Leeds Radial, Aire Valley and Trans-Pennine trail. LTP3 scheme post 2014
Cycle	Leeds Core Cycle Network **Route 17** Penda's Way	£1.441m	None	£1.441m	Links to Routes 7 and 14. LTP3 scheme post 2014

Pedestrian	Public Right Of Way Network	£1.2m	£800k from LTP, grants, and on-site provision	£400k	The Leeds ROWIP will be reviewed again by 2017. If all of the identified projects were to be delivered over the next ten years, the City Council would need to seek funding between £2.3m and £3.9m, including through S106, West Yorkshire Transport Plan and third party grants. The Plan should mainly be viewed as an aspirational document highlighting improvements (which in part) are over and above the basic statutory requirements. A cautious estimate has therefore been used of £1.2m (half the lowest estimate) to reflect that schemes are aspirational. The current PROW network is a LTP3 scheme, supported through LTP3 for next 3 years with £75k and likely to extend beyond this through ongoing work. An assumption of £75k LTP funding has therefore been assumed for each 3 year period = £300k. Additional 3rd party grants and provision on site as part of development schemes has assumed an additional £500k.
Public Transport	Leeds NGT trolleybus network; Stourton - Holt Park, Stourton Park and Ride, Bodington Park and Ride	£250m	£173m DfT, £50m LCC and Metro	£27m	Overall cost £250m, due to start construction late 2016.
Public Transport	Leeds NGT trolleybus network extension to Aire Valley Leeds	£59.2m	None	£59.2m	NGT extension from City Centre to Aire Valley (WYTF scheme) Currently unfunded, further study required.
Public Transport	Leeds NGT trolleybus network extension to East Leeds (including City Centre loop)	£97.4m	None	£97.4m	NGT extension to St James' Hospital and east Leeds (WYTF scheme) Currently unfunded, further study required.
Public Transport	East Leeds Link Road park and ride	£5m	None	£5m	TfL study. Timescale dependent on funding bids, estimated at 2014. Currently unfunded
Public Transport	Railways - East Leeds Parkway Station, Micklefield	£8.8m	National Rail/ DfT/ Metro	£8.8m	Scheme identified in regional RUS and Initial Industry Plan for CP5 (2014-19) awaiting publication of Network Rail business plan expected early 2013 and subsequent decision on funding. Upgrade to City Region Parkway scheme would be contingent on funding and business case. Implications of Trans-Pennine electrification on this scheme yet to be understood. Scheme for 'smaller' station is not currently funded but forms part of the HLOS for CP5
Public Transport	Railways - Horsforth Woodside Station	Not yet costed	None	Not yet costed	Requires further study. Outline business case is prepared but scheme has no status in DfT publication ''Investment in Local Major Transport Schemes' and is not included in LTP Railplan 7. To be progressed with developer funding. No funding from Network Rail for this scheme.

Public Transport	Railways - Leeds City Station new platform and platform 17 extension	£30m	DfT	£30m	Scheme is not currently funded but forms part of the High Level Output Specification for Control Period 5 (2014-2019).
Public Transport	Railways - New Pudsey park and ride extensions and access	£1m	None	£1m	TFL study. Scheme to extend the existing provision of park and ride spaces at new Pudsey Station and carry out associated improvements to the highway to accommodate increasing demand for access to the station. Timescale dependent on the outcome of a bid for partial funding to DfT - to be determined 2013. Metro scheme?
Public Transport	Railways - TransPennine electrification between Manchester Victoria and Leeds, and on through Garforth to Colton Junction west of York	£1.5m	Dft/Metro LPA & developer contributions for Garforth only	£1.5m	Announced in Chancellor's Statement Nov 2011. Preliminary feasibility work undertaken, with a view to implementation around 2016/17, although likely DfT will ask for programme to be accelerated. Work on GRIP stage 3 to start Autumn 2012. DfT commitment to fund core route Stalybridge to Leeds, Neville Hill to Colton Junction and Selby. Only potential CIL contribution would be access improvements at Garforth station (£1.5m).
Public Transport	Yorcard - provision of card vending machines and top-up points, integration of other services onto smartcards (school and leisure), on-bus equipment, enabling internet sales, development of Leeds City Region MetroCard product by smart media.	Not yet costed	£6.14m	Not yet costed	West Yorkshire Integrated Transport Authority Executive Board on April 27 2012 agreed £6.14m to be spent on the project from the Better Bus Area Fund (£4.33 million plus £0.65 million relating to York City Council funding) and LTP3 funding £1.16million. Later phases assume contributions from City Region Authorities and Metro although split not yet determined. Metro, together with local bus operators, recently made a successful Better Bus Area Fund bid to the Department for Transport for almost £5m to develop West Yorkshire’s smartcard network. It will allow passengers to load money on to their tickets, the new system should be in place across West Yorkshire and York by early 2014. Key targets include developing a county-wide retail network including local shops, vending machines and an online ‘top up’ service. Almost 400 buses run by smaller operators would be fitted with smartcard readers, while further work on the complex back-office systems that make the scheme work would continue. Transdev Keighley and Arriva have already switched on their smartcard readers, and First are currently testing their equipment, much of West Yorkshire’s bus fleet will soon be smartcard enabled. Currently it is just senior, disabled and blind concessionary pass-holders who can swipe on to local bus services, the scheme is aimed to open up to all bus users as soon as possible. Establishing a smartcard retail network, equipping more vehicles and completing the development of back-office technology are the next steps to extending smartcard travel to all bus users, rather than just concessionary pass-holders, and eventually rail passengers as well.

Airport	Leeds Bradford International Airport tram-train link - fixed link from the Harrogate Rail line	£132.6m	None	£132.6m	Unfunded, but included within the City Region Connectivity Study and Core Strategy priority (on Key Diagram).
HIGHWAYS					
Highways (local)	Aire Valley Leeds - East Leeds Link Road and river crossing	£24.8m	Enterprise zone borrowing, developer funding, LCC.	£12.3m	New river bridge and link road to connect East Leeds Link Road with Pontefract Road. Unfunded. Includes Skelton Grange link route protection for a new road link and river crossing into the Cross Green Development area and improvement at the junction between Skelton Grange Road and Pontefract Road. In LCC Capital Programme Dec 2011 £2.5m provided to support a new spine road in the AVL enterprise zone. This will enable public transport to connect to East Leeds and enable local people to access the new jobs. The LEP has agreed that Leeds will use funding raised from increased business rates in the Enterprise Zone to pay the borrowing costs for this investment, but there may still be a role for the CIL.
Highways (local)	Armley Gyratory major improvement	Not yet costed	£130K contribution from LTP3 IT Block	Not yet costed	TfL scheme - linked to City Square improvements. This would form part of the city centre transport strategy which is still in development and not yet costed.
Highways (local)	City Square renaissance public space and public transport priority	Not yet costed	None	Not yet costed	TFL study and LTP3 block fund. This would form part of the city centre transport strategy which is still in development.
Highways (local)	A6120 dualling – Dawson's Corner-Horsforth	£24.2m	None	£24.2m	Conversion of single carriageway to dual carriageway (TfL scheme)
Highways (local)	Meadow Lane / Victoria Road scheme	Not yet costed	None	Not yet costed	Meadow Lane / Victoria Road scheme. This would form part of the city centre transport strategy which is still in development.
Highways (strategic)	A65-A658 Link Road (bypassing Rawdon and Horsforth) - includes extension of A65 Quality Bus Corridor to serve the airport.	£30m	Dft and developers	£15m	At early development and unfunded but initial work shows a potentially robust benefit cost ratio within DfT guidelines, and is included within the City Region Connectivity Study. Cost estimate £30m, would expect DfT funding with private sector contribution plus s106/CIL, use 50% as very approximate estimate.
Highways (strategic)	Loop road extensions	Not yet costed	None	Not yet costed	Proposed south west and south east extensions of the Loop road. This remains a concept rather than a defined scheme. It would form part of the city centre transport strategy which is still in development.

Highways (strategic)	M1 J39-42 Managed Motorway - Use of hard shoulder running and active traffic management during peak periods	Not yet costed	Highways Agency	Not yet costed	Major Scheme. Remains in programme following CSR. Estimated cost £120m to £170m but would benefit from Highways Agency funding. Funding gap for CIL not yet costed so overall figure not been included either.
Highways (strategic)	M1 J46 southbound slip road - ramp metering	Not yet costed	Highways Agency	Not yet costed	Original target 2015 although currently being renegotiated to be traffic dependent. The scheme is to be delivered by Leeds City Council under a Section 6 agreement with the Highways Agency. Current Agreement states works to be delivered in 2019.
Highways (strategic)	M1 Junction 45 Phase 2 improvement	£8m	None	£8m	Widening of northbound and southbound off slip road and ELLR entries to roundabout, roundabout widening from 2 to 3 lanes, enhancement of traffic signal control (including entry to Skelton Business Park), extension of northbound on-slip road from Type A to Type C merge. Original target 2015 although currently being renegotiated The scheme is to be delivered by Leeds City Council under a Section 6 Agreement with the Highways Agency. Current Agreement states works to be delivered by end of 2015, however the Highways Agency is in the process of renegotiating the delivery date (as at October 2012) to be traffic dependent and progression linked to build out of developments in Aire Valley. Recent estimate from Connect (operators of this section of the M1) suggested indicative cost of £8m, although as yet this is not based on any detailed design or surveys.
Highways (strategic	M621 Corridor Management Plan	Not yet costed	None	Not yet costed	M621 Corridor Management Plan including Active Traffic Management. Ongoing work (as at Oct 2012), level of intervention required not yet ascertained or costed until have details of LCC's City Centre Transport Strategy.
EDUCATION					

Education	School requirement District wide resulting from Core Strategy housing growth	£655m	None at present to support new growth	£655m	Build costs (notwithstanding land costs) approximately: £5 million for 1FE primary school £7 million for 2FE primary school £20 million for 5FE secondary school £30 million for 8FE secondary school The need for adequate and appropriate school provision is factored into decisions regarding the strategic location of development outlined in the Core Strategy and in particular, more detailed proposals in relation to specific areas of the city are being worked up for the Site Allocations DPD. In very broad terms the overall growth to 2028 equates to 83 new form entry (without adjustments for location and current capacity), to be provided by extensions and new schools. Therefore build costs approximately: 83 x 1FE primary schools = £415 m 17 x 5FE secondary schools = £340 m <u>total</u> = £755m Or, if larger schools were built the figures would be: 42 x 2FE primary schools = £294m 10 x 8FE secondary schools = £300m <u>total</u> = £594m The size of schools will depend on the size of development planned and is likely to be a mix of 1FE and 2FE primaries, and 5FE and 8FE secondaries. The assumed mix for the purposes of the cost gap is therefore: 23 x 1FE and 30 x 2FE primary schools (£325m), 12 x 5FE and 3 x 8FE secondary schools (£330m) <u>total = £655m</u>
FLOOD DEFENCE					
Flood Defence	River Aire Flood Alleviation Scheme (FAS) – Phase 1	£52m	LCC capital programme £10m , ERDF £10m, RGF £4m, FDGiA £8.8m, BID £1m, developers £1m	£17.2m	Phase 1 - Create flood defences protecting the city from flooding along a 3.5 kilometre stretch of the River Aire between Leeds Central Station and downstream to Knostrop Weir. The FAS Phase 1 will provide a 1 in 75 years Standard of Protection from flooding. Completion anticipated 2015, subject to planning permission and funding availability. The FAS Phase 1 comprises 3 elements to be undertaken as funding becomes available : i) Remove existing weirs and install moveable weirs at Knostrop and Crown Point ii) Provide defences: embankments, terracing, setting back of defences, walls as required between Leeds Train Station and Granary Wharf iii) Remove Knostrop Cut to merge the Canal and River Aire

					£47m cost plus £5m maintenance. Assumed funding sources, although none yet confirmed: European Regional Development Fund £10m, Regional Growth Fund £4m, Flood Defence Grant in Aid (FDGiA) via Yorkshire Regional Flood and Coastal Committee and EA £8.8m, Business Improvement District (assume nominal £1m), development industry contributions (assume nominal £1m outside of the CIL).
Flood Defence	River Aire Flood Alleviation Scheme – Phase 2	£25m	ERDF, BID, FDGiAF Jessica, LCC, development industry contributions	£25m	Phase 2 - to provide a 1:75 year Standard of Protection along the River Aire, from Newlay Bridge the City Centre and from Knostrop to Woodlesford. As at October 2012 Phase 2 has not been sufficiently costed to allow for an accurate figure, but £25m is the best estimate possible – this is a minimum figure so as not to overstate the cost gap.
Flood Defence	River Aire Flood Alleviation Scheme – Phase 3	£25m	ERDF, FDGiA, BID Jessica, LCC, development industry contributions	£25m	Phase 3 - to increase the overall level of protection offered by the defences to a 1:200 Standard of Protection for the whole scheme. As at October 2012 Phase 3 has not been sufficiently costed to allow for an accurate figure, but £25m is the best estimate possible – this is a minimum figure so as not to overstate the cost gap.
GREEN INFRASTRUCTURE AND LEISURE					
Green Infra	City Centre Park and smaller pocket parks in city centre	£34.5m	None, in partnership with developers	£34.5m	£4.5m investment is required to develop the smaller pocket parks in the City Centre i.e. Hanover Square, Lovell Park, Queens Square, and Sovereign Street. For the city centre park a broad estimate including restructuring works of some of the highways is £40m. As the highway works may be scaled back a cautious estimate of £30m for this has therefore been used.
Green Infra	District wide child fixed play, MUGA, and skate/BMX improvements as result of new housing development	£35.4m	Some would be provided on larger sites by developers, so assume £17.7m (half)	£12.5m	Example costs from S106 equivalent: At 2012 rates, greenspace calculator gives cost per child for play as £975. At 0.62 children per house and 0.1 children per flat = costs £605 per house and £98 per flat (rounded). Core Strategy housing figures of 74,000 dwellings gross to 2028, of which target is 25% flats, = total cost of child play £35,356,400. Some of this would be provided by developers within their sites, so assume it can be discounted by half (£17.7m). A proportion of the remainder will also be incorporated within the specific schemes listed below, and therefore there a further discount has been applied of £1.2m (community parks) + £4m (outdoor recreation) leaving a total gap of £12.5m

Green Infra	Improvements to greenspace quantity and/or quality as result of new housing development	£55.25m	None	£55.25m	The increase in population will lead to need for new areas of greenspace as well as improvements to existing parks. Core Strategy housing figures of 74,000 dwellings gross to 2028, of which target is 25% flats. Example cost taken from the current S106 policy equivalent is £67,574,718. Assumptions are at 2012 rates, that maintenance is only taken for N2.1, 50% of all N2 greenspace would be provided within sites (and therefore no contribution necessary), and that a further 50% of the sites which do not provide it on site would be located within an area of adequate provision (and therefore no contribution for N2.2 and N2.3). Some of this £67.6m figure would also be incorporated within the specific schemes listed below, and therefore has been discounted by a further £3.6m (community parks) + £8m (outdoor recreation) + £75k (allotments) = £55.25m total cost.
Green Infra	62 Community Parks city wide.	£6m	None	£6m	In order to gain understanding of standards of all parks and green space, an assessment programme was devised in 2004 to assess a representative sample of 144 parks and green spaces over a rolling 3 year period against the national Green Flag standard criteria. This investment is required to achieve the Parks and Green Space Strategy target of all 62 Community Parks attaining the national Green Flag standard by 2020. Prior to the CIL being introduced S106 funding is generally used for this purpose.
Green Infra	7 City Parks – Major Visitor Attractions	£10m	Assume external funding of £8m	£2m	Investment required to develop our City Parks: Roundhay Park, Temple Newsam, Lotherton Hall, Middleton Park, Golden Acre Park, Otley Chevin and Kirkstall Abbey. Funding is primarily sourced from external bodies namely Heritage Lottery Fund, assume 80% of costs.
Green Infra	Outdoor recreation city wide	£20m	None	£15m	Parks and Countryside are responsible for the majority of parks and green spaces throughout the city. New housing growth and increased usage means that they will require investment to improve standards. Prior to the CIL being introduced S106 funding is generally used for this purpose, along with additional match funding from external sources (assume £5m).
Green Infra	Allotments city wide	£1.5m	None	£1.5m	There is currently a waiting list of 1100 people requesting an allotment across the city, and increased housing growth will increase pressure on allotments. To accommodate this provision significant investment is required to create new allotment sites and to provide for the future level of demand. Prior to the CIL being introduced S106 funding is generally used for this purpose.
Leisure	Fearnville and East Leeds Leisure Centre replacement	£12.5m	None	£12.5m	Reprovision of Fearnville and East Leeds Leisure Centre in the form of one new, purpose built, wellbeing centre, with a commitment to deliver and resource by 2013 / 2015. Investment continues to be sought for this proposal, a PFI bid was unsuccessful. Develop a sustainable community asset transfer model in-line with this development. Cost £10m - £15m.

Leisure	Kippax and Garforth Leisure Centre replacement	£10.5m	None	£10.5m	Reprovision of Kippax and Garforth Leisure Centre in the form of one new or re-furbished swimming pool, fitness suite and other appropriate dry side sports facilities, with a commitment to resource and deliver by 2017. Cost £8m - £13m.
Leisure	Aireborough Leisure Centre Refurbishment	£3.8m	None	£3.8m	Refurbish changing rooms, reception, and exterior, extend gym, access work. By 2020 and dependent on funding.
Leisure	Otley Chippindale Swimming Pool	£250k	Prince Henry Grammar School	£250k	Accessibility, energy and wider refurbishment. By 2020 and dependent on funding.
Leisure	Wetherby Leisure Centre	£1.4m	None	£1.4m	Refurbish changing rooms, extend gym, access work. By 2020 and dependent on funding.
Leisure	Pudsey Leisure Centre	£2m	None	£2m	New entrance and frontage, interior refurbishment, extend gym. By 2020 and dependent on funding.
Leisure	Kirkstall Leisure Centre	£1m	None	£1m	Refurbish changing room, re-orientate reception, works to heating / lighting / ventilation, reception, access. By 2020 and dependent on funding.
Leisure	Rothwell Leisure Centre	£5.8m	None	£5.8m	Pool hall refurbishment - new atrium, circulation and relaxation area. Refurbish dryside changing, additional car parking, fitness studio / spinning area, extend gym. By 2020 and dependent on funding.
TOTAL FUNDING GAP FOR CIL		**£1.7 billion**	**-**	**£1.3 billion**	**(Total cost = £1,747,428,000) (Funding gap = £1,335,428,000)**

LEEDS HISTORIC SECTION 106 DATA

JUSTIFICATION FOR THE COMMUNITY INFRASTRUCTURE LEVY

Introduction

1.1 The CIL Regulations set out that the CIL should be set high enough to ensure that (when combined with other sources of funding) sufficient money is available to pay for the community infrastructure needed to support growth. However, it should not be set so high that the growth ambitions of the development plan are rendered commercially unviable.

1.2 As the Government's intention is that CIL should unlock significant new capital funding, then matching the demonstrated performance of S106 agreements is the very least that should be considered. This paper sets out S106 data for previous years in order to determine this minimum level of CIL which should be collected, on the basis that this is a level which is viable.

1.3 Under statutory requirements S106 agreements have to be:

a. Necessary to make the development acceptable in planning terms,
b. Directly related to the development, and,
c. Fairly and reasonably related in scale and kind to the development.

1.4 S106 agreements are negotiated for site specific mitigation measures including affordable housing and other matters such as flood storage, junction improvements, on-site greenspace, travel plans and public transport travel cards, and anything else which is required in order to grant the planning permission. In Leeds S106 contributions are also collected on a tariff style basis through Supplementary Planning Documents/Guidance for three key areas of infrastructure provision; education, public open space, and public transport improvements. This means that the money is used across a wider area than in the immediate vicinity of the development site to provide for the cumulative impact of individual new developments on infrastructure requirements. After April 2014 or after the CIL is adopted if earlier, it will no longer be possible to collect these three tariff types of S106 contribution.

S106 Funds received

1.5 Tables 1 and 2 show the S106 monies received from all types of development in the past few years (excluding affordable housing S106s). The impact of the current recession has to be borne in mind in making assumptions about the continuation of these trends but the data is the best available. The average per year from the last two years of received S106s is £3.28m, and £3.5m from the last five years.

Table 1 - Section 106 funds received 2007/08 to 2011/12

<table>
<tr><th>Year S106 received</th><th>Amount</th><th>Average</th><th>Average</th></tr>
<tr><td>2007-8</td><td>£5.5m</td><td rowspan="5">£3.5m</td><td rowspan="3">-</td></tr>
<tr><td>2008-9</td><td>£1.4m</td></tr>
<tr><td>2009-10</td><td>£4.2m</td></tr>
<tr><td>2010-11</td><td>£4.5m</td><td rowspan="2">£3.3m</td></tr>
<tr><td>2011-12</td><td>£2.1m</td></tr>
</table>

Table 2 - Section 106 funds received April 2010 – March 2012:

Type of S106 received	2010/2011	2011/2012	Average per year
Greenspace	£1,260,106	£473,519	£866,813
Public Transport Improvements	£1,515,419	£618,800	£1,067,110
Education	£0	£54,500	£27,250
Community Benefit	£13,136	£29,729	£21,433
Highways/ Other	£1,423,636	£536,525	£980,081
Public Realm	£185,000	£310,809	£247,905
Travel plan	£71,558	£75,315	£73,437
Total	**£4,468,854**	**£2,099,197**	**£3,284,026**

1.6 The Preliminary Draft Charging Schedule sets out the future relationship in Leeds between the CIL and ongoing use of S106s for site specific measures including potential pooling of up to five S106s. As an approximation, from Table 2 it is assumed that travel plans and highways would continue to be provided in future alongside the CIL and that the other types would be subsumed within the CIL. Therefore the minimum CIL income should be £2.23m per year, with an additional £1.05m to continue each year from site specific S106s.

S106s Signed

1.7 An alternative approach is to break down S106s into the amount which was signed per year, which can then be compared against floorspace, albeit that there is much less certainty that signed S106s will come forwards into actual payments, and in some instances developers may sign agreements which are then renegotiated at a later stage.

1.8 The year June 2011 to May 2012 was used for residential permissions, and as these schemes were primarily brownfield, they were balanced against Phase 2 and 3 UDP greenfield sites permitted (since November 2009) to better reflect the type of sites which will come forwards through the Core Strategy. Appendix 1 gives the full schedule of the relevant S106s.

1.9 The CIL is to be levied on the basis of floorspace, and so the calculations used an average of 88 sqm for a 3 bed house in Leeds. Table 3 shows that the average total from signed S106s was £5,096 per dwelling or £58 per sqm. As outlined above, the three current tariff style S106s for greenspace, education, and public transport improvements would be directly superseded by the CIL, which equate to an average of £4,535 per dwelling, or £52 per sqm. Although not a direct approximation of the amount which the CIL could be set at, as the CIL rates need to take into account geographic differences in viability plus the CIL will be charged on all residential units compared to the historic S106s only signed for schemes above 10 units, it is a very useful benchmark.

Table 3 - Residential Section 106s signed (excluding affordable housing):

	Residential <50 units June 11 - May 12	Residential >50 units June 11 - May 12	UDP Phase 2 & 3 - since Nov 2009	OVERALL TOTAL
Total S106 Value	£0.52m	£4.00m	£6.75m	£11.28m
Total No. dwellings	231	771	1,212	2,214
S106 per dwelling	£2,271	£5,196	£5,571	**£5,096**
Average per sqm from all S106s	£26	£59	£63	**£58**
S106 tariff value: Greenspace	£0.48m	£0.17m	£0.94m	£1.59m
S106 tariff value: Education	£0.00m	£1.54m	£4.03m	£5.570m
S106 tariff value: Public Transport Imps	£0.00m	£1.88m	£1.00m	£2.88m
Total to be replaced by CIL (tariff S106s)	£0.48m	£3.59m	£5.97m	£10.04m
S106 per dwelling to be replaced by CIL	£2,066	£4,656	£4,929	**£4,535**
Average per sqm from tariff S106s	£23	£53	£56	**£52**

1.10 Information was also gathered on the commercial schemes with signed S106s between June 2011 to May 2012, although it is more difficult to identify averages due to the small numbers of some uses and especially because many schemes are mixed use and it has not been possible to break down the S106 payments against the different floorspace and uses within them. The full schedule of the relevant commercial S106s are contained within Appendix 1.

Table 4 - Commercial Section 106s Signed

	Average per sqm from all S106s	Average per sqm from tariff S106s
Hotels (C1)	£5 - £23	£4 - £19
Care homes (Class C2)	£7 - £10	£6 - £8
Gyms (D2)	£16	£9
City centre office (B1a)	£11	£10
Large retail (A1)	£57 - £74	£46 - £69
	Average per bed space* from all S106s	**Average per bed space* from tariff S106s**
Student accommodation (5 signed)	£77 - £670 Average £324	£43 - £617 Average £281
*Student accommodation schemes range greatly in size per bedroom plus size of circulation areas and shared facilities and therefore bed space is used in this calculation.		

1.11 This broad data has been included within the assumptions in the Economic Viability Study by GVA.

APPENDIX 1 – SCHEDULE OF SIGNED SECTION 106 AGREEMENTS

(a) Overall S106 value excludes affordable housing
(b) Economic Viability Assessment (DTZ 2010) and Economic Viability Study (GVA 2012) assumptions, using average 88 sqm (3 bed house)

SUMMARY OF RESIDENTIAL SIGNED S106s

	Overall S106 Value (a)	Total No. dwlgs	S106 per dwlg	S106 tariff: G'space / Public Realm	S106 tariff: Education	S106 tariff: Public Transport Imps	Total to be replaced by CIL (Gspace/ Educ / PTI)	S106 per dwlg to be replaced by CIL	Average from all S106s psm (b)	Average tariff S106s psm (b)
UNDER 50 UNITS 01/06/11 - 31/05/12	£524,661	231	£2,271	£477,167	£0	£0	£477,167	£2,066	£26	£23
OVER 50 UNITS 01/06/11 - 31/05/12	£4,005,894	771	£5,196	£174,820	£1,536,557	£1,878,168	£3,589,545	£4,656	£59	£53
UDP PHASE 2 & 3 since Nov 2009	£6,751,722	1212	£5,571	£941,323	£4,033,671	£998,482	£5,973,476	£4,929	£63	£56
OVERALL TOTAL	£11,282,277	2214	**£5,096**	£1,593,310	£5,570,228	£2,876,650	£10,040,188	**£4,535**	**£58**	**£52**
Total under 50 units (including Phase 2 & 3)	£781,380	363	**£2,153**	£676,862	£20,000	£0	£696,862	**£1,920**	**£24**	**£22**
Total over 50 units (including Phase 2 & 3)	£10,500,897	1851	**£5,673**	£916,448	£5,550,228	£2,876,650	£9,343,326	**£5,048**	**£64**	**£57**

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RESIDENTIAL - Schemes under 50 units - 1st June 2011 - 31st May 2012

Site	Date	Plan App Ref	Overall S106 Value (a)	Total No. dwlgs	S106 per dwlg	S106 tariff: G'space / Public Realm	S106 tariff: Education	S106 tariff: Public Transport Imps	Total to be replaced by CIL (Gspace/ Educ / PTI)	S106 per dwlg to be replaced by CIL	Average from all S106s psm (b)	Average tariff S106s psm (b)
30-34 Barrowby Lane, Austhorpe	15-Jun-12	12/00646/FU (revised from 11/01963/EXT to 08/01087/FU)	**£37,563**	11	**£3,415**	£30,882	£0	£0	£30,882	£2,807	£39	£32

Pepper Road Hunslet	17-Jun-11	10/03728/EXT to 06/06269/FU	**£32,814**	14	**£2,344**	£32,214	£0	£0	£32,214	£2,301	£27	£26
1 - 41 And 2 - 20 St Lukes Green, Beeston	28-Jul-11	10/05219/RM	**£2,500**	19	**£132**	£0	£0	£0	£0	£0	£1	£0
Leeds Girls High School - Rose Court	23-Jun-11	08/04214/OT	**£1,653**	12	**£138**	£1,053	£0	£0	£1,053	£88	£2	£1
St Vincents School, Church Street, Boston Spa	16-Jun-11	11/01086/EXT to 08/02322/FU	**£37,492**	13	**£2,884**	£36,492	£0	£0	£36,492	£2,807	£33	£32
Bramley Gardens, Skeltons Lane	06-Jun-11	11/00934/FU	**£21,970**	14	**£1,569**	£14,162	£0	£0	£14,162	£1,012	£18	£11
The Tannery, Leeds Road, Otley	09-Jan-12	11/04382/FU	**£36,107**	10	**£3,611**	£23,902	£0	£0	£23,902	£2,390	£41	£27
Manor House Farm, Great North Road, Micklefield	19-Jul-11	10/03358/EXT to 07/01571/FU	**£35,549**	14	**£2,539**	£35,549	£0	£0	£35,549	£2,539	£29	£29
Methley Infants School	19-Dec-11	11/04226/FU	**£34,439**	12	**£2,870**	£33,689	£0	£0	£33,689	£2,807	£33	£32
Carlisle Road, Pudsey	29-May-12	11/01860/FU	**£73,820**	23	**£3,210**	£64,570	£0	£0	£64,570	£2,807	£36	£32
Land North of Morrisons, Swinnow Road	30-Jun-11	11/00991/OT	**£72,685**	25	**£2,907**	£70,185	£0	£0	£70,185	£2,807	£33	£32
Elder Road, Bramley	05-Mar-12	08/05924/FU	**£47,514**	22	**£2,160**	£46,514	£0	£0	£46,514	£2,114	£25	£24
Broad Lane, Bramley	12-Jan-12	11/04358/FU	**£40,087**	19	**£2,110**	£39,087	£0	£0	£39,087	£2,057	£24	£23
The Former Weasel Public House, 94 Roker Lane, Pudsey	11-Aug-11	11/00108/EXT to 07/03657/FU	**£28,306**	12	**£2,359**	£27,706	£0	£0	£27,706	£2,309	£27	£26
St Lawrence House, Crawshaw Road, Pudsey	11-Apr-12	11/05295/FU	**£22,162**	11	**£2,015**	£21,162	£0	£0	£21,162	£1,924	£23	£22
		TOTAL	**£524,661**	**231**	**£2,271**	**£477,167**	**£0**	**£0**	**£477,167**	**£2,066**	**£26**	**£23**

RESIDENTIAL - Schemes over 50 units - 1st June 2011 - 31st May 2012

Site	Date	Plan App Ref	Overall S106 Value (a)	Total No. dwellings	S106 per dwelling	S106 tariff: Greenspace / Public Realm	S106 tariff: Education	S106 tariff: Public Transport Improvements	Total to be replaced by CIL (Gspace/ Educ / PTI)	S106 per dwlg to be replaced by CIL	Average from all S106s psm (b)	Average tariff S106s psm (b)
Albert Road, Morley	30-Nov-11	10/03141/OT	**£155,187**	70	**£2,217**	£99,960	£0	£0	£99,960	£1,428	£25	£16
Netherfield Road, Guiseley (Factory site)	23-Mar-12	11/01843/FU	**£509,075**	74	**£6,879**	£74,860	£347,757	£44,400	£467,017	£6,311	£78	£72
Saxton Lane	02-Aug-11	11/01442/EXT for 08/01844/FU	**£37,367**	80	**£467**	£0	£0	£27,107	£27,107	£339	£5	£4
Former Bellows Engineering Site, East Street	22-Jun-11	10/03179/EXT to 07/04987/FU	**£19,596**	147	**£133**	£0	£0	£13,661	£13,661	£93	£2	£1
Clariant, Calverley Lane, Horsforth	21-Mar-12	10/04068/OT	**£3,284,669**	400	£8,212	£0	£1,188,800	£1,793,000	£2,981,800	**£7,455**	**£93**	**£85**
		TOTAL	**£4,005,894**	**771**	**£5,196**	**£174,820**	**£1,536,557**	**£1,878,168**	**£3,589,545**	**£4,656**	**£59**	**£53**

Haigh Moor Road, West Ardsley	*14-Mar-12*	*11/01014/OT**	***£23,750***	*32*	***£742***	*£0*	*£20,000*	*£0*	*£20,000*	*£625*	*£8*	*£7*

RESIDENTIAL - Schemes on UDP Phase 2 and 3 Greenfield Sites - since Nov 2009

Site	Date	Plan App Ref	Overall S106 Value (a)	Total No. dwlgs	S106 per dwlg	S106 tariff: Greenspace / Public Realm	S106 tariff: Education	S106 tariff: Public Transport Imps	Total to be replaced by CIL (Gspace/ Educ / PTI)	S106 per dwlg to be replaced by CIL	Average from all S106s psm (b)	Average tariff S106s psm (b)
Bagley Lane, Farsley	08-Mar-12	09/01601/OT	**£81,441**	45	**£1,810**	£64,584	£0	£0	£64,584	**£1,435**	**£21**	**£16**
Greenlea, Yeadon	15-Dec-11	11/02980/FU	**£98,840**	30	**£3,295**	£84,223	£0	£0	£84,223	**£2,807**	**£37**	**£32**
Netherfield Road, Guiseley (Phase 3 site)	07-Feb-12	11/02690/FU following 10/02762/OT	**£706,053**	87	**£8,116**	£136,538	£414,452	£106,662	£657,652	**£7,559**	**£92**	**£86**
Queen Street, Allerton Bywater	26-Jan-11	09/04353/OT	**£755,955**	120	**£6,300**	£150,380	£356,679	£94,680	£601,739	**£5,014**	**£72**	**£57**

Haigh Moor Road, West Ardsley	27-Sep-12	11/01014/OT	**£23,750**	32	**£742**	£0	£20,000	£0	£20,000	**£625**	**£8**	**£7**
Syke Lane, Scarcroft	01-Feb-11	09/05551/OT	**£21,206**	14	**£1,515**	£20,006	£0	£0	£20,006	**£1,429**	**£17**	**£16**
Pudsey Road, Swinnow	29-Nov-09	08/06785/OT	**£31,482**	11	**£2,862**	£30,882	£0	£0	£30,882	**£2,807**	**£33**	**£32**
Church Fields, Boston Spa	08-Mar-11	09/04531/FU	**£793,195**	153	**£5,184**	£115,815	£454,765	£101,597	£672,177	**£4,393**	**£59**	**£50**
Selby Road, Garforth	27-Nov-09	11/03814/FU following from 08/06019/OT	**£547,464**	78	**£7,019**	£97,158	£322,938	£79,016	£499,112	**£6,399**	**£80**	**£73**
Milner Lane, Robin Hood	31-Mar-10	12/00161/FU following from 08/04184/OT	**£505,724**	72	**£7,024**	£141,777	£214,007	£88,207	£443,991	**£6,167**	**£80**	**£70**
Holt Lane, Adel	09-May-11	09/04190/FU	**£599,244**	70	**£8,561**	£99,960	£308,946	£85,820	£494,726	**£7,068**	**£97**	**£80**
Grimes Dyke, York Road	26-May-11	09/03238/OT	**£2,587,368**	500	**£5,175**	£0	£1,941,884	£442,500	£2,384,384	**£4,769**	**£59**	**£54**
		TOTAL	**£6,751,722**	**1,212**	**£5,571**	£941,323	£4,033,671	£998,482	**£5,973,476**	**£4,929**	**£63**	**£56**

STUDENT HOUSING SCHEMES - 1st June 2011 - 31st May 2012

Site	Date	Plan App Ref	Overall S106 Value (a)	Number beds	S106 per bed	S106 tariff: Greenspace / Public Realm	S106 tariff: Public Transport Imps	Total to be replaced by CIL (Gspace/ PTI)	S106 per bed to be replaced by CIL	Notes
Calverley Street	17-Jan-12	11/04138/FU (mod To 10/05541/FU)	**£60,805**	577	**£105**	£0	£29,780	£29,780	£52	
St Marks Road, Woodhouse	16-Jan-12	11/04449/FU	**£162,945**	526	**£310**	£147,945	£0	£147,945	£281	
Phase 3 The Gateway East Street	31-May-12	12/00828/FU (mod to 08/06681/FU)	**£39,056**	508	**£77**	£0	£22,056	£22,056	£43	Includes 3,521 sqm A1 retail
22 Lovell Park Hill	22-May-12	12/00684/FU	**£42,760**	66	**£648**	£38,260	£0	£38,260	£580	
Servia Road	15-Mar-12	11/05195/FU	**£201,109**	300	**£670**	£136,975	£48,134	£185,109	£617	
		TOTAL / AVERAGE	**£282,925**	874	**£324**	£175,235	£70,190	**£245,425**	£281	-

COMMERCIAL - Schemes 1st June 2011 - 31st May 2012

Site	Date	Plan App Ref	Overall S106 Value	Uses	Floor space (sqm)	Breakdown of floor space (sqm)	S106 per meter against total floor space	S106 tariff: G'space / Public Realm	S106 tariff: Public Transport Imps	Total to be replaced by CIL (Gspace / PTI)	S106 per meter to be replaced by CIL
Otley Road, Guiseley	02-Feb-12	11/02169/FU	**£78,302**	A1	1,385	-	**£57**	£0	£64,302	**£64,302**	£46
Land off Carr Crofts, Armley	18-Jan-12	10/02363/OT	**£711,556**	A1	9,595	-	**£74**	£0	£660,756	**£660,756**	£69
Sweet Street	09-Dec-11	20/430/04/OT (20/534/05/RM)	**£463,368****	A1, B1a	/	/	/	£461,868	£0	**£461,868**	
Trinity Quarter	07-Oct-11	11/00382/FU changes to 20/149/03/FU	**£329,000****	A1, A2-5	/	/	/	£0	£326,500	**£326,500**	
28 New Briggate, City Centre	17-May-12	11/01993/FU	**£36,246**	A3/A4	1,000	-	**£36**	£0	£36,246	**£36,246**	£36
Trinity West	01-Nov-11	11/03290/FU	**£70,495**	A3, A4, D1 clinic, D2 gym	4,170	-	**£17**	£30,850	£34,895	**£65,745**	£16
Former City Square House Wellington Street	29-Jul-11	10/05681/EXT to 07/04127/FU	**£179,925**	B1a	16,012	-	**£11**	£0	£168,000	**£168,000**	£10
Land Off Sandbeck Lane	23-Nov-11	10/00279/OT	**£241,180**	B1a, B8	8,085	5,570 B1a, 2,515 B8	**£30**	£0	£200,000	**£200,000**	£25
Whitehall Road	23-Dec-11	11/04023/FU	**£106,996**	B1a, C1 office and hotel	11,355	6,005 B1a, 5,350 C1	**£9**	£0	£97,496	**£97,496**	£9
Thorp Arch Trading Estate	20-Dec-11	11/03150/OT	**£33,057**	B2	5,327	-	**£6**	£0	£29,057	**£29,057**	£5
1 Pilot Street, Sheepscar	03-Oct-11	11/02158/FU	**£15,641**	B8, B2, D1 college	2,010	550 B8, 690 B2, 770 D1	**£8**	£0	£12,391	**£12,391**	£6
Hepworth Point, Clay Pitt Lane, Sheepscar	30-Jun-11	11/01048/FU	**£34,191**	C1 hotel	6,660	-	**£5**	£0	£29,441	**£29,441**	£4
Car Park "D" Site Portland Crescent	29-Jul-11	11/01979/EXT to 08/05664/FU	**£267,207**	C1 hotel	11,590	**-**	**£23**	£40,000	£185,217	**£225,217**	£19
Elland Road,	16-Jun-11	08/06739/FU	**£286,826**	C1 hotel, A1, A3, A4, B1a, nightclub	22,025	2,240 A1, 1,605 A3, 1,530 A4, 1,215 B1a, 725 nightclub, 14,710 (347 bed) hotel	**£13**	£0	£285,326	**£285,326**	£13

Grove Lane, Headingley	08-Sep-11	12/00687 (amendment to 11/00915/FU)	**£34,525**	C2 79 bed care home	3,605	46 sqm per bed	**£10**	£0	£22,025	**£22,025**	£6
Springfield Healthcare, The Grange,	29-Sep-11	10/04942/FU	**£29,682**	C2 96 bed care home	4,156	43 sqm per bed	**£7**	£0	£24,782	**£24,782**	£6
Shaftesbury Hotel York, Road	02-Nov-11	11/02883/OT	**£34,618**	C2 84 bed care home	3,500	42 sqm per bed	**£10**	£0	£22,118	**£22,118**	£6
Waterloo Manor, Selby Road, Swillington	01-Sep-11	10/05315 (amendment to approval 09/00327/FU)	**£21,566**	C2a 33 low secure beds	2,275	69 sqm per bed	**£9**	£0	£0	**£19,006**	£8
Alf Cooke Print Works	10-Jan-12	11/04293/FU	**£305,700**	D1 college	16,170	-	**£19**	£15,000	£109,000	**£124,000**	£8
Former Job Centre, Pepper Road	28-Jun-11	10/05129/FU	**£2,500**	D1 college	561	-	**£4**	£0	£0	**£0**	£0
Unit 1 Kirkstall Industrial Estate	09-Dec-11	11/03248/FU	**£54,443**	D2 gym	3,330	-	**£16**	£0	£30,443	**£30,443**	£9
		TOTAL	**£1,752,288**	-	132,811	-	**£13**	**£547,718**	**£2,337,995**	**£2,904,719**	**£22**

*** Not included in total as not possible to break down by floorspace*

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Equality, Diversity, Cohesion and Integration Screening

Leeds CITY COUNCIL

As a public authority we need to ensure that all our strategies, policies, service and functions, both current and proposed have given proper consideration to equality, diversity, cohesion and integration.

A **screening** process can help judge relevance and provides a record of both the **process** and **decision.** Screening should be a short, sharp exercise that determines relevance for all new and revised strategies, policies, services and functions. Completed at the earliest opportunity it will help to determine:

- the relevance of proposals and decisions to equality, diversity, cohesion and integration.
- whether or not equality, diversity, cohesion and integration is being/has already been considered, and
- whether or not it is necessary to carry out an impact assessment.

Directorate: City Development	**Service area: Forward Planning and Implementation**
Lead person: Lora Hughes	**Contact number: 50714**
Date: Jan 3rd 2013	

1. Title: Community Infrastructure Levy – Preliminary Draft Charging Schedule
Is this a: [X] **Strategy / Policy** [ ] **Service / Function** [ ] **Other** **If other, please specify**

2. Please provide a brief description of what you are screening
The Planning Act 2008 established powers to create a Community Infrastructure Levy, and the Community Infrastructure Levy Regulations (April 2010 and April 2011) used these powers to allow a charging authority to levy a charge on the owners or developers of land that is developed, so that they contribute to the costs of providing the infrastructure needed to support the development of the area. This Screening Report assesses the decision as to what Community Infrastructure Levy (CIL) rates are to be set across the District, including at what cost per square meter of floorspace of new development, what uses to be charged, and geographical differences. The Council at this stage will set rates it considers appropriate as final rates, however, it is important to note that they will be subject to public consultation and independent examination and are therefore open to further review and change depending on representations received. The rates set now will be publicised at the first stage of formal public consultation on the CIL process; the Preliminary Draft Charging Schedule.

The Officer’s report to Development Plan Panel recommends the rates to be set (based on viability evidence, national regulations and guidance, and potential impacts for Leeds). These options are assessed within the EIA screening process below.

3. Relevance to equality, diversity, cohesion and integration

All the council’s strategies/policies, services/functions affect service users, employees or the wider community – city wide or more local. These will also have a greater/lesser relevance to equality, diversity, cohesion and integration. The following questions will help you to identify how relevant your proposals are. When considering these questions think about age, carers, disability, gender reassignment, race, religion or belief, sex, sexual orientation and any other relevant characteristics (for example socio-economic status, social class, income, unemployment, residential location or family background and education or skills levels).

Questions	Yes	No
Is there an existing or likely differential impact for the different equality characteristics?	X	
Have there been or likely to be any public concerns about the policy or proposal?	X	
Could the proposal affect how our services, commissioning or procurement activities are organised, provided, located and by whom?	X	
Could the proposal affect our workforce or employment practices?		X
Does the proposal involve or will it have an impact on • Eliminating unlawful discrimination, victimisation and harassment • Advancing equality of opportunity • Fostering good relations	X	

If you have answered **no** to the questions above please complete **sections 6 and 7**

If you have answered **yes** to any of the above and;

- Believe you have already considered the impact on equality, diversity, cohesion and integration within your proposal please go to **section 4.**
- Are not already considering the impact on equality, diversity, cohesion and integration within your proposal please go to **section 5.**

4. Considering the impact on equality, diversity, cohesion and integration

If you can demonstrate you have considered how your proposals impact on equality, diversity, cohesion and integration you have carried out an impact assessment.

Please provide specific details for all three areas below (use the prompts for guidance).

- ***How** have you considered equality, diversity, cohesion and integration?*

(think about the scope of the proposal, who is likely to be affected, equality related information, gaps in information and plans to address, consultation and engagement activities (taken place or planned) with those likely to be affected)

There are three elements in considering equality in the Community Infrastructure Levy (CIL) charge setting process:
1) Equal and fair consultation throughout the charge setting process.
2) Equality for those who will have to pay the charge.
3) Equality as a result of decisions on spending the CIL and subsequent service and infrastructure delivery (which links back to a certain extent to the geographical locations where it is charged).

Adopting a CIL will help the authority to achieve the vision for sustainable development that is set out in the Core Strategy. The Core Strategy was itself subject to a detailed Equality Impact Assessment Screening that considered the impacts of individual policies on those groups identified as having protected characteristics.

To a large extent, the consideration of most relevance to equality, diversity, cohesion, and integration will be relating to the choices to be made in spending the CIL, based to a large extent on geographical differences including infrastructure needs. This includes the 'meaningful proportion' to be given to the community for spending. However, this Screening is primarily concerned with the first two elements set out above, as the decisions to be taken on governance, spending, and service delivery cannot be fully considered until after the initial rates have been set and an estimate of potential revenues can be determined.

The types of impacts would arise at the point at which money has been secured through CIL and new or improved infrastructure is actually delivered; they would not arise directly as a result of the Charging Schedule itself. Such matters will also involve extensive consultation and agreement with a wide range of stakeholders, and equality and cohesion will need to be fully integrated into decision making as there will likely be disproportionate impacts and mitigation. Therefore a full discussion of such issues cannot be provided at present, but initial indications and ideas have also been set out within this Screening in order to provide an overview and to show how the elements of the CIL link together.

1) Consultation in the charge setting process
The Council is required to carry out two rounds of formal public consultation prior to the adoption of the CIL. The decision to be made at this stage relates to the 1st stage; the Preliminary Draft Charging Schedule (PDCS), and specifically the levels of the charges, and the uses and areas of the District to which it will apply. Later stages are the Draft Charging Schedule, and the Submission and Examination.

Each round of public consultation will be carried out in accordance with the adopted Statement of Community Involvement (SCI). Frontloading consultation also occurred during the preparation of the CIL Economic Viability Study (final report December 2012) through a developer workshop and contact with key stakeholders in the development industry.

All relevant stakeholders on the Council's LDF mailing list, including e.g. parish councils, will be notified when the PDCS is available for consultation, alongside publication on the website and in libraries and One Stop Centres to raise awareness of the consultation. There will be events to publicise the PDCS and to provide information on it.

Collectively, the measures set out in the SCI ensure that a wide range of people will be made aware of the development of the CIL, so that a broad range of views can be taken into account as progress is made towards the final Charging Schedule. All comments received during consultation will be considered when preparing the Draft Charging Schedule, with a response given, and changes made where appropriate.

Equality has been considered across the District's boundaries through discussions with neighbouring authorities on the methodologies for the viability studies and the initial findings. All the neighbouring authorities are currently intending to progress with developing a CIL (subject to results from their viability evidence) and Kirklees, Bradford, and Harrogate are at the same stage in the process as Leeds.

2) Equality for those who will have to pay the charge
The CIL rates have to be set primarily on viability evidence. So essentially, the Council only has very limited choice over the types of development or geographical locations where it can be charged. Adopting a CIL will have an impact on anyone in the District with an interest in land, particularly landowners and developers. As income generated through CIL is used to fund new and improved infrastructure, there will be impacts on the wider community, depending on the type of infrastructure that is delivered and the locations in which money raised through CIL is invested.

In accordance with the CIL Regulations, the charge will be set based on evidence relating to the economic viability of development across the District, and also on the need for new and improved infrastructure as growth outlined in the Core Strategy occurs up to 2028. GVA were commissioned to undertake an Economic Viability Study across the District. It was overseen by a group of officers from the Council's Forward Planning and Asset Management teams alongside review by Members at Development Plan Panel and Scrutiny Board (Housing and Regeneration).

CIL is a levy payable by most new development. Development types that overwhelmingly cannot afford CIL do not have to pay it as it is set at a zero rate for such types. The Council is proposing that leisure centres, schools, public health facilities, community centres, and religious institutions will be exempt from CIL. By removing the requirement to pay CIL, the delivery of these services is less likely to be inhibited. This will be beneficial for those people who are reliant of these types of services, including older people, children and families.

The Regulations set out that development proposed by charities and used for charitable purposes is exempt from paying the CIL, as is social housing. Setting the CIL at an appropriate rate will mean that it should not be an additional barrier to the delivery of social housing.

3) Spending considerations
As outlined above, the scope of this current Screening is not considering the implications of spending decisions and infrastructure investment, as these are a separate workstream and will be subject to a separate EIA Screening.

Issues which will be considered at that time include:
– The 'meaningful proportion' which will be passed to local communities via parish or town councils to determine their own spending
– How the meaningful proportion will be spent in areas where there are no parish or town councils.
– Issues where no or minimal CIL will be raised across e.g. much of the inner area or city centre, and how this lack of meaningful proportional may disproportionately impact on those communities (and any mitigation required as a result).
– Other local ring-fencing mechanisms,
– How infrastructure priorities will be decided, based on the Council's Infrastructure Delivery Plan and input from the capital programme, Strategic Investment Board, DPP/Executive Board etc.
– Determining the split between spending from the CIL and spending from Section 106

Agreements. This is closely linked with developing the Regulation 123 List and the preparation of the Site Allocations Development Plan Document.

- **Key findings**

(think about any potential positive and negative impact on different equality characteristics, potential to promote strong and positive relationships between groups, potential to bring groups/communities into increased contact with each other, perception that the proposal could benefit one group at the expense of another)

General equality benefits of the CIL

Adopting a CIL will help the authority to achieve the vision for sustainable development that is set out in the Core Strategy. The Core Strategy was itself subject to a detailed Equality Impact Assessment Screening that considered the impacts of individual policies on those groups identified as having protected characteristics.

The Government has already conducted an EIA on the introduction of a CIL. This identified no adverse impact. The Government concluded that it does "not think that CIL will have an adverse impact on any social group. By making communities more sustainable, the CIL will facilitate economic growth and liveability and so create opportunity for all. The infrastructure and services that CIL will provide (such as medical and community facilities and transport networks) will enhance accessibility and liveability for all sectors of society, and could help to deliver new infrastructure that serves different needs within the community, for example, by increasing mobility and accessibility."

The proposed changes to the CIL Regulations have an increased emphasis on community engagement, localism, specific spending in local areas, and an intent to increase the amount of affordable housing which can be provided. Bringing forwards the CIL in Leeds aims to enable the Council to direct spending on necessary infrastructure items, give more choice in priority setting for spending to local communities, and balance out the costs and benefits of growth across the District. It is therefore considered that it is a beneficial mechanism to help promote equality overall.

There are not considered to be any equality implications outside of the Leeds District as charges will be set based on viability, and the neighbouring authorities are working together and should not disproportionally deter or attract investment based on CIL rates.

1) Consultation in the charge setting process

As outlined above, consultation will be undertaken according to the criteria in the Council's Statement of Community Involvement, and the CIL Regulations. It is therefore considered that there would be no undue equality implications arising out of the manner in which the charge setting process will be undertaken.

2) Equality for those who will have to pay the charge

It is considered that the levying of CIL will have neither a positive or a negative impact on equalities characteristics because the rate payable is based solely upon the viability of the development type. It is difficult to attribute the proposed CIL charge to specific impacts on the groups identified in the Equality Act as having protected characteristics. The CIL cost is ultimately expected to rest with landowners.

The CIL aims to provide more certainty for the development industry than the current system, and knowledge in advance of rates which will be charged and the transparency this will result in will allow for more equality in the process of negotiating payments and in balancing the infrastructure costs of new development across all types of viable development.

It is important to note that the CIL Regulations do not allow a charge to be levied on affordable housing or for development by charities. As outlined above, in Leeds the levy will also not be charged on leisure centres, schools, public health facilities, community centres, and religious institutions. This ensures that projects which support the narrowing of gaps or bringing communities together, and infrastructure projects themselves, are not adversely impacted by the CIL.

Choosing where to set the rates

The Economic Viability Study (GVA, December 2012) sets out the maximum rates which are generally viable for different types of development across the District. However, the CIL guidance is clear that if the CIL is set at these maximum rates, there is the big risk that development as a whole across the District will be affected. This would likely have most impact on provision of affordable housing as this would still be negotiable and therefore could be reduced if developers argue that their schemes are unviable if they provide the full policy requirement for affordable housing.

Setting the CIL at a rate much lower than the maximum in the Viability Study would not gain sufficient money for infrastructure funding for the District. Although the CIL is not intended to fully meet the funding gap, there is significant infrastructure required in Leeds and new development should make a fair contribution towards this.

It is therefore recommended that to balance the opposing ideas above, to create an appropriate balance a rate of £5 or £10 per square meter below the maximum rates in the Study should be used. However, where the Study rate is zero for residential and main commercial uses, a nominal rate of £5 or £10 should be set to reflect historic provision of similar amounts through signed Section 106 agreements and also to ensure that all areas where growth occurs contribute to the CIL.

Determining exact zone boundaries

The recommended zone boundaries for the residential uses are aligned with the housing areas which have been used for previous studies (the Economic Viability Appraisal for Affordable Housing by DTZ 2010, and the Strategic Housing Market Assessment update 2010). Current affordable housing policy has been overlaid onto these zones. The boundaries for the CIL are based on viability evidence and aim to ensure overall viability of development across the District. Therefore although developers will have to pay different rates of CIL depending on their location in the District, the payments should be equal in terms of their impact on a development.

However, in setting the Preliminary Draft Charging Schedule officers and Members have slightly altered the exact boundaries used in the Viability Study, based on local knowledge and pragmatism of physical attributes. The instance of zone boundaries means that there will inevitably be inequality of payments either side of the boundary, but this is to be primarily based on viability, and Members will have to consider these issues to ensure that there is equality as far as possible based on sites and geographies with similar characteristics across the District. Specific landowners and developers who may be affected by such choices will have the opportunity to comment at the formal stages of public consultation, and equality issues can be considered further then.

3) Spending considerations

The introduction of CIL should, in principle, benefit all groups by contributing to the delivery of strategic and local infrastructure and helping to achieve more sustainable development. The

Government's Impact Assessment states that the CIL "enables contributions to be sought to fund the development of an area, rather than to support the specific development that is seeking planning permission. CIL therefore offers local authorities a more flexible tool, helping them to secure the finances needed to deliver their infrastructure priorities. CIL will make it easier for local authorities to coordinate contributions towards larger infrastructure items that contribute to the wider development of their local area, including larger sub-regional infrastructure, which might not be provided otherwise."

The provision of some of the CIL to be given directly to communities via parish or town councils, or for the Council to spend on communities' behalf in non-parished areas, will enable communities to determine their own priorities. However, the detailed implementation and governance of the CIL may have unequal impacts in Leeds, primarily based on a geographical basis (because of concentrations of groupings of people with the protected characteristics in different areas).

The Viability Study considers that the city centre and the inner areas are currently unviable for residential development and so should not be charged a CIL. There may be some instances where residential development does occur in those locations and does not therefore bring with it a CIL charge, however, overall development which comes forwards will generally be charged the CIL and therefore CIL funding locally should mitigate the impacts of growth. The phasing of allocations within the Site Allocations DPD and the need to ensure e.g. a 5 year housing land supply, mean that as long as the CIL is not inhibiting development, where growth is viable it should be able to sustain a CIL charge. In addition, by placing a nominal fee on all types of development in all locations this can be mitigated.

The overall revenues gained from the CIL are projected to be £5.7m a year (albeit this figure is inevitably with caveats including that for the first few years receipts will be lower to take into account extant permissions). The CIL has never been expected to fund all the necessary infrastructure for Leeds and other sources of funding will continue to be sought. This is a key element of infrastructure planning for the future of the District and will be discussed further at the appropriate decision making stage including in relation to equality considerations.

- **<u>Actions</u>**

(think about how you will promote positive impact and remove/ reduce negative impact)

1) Consultation in the charge setting process

As set out above, consultation will be undertaken according to the criteria in the Council's Statement of Community Involvement, and the CIL Regulations. It is considered that there will be no negative impacts to mitigate, but that any lessons learnt in this regard as a result of early stages of consultation will be applied to the later stages. Such factors will also be considered at the Examination to ensure there has been fair and appropriate consultation.

2) Equality for those who will have to pay the charge

The rates to be chosen can be set at the limits of viability, at the lowest range, or in the middle. The aim is to not impact on the overall viability of development across the District. The addition of the CIL should not be the tipping point to make a particular scheme unviable, as it will only be a minor element of the residual calculation. i.e. a change in house prices or build costs would have a far more significant impact.

Specific landowners and developers will have the opportunity to comment at the formal stages of public consultation, and equality issues can be considered further then.

The Council is required to monitor both the receipt and expenditure of CIL on an annual basis, which will form part of the Annual Monitoring Report. This will include the amount raised, developments charged, CIL spent and infrastructure delivered. The CIL will be reviewed at an appropriate point based on this monitoring, e.g. when the economy improves. In terms of equality of payment, the Council can use past development rates to determine whether CIL has affected development patterns, and whether its application and effect is equal. In addition, the Council will need to monitor if any relief from CIL is purely based on economic viability, and not creating bias to any particular developer or development type. **3) Spending considerations** The governance structure for allocating CIL will need to be transparent and ensure that the allocation of funds to projects is undertaken in a fair and consistent manner in accordance with agreed principles for prioritisation, taking account of the views of stakeholders and local communities for instance through neighbourhood planning. In the longer term, the allocation of CIL monies is assumed to be subject to the similar process as currently undertaken for the allocation of Section 106 monies, i.e. via approval process through Council (or delegated authority), including engagement with service providers, Members and the public. It is anticipated that CIL spending would be considered alongside the Council's capital spending programme. Investment decisions and specific proposals would normally be subject to separate equalities analysis at the appropriate time. Any impacts would be dependent on the type of infrastructure to be provided and its location. The Council will monitor the type, location, and value of infrastructure funding made from the CIL.

5. If you are **not** already considering the impact on equality, diversity, cohesion and integration you **will need to carry out an impact assessment**.	
Date to scope and plan your impact assessment:	
Date to complete your impact assessment	
Lead person for your impact assessment (Include name and job title)	

6. Governance, ownership and approval Please state here who has approved the actions and outcomes of the screening		
Name	**Job title**	**Date**
Lora Hughes	Principal Planner	3rd January 2013

7. Publishing This screening document will act as evidence that due regard to equality and diversity has been given. If you are not carrying out an independent impact assessment the screening document will need to be published. Please send a copy to the Equality Team for publishing	
Date screening completed	

Date sent to Equality Team	
Date published (To be completed by the Equality Team)	

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Final Report

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City Point, First Floor
29 King Street
Leeds
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The Leeds Community Infrastructure Levy – Economic Viability Study

January 2012

Leeds CITY COUNCIL

gva.co.uk

Prepared by Dale Robinson Status Associate Date 3rd January 2013

Reviewed by Richard Laming Status Director Date 3rd January 2013

For and on behalf of GVA Ltd

Contents

Appendices

1. Executive Summary

1.1 The Council wishes to put in place appropriate evidence to support the level of CIL charge having considered the cumulative impact of other policy requirements, as set out within The Leeds Core Strategy, Publication Version (June 2011). The EVS has considered the Core Strategy requirements relating to Code for Sustainable Homes, BREEAM and carbon reduction standards, accessibility and green space.

1.2 To meet the requirements and satisfy the examination process, a CIL charging schedule should aim to strike and an appropriate balance between the need to fund infrastructure and the impact of CIL in association with other policy obligations. The guidance is clear in that the imposition of CIL should also not put at serious risk the overall growth projections.

1.3 Regulation, legislation and guidance advise that:

- Charging authorities should avoid setting charges at the margins of viability for the majority of sites;
- CIL charges may vary across geographical zones and land uses. However, there are restrictions on this differential charging and it must be justified by differences in development viability, not by policy.
- Charging rates should be based / informed by 'appropriate available evidence' which need not be 'fully comprehensive or exhaustive'.
- Whilst charging rates should be consistent with the evidence, they are not required to 'mirror' the evidence. In this and other ways charging authorities have significant discretion in setting their rates.

1.4 In order to test the viability of future planning obligations (including CIL) the EVS has appraised a series of hypothetical development schemes ('development typologies') representing the scale, nature and characteristics of the current and future development envisaged to come forward across the city. The Council has confirmed that the great majority of development is expected to fall within a limited number of development types, which are expected to create the greatest amount of new floor space over the plan period, or be strategically important to the broader objectives of the Core Strategy. In this context the most important development types were considered to be:

- Offices;
- Industrial (including warehousing);
- Comparison retail;
- Retail warehouse;
- Convenience retail;
- Hotels; and
- Residential (including care homes and student accommodation).

Overall Approach

1.5 The purpose of the EVS is to determine what development standards can justifiably be included within the Core Strategy, without significant adverse impact on viability, and against this what level of CIL charge might be applied for the city. The objectives of this exercise are:

- To undertake a high level appraisal of developer contributions, rather than a detailed analysis of individual sites or schemes;
- To assess the potential overall level of contributions by testing key "what if" questions by varying a number of underlying assumptions; and
- To use this analysis to assess potential CIL levels on the basis of clearly reasoned evidence.

Appraisal Model

1.6 A residual development appraisal model has been used to determine development viability. The model assumes that the land value is the difference between Gross Development Value and the Development Costs, once an element of developer profit has been taken into account. This can be expressed through the following calculation.

Gross Development Value (GDV) – Total Costs – Developers Profit = Residual Land Value (RLV)

- Gross Development Value includes all income generated by the development, including temporary revenue and grant (for example payments by HCA through the National Affordable Housing Programme).
- Total Costs include construction costs, fees, planning, finance charges, and also payments under S106, S278 and CIL.
- Developer's Profit is expressed by reference to a percentage of the Total Costs or Gross Development Value. It can also be expressed by reference to an Internal Rate of Return (IRR).

1.7 Through the use of the appraisal model we have examined scheme viability by testing the impact of policy requirements and differing levels of CIL contributions on benchmark land values. A summary of our findings are set out below.

Summary of CIL Charges

Use Class / Type of Development	Maximum CIL Charge per sq.m[1]
Residential – Golden Triangle	£100 /sqm
Residential – Inner suburbs	£25 /sqm
Residential – Outer suburbs	£50 /sqm
Residential – Inner Area	£0 /sqm
Residential – City Centre	£0 /sqm
Retail – City Centre >500 sqm gross	£175 /sqm
Retail – City Centre ≤500 sqm gross	£0 /sqm

[1] It is important to recognise that whilst robust assumptions (see Appendix III) have been used, which generally align with normal or usual figures expected in the majority of developments they may differ, in some case, from the figures that may be used in actual development schemes. To allow for such circumstances it is important to ensure that CIL charges include an element of tolerance and should, therefore, not be set at maximum charges, which could place development at the margins of viability.

Use Class / Type of Development	Maximum CIL Charge per sq.m[1]
Retail – outside of City Centre >500sq.m	£275 /sqm
Retail – outside of City Centre <500sq.m	£0 / sqm
Offices in City Centre	£100 /sqm
Offices outside city centre	£0 / psm
All other development	£0 /sqm

Review

1.8 The CIL Regulations explicitly make no provisions as to when or why authorities should revise the charging schedule. To encourage the ability of the charging schedule to respond to market changes, the Government has stated that it will encourage authorities to avoid setting CIL charges at the very limit of viability, so that they can respond to regular market variation without necessitating a formal revision. The charge is required to be index linked. One of the intentions of the CIL is for it to allow more certainty than the current S106 system so it would not be appropriate to revise to regularly.

1.9 It is recommended that there is an early review of potential charges, following an initial operating period, in around 2016/2017 when there will be evidence as to how the local market, landowners and developers have responded to the charges, which the adoption of CIL will bring. Monitoring information will need to be published each year in the Annual Monitoring Report. The review will require Leeds City Council to go through all the stages of public consultation and Examination again based on up to date evidence.

2. Introduction

2.1 Leeds City Council is preparing for the introduction of its Community Infrastructure Levy (CIL) in accordance with Part II of the Planning Act 2008 (as amended by Part 6 of the Localism Act) and supporting CIL Regulations, as amended.

2.2 The Council also requires support and advice to help understand the costs associated with a range of policy requirements, set out in the Leeds Publication Draft Core Strategy, and determine how these will impact on the viability of development taken alongside CIL.

2.3 GVA was appointed by the Council to provide this specialist support and advice and to undertake an area wide economic viability study (EVS). In particular, GVA has sought to advise the Council on the level of CIL that would be viable to charge for new build development across the city. We have also considered the cumulative impact of other policy requirements in the draft Core Strategy and whether CIL should be charged as a single levy, or by differential rates, with reference to different value zones and land uses across the city.

2.4 GVA has acted in an independent advisor capacity to undertake the EVS and the results of this study will used by the Council to inform the development of a Preliminary Draft Charging Schedule.

2.5 At this stage it is important to recognise that viability appraisals undertaken in this study do not constitute formal valuations and should not be regarded or relied on as such. They provide a guide to viability in line with the purpose for which the assessment is required / being undertaken.

Report Structure

2.6 The remainder of this report is structured as follows:

- Section 2 provides a summary of the Community Infrastructure Levy (including the Regulations that are particularly relevant);

- Section 3 provides a summary of the policy requirements that are being tested within the EVS;
- Section 4 summarises the key issues that need to be taken into account when considering the impact of applying the policy requirements on development viability and when establishing a viable CIL;
- Section 5 summaries the assumptions with respect to `development typologies;
- Section 6 examines the results from the viability assessments
- Section 7 considers the implications of various sensitivities; and
- Section 8 outlines our conclusions and principal recommendations.

3. Community Infrastructure Levy in Context

3.1 The Council has determined that it wishes to charge a Community Infrastructure Levy (CIL) and therefore wishes to put in place appropriate evidence to support the level of charge having considered the cumulative impact of other policy requirements, as set out within Section 3. Understanding the context and background to the Community Infrastructure Levy is, therefore, essential.

3.2 In this section we set out that context in summary. We review the relevant Planning Act Legislation and Regulations that have enabled a CIL to be implemented, giving consideration to how CIL may be set, the calculation of the Levy, its enforcement and the implications for CIL working in conjunction with a S106 regime.

3.3 We identify the key benefits of CIL as the transparency and certainty the Levy provides to landowners, developers and investors in assessing the viability of their individual proposals; the improvements to decision-making through a reduction in the time spent in negotiations on contributions; and to the charging authorities in being able to easily calculate the levels of capital finance generated through the Levy and to be able to apply such funds to both strategic (sub regional) and local transport and community infrastructure needs.

The Principles and Purpose of CIL

3.4 Part II of the Planning Act 2008 (as amended by Part 6 of the Localism Act 2011) provides for the imposition of a charge to be known as Community Infrastructure Levy. The Act specifies who may charge CIL, and includes provisions for aspects of the charge including how liability is incurred, how it is to be charged, collected and spent.

3.5 CIL came into force on 6th April 2010, under the Community Infrastructure Levy Regulations 2010 (SI 948). The Regulations were amended by the Community Infrastructure Levy (Amendment) Regulations 2011 (SI 987), which came into force on 6th April 2011 and subsequently by The Community Infrastructure Levy (Amendment) Regulations 2012, which came into force on the 6th April 2012. These set out the detailed provisions which will enable local authorities in England and Wales to introduce a CIL. Further guidance was issued in December 2012 and the consolidated Regulations are expected in early 2013.

3.6 The Levy will apply to all new buildings above 100sq.m (1,076sq.ft) and any development that constitutes the formation of a single dwelling even when this is below the size threshold of 100 square metres. The revenue from the Levy must be applied to infrastructure needed to support the future development of the area. The Levy is non negotiable when a CIL regime is adopted and, other than for particular exemptions, is chargeable on all forms of development. Exemptions include:

- New development below the threshold of 100sq.m (1,076sq.ft) However, as outlined previously, this provision will not apply where the chargeable development comprises one or more dwellings; However, CIL will also not be charged when the calculated amount of CIL is £50 or less.
- Social housing;
- Development if the owner of the land is a charitable institution and that the development will be used mainly for charitable purposes or not-for-profit charitable purpose; and
- The Council may also offer relief in exceptional circumstances, limited by certain conditions.

3.7 A key benefit of CIL is its ability to fund strategic infrastructure - a provision not easily achieved through the existing S106 and S278 regimes.

3.8 Section 216 of the Planning Act 2008 (as amended by CIL Regulation 63) provides a wide definition of the types of infrastructure that can be funded by CIL, including roads and other transport facilities, flood defences, schools and other educational facilities, medical facilities, sporting and recreational facilities, and open spaces. CLG has confirmed that this list is not absolute and that the definition has been left open in order to avoid having to update the Regulations on a regular basis. The only restriction is that the infrastructure has to support new growth and not remedy existing deficiencies. Clause 115 of the Localism Act 2011 also clarifies that CIL can be spent on the ongoing costs of providing infrastructure, including maintenance and operational activities, as well as the initial upfront costs.

3.9 The Regulations provide for the reform of the current system of developer contributions towards infrastructure, principally through S106 Agreements, so that the two regimes operate alongside each other. Even under a CIL charging regime many developments will still require a S106 Agreement to provide for affordable housing[2] for example, and S38 and S278 Agreements, for instance, will still be used by highway authorities.

3.10 The Council will need to outline those items of infrastructure which can or will have to be funded through CIL and which items will continue to be funded through S106/S278 Agreements or planning conditions.

3.11 After 6th April 2014 the Regulations state that it will not be possible to pool developer contributions from more than five sites for any individual infrastructure project or type of infrastructure under Section 106. Any mechanism that attempted to fund significant strategic infrastructure across more than five sites would have to be through a CIL. This effectively eliminates the potential for a S106 planning tariff to be used after April 2014.

3.12 The use of CIL will help the Council deliver the growth established in existing and emerging local planning policy. As well as raising revenue for infrastructure, CIL will provide greater transparency and certainty for landowners, developers and investors on the level of contributions that are required, and reduce delays in the granting of planning permission by removing negotiations over the amounts sought. CIL will also provide the Council with a source of revenue that can be used more flexibly than contributions under S106 Agreements to bring forward infrastructure.

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[2] Under the current CIL regulations, receipts may not be spent on affordable housing. However, a Government consultation in October 2011 invited views on whether CIL should be available to deliver affordable housing where there is robust evidence that doing so would "demonstrably better support its provision and offer better value for money".

It also sought views on the "appropriate balance, or combination, between the Community Infrastructure Levy and Section 106 planning obligations to best support the delivery of affordable housing".

The Government has yet to tie together the various loose threads following its October 2011 consultation on proposed reforms to the CIL Regulations and is currently being urged to clarify the relationship between the Community Infrastructure Levy and Section 106 agreements, and how together they can be used to maximise affordable housing delivery.

3.13 CIL is intended for use alongside other funding streams. The Government proposed that "while CIL will make a significant contribution to infrastructure provision, core public funding will continue to bear the main burden, and the Council will need to utilise CIL alongside other funding streams to deliver infrastructure plans locally."

Setting up a CIL

3.14 For a CIL to be implemented the following are required:

- A current, adopted Development Plan for the area; the saved Unitary Development Plan (UDP Review 2006) provides the current policy context but the UDP policies are in the process of being replaced by the Development Plan Documents as part of the Local Development Framework (LDF), including the Core Strategy.
- An up to date infrastructure needs assessment that establishes the requirements, timing and costs of transport and community infrastructure; preparation of a CIL system needs to be done on the basis that there is an established infrastructure funding deficit. The Council has identified the funding deficit in a separate document/paper. This was based on updated information from the draft Infrastructure Delivery Plan (IDP) (February 2012) which supported the Publication draft of the Core Strategy (albeit acknowledging that it is a 'living' document). In preparing for the CIL the Council will also need to establish a list of infrastructure (known as the Regulation 123 list) to which CIL may contribute.
- The results of a viability and impact assessment of the likely effects of the CIL. The key element of this commission is concerned with testing the potential impact of a range of possible CIL charges, alongside other policy requirements, on the viability of development in the city. This will reveal the appropriate balance between the desirability of funding infrastructure from CIL and the potential effects of CIL and other policy requirements on the economic viability of development across the city. The overriding factor in setting a CIL charge is the impact of the charge on the economic viability of development.

This process of setting CIL should start with the vision for the area established in a Development Plan, and infrastructure planning should *identify the likely cost of infrastructure coming forward. Taking other funding sources into account, the Council must identify gaps in funding to arrive at a proposed amount to be raised from CIL. An assessment of development viability at the plan level must also be undertaken.*

3.15 The Council can then prepare a draft Charging Schedule. The schedule will not formally be part of the Development Plan, but its treatment will be the same as that for Development Plan Documents.

- The Charging Schedule will require the same level of testing as development plan documents, including a requirement to consult publicly and a Public Examination to hear representations; and
- Clause 212A of the Localism Act advocates that an examiner must recommend a draft charging schedule for approval if the drafting requirements have been complied with. If the requirements have not been followed but the issues of non compliance can be remedied the examiner can also recommend that the schedule be approved subject to further refinement / modifications. In the event such issues can not be remedied the examiner must recommend that the draft be rejected.

3.16 The Charging Schedule must identify the chargeable land uses and the appropriate rates. Charges will be expressed as a cost per square metre of floor space and will be linked to an index of inflation.

3.17 To ensure consistency and simplicity the Regulations define the units of development that may be charged, the exemptions, and other similar matters. There is some degree of flexibility so that Charging Schedules can be tailored to local circumstances. These include a facility to set differential CIL rates geographically. However, the Guidance is clear in that differential rates are only permitted on the grounds of economic viability.

3.18 The Guidance also makes it clear that when drawing up a Charging Schedule the Council will need to ensure that CIL is not set at such a level that it risks the delivery of its Development Plan, because development is rendered unviable by the charge proposed.

Setting CIL Rates and the Appropriate Balance

3.19 Regulation 14 requires the Council (charging authority) to 'aim to strike an 'appropriate balance' between:

a) The desirability of funding from CIL the cost of infrastructure required to support the development of its area; and
b) The potential effects of the imposition of CIL on the economic viability of development across its area.

3.20 The guidance provides further advice when considering this issue, as set out below.

'By providing additional infrastructure to support development of an area, CIL is expected to have a positive economic effect on development across an area in the medium to long term. In deciding the rate(s) of CIL for inclusion in its draft charging schedule, a key consideration for authorities is the balance between securing additional investment for infrastructure to support development and the potential economic effect of imposing CIL upon development across their area. The CIL regulations place this balance of considerations at the centre of the charge-setting process. In view of the wide variation in local charging circumstances, it is for charging authorities to decide on the appropriate balance for their area and how much potential development they are willing to put at risk through the imposition of CIL. The amount will vary. For example, some charging authorities may place a high premium on funding infrastructure if they see this as important to future economic growth in their area, or if they consider that they have flexibility to identify alternative development sites, or that some sites can be redesigned to make them viable. These charging authorities may be comfortable in putting a higher percentage of potential development at risk, as they expect an overall benefit.

In their background evidence on economic viability to the CIL examination, charging authorities should explain briefly why they consider that their proposed CIL rate (or rates) will not put the overall development across their area at serious risk'.

3.21 In this context the 'appropriate balance' is essentially the level of CIL which maximises the quantum of development in the area. If the CIL is above this appropriate level, there will be less development than there could otherwise be, because CIL will make too many potential developments unviable. Conversely, if CIL is below the appropriate level, development will also be less than it could be, because it will be constrained by insufficient infrastructure.

3.22 This is a matter of judgment rather than a rigorous calculation and charging authorities are allowed considerable discretion in this matter. For example, the guidance states:

'It is for charging authorities to decide what CIL rate, in their view, sets an appropriate balance between the need to fund infrastructure and the potential implications for the economic viability of development…'The legislation… only requires a charging authority to use appropriate available evidence to 'inform the draft charging schedule'. A charging authority's proposed CIL rate (or rates) should appear reasonable given the available evidence, but there is no requirement for a proposed rate to exactly mirror the evidence… there is room for some pragmatism'

Calculation, Payment and Enforcement

Calculation

3.23 The amount of CIL due will be calculated with reference to the Charging Schedule when a planning permission is granted. The planning permission will determine the number of chargeable units and the charging schedule will determine the rate per square metre (CIL is calculated on the net increase in Gross Internal Area)[3], and the CIL calculated by multiplying these two factors. An inflation index will then be applied. Landowners and developers would be advised of the amount of liability when planning permission is granted.

Payment

3.24 CIL payment is not due until the commencement of development defined in the Town and Country Planning Act 1990. Developers will be required to notify the charging authority of their intention to commence development and to provide

[3] Gross internal floor area includes everything within the external walls of the buildings and includes things like lifts, stairwells and internal circulation areas. It does not include things like external balconies or the thickness of external walls.

details of the entity that will pay CIL in advance of commencement. If no details are provided, landowners will be liable in default.

3.25 Initial proposals set out that payment was to be required 60 days after commencement, or, if the contribution was more than £10,000, to be paid in equal instalments up to 240 days after commencement, depending on the amount. However, the Council will now be allowed to set their own flexible payment deadlines and offer developers the option to pay by instalments. Where development is phased (on the basis of an outline planning permission followed by reserved matters approvals), each phase would pay CIL separately.

Enforcement

3.26 Enforcement measures are based on existing legislation. The CIL liability must be registered as a Local Land Charge, to ensure that subsequent purchasers of developed land and property are aware of the existence of an outstanding liability.

3.27 To ensure that those paying CIL promptly do not suffer because of late payment by others, charging authorities have powers to add interest and surcharges to CIL. Levels – surcharges up to 20% of the applicable CIL charge (up to a maximum of £2,500) can be charged. Other planning enforcement and Stop Notice powers may also be used.

Other Considerations

3.28 Other relevant considerations include:

- Double charging: Once the Council has adopted a CIL charge, it will be unlawful to seek contributions for the same item of infrastructure through both the CIL and a S106. This is the key purpose of the R123 List.
- Use of S106 alongside CIL: The Regulations state that Section 106 will remain, but contributions sought by this mechanism must be a) necessary to make development acceptable in planning terms, b) directly related to the development and c) fairly and reasonably related in scale and kind to the development.

3.29 S106 will continue to apply for direct site acceptability matters such as those which are needed to make the development work in physical terms, such as access, flood protection and wildlife measures. Where possible a planning condition should be pursued rather than a S106 Agreement to secure site mitigation matters. However, some matters, such as highway works or water infrastructure may be provided under other legislation (e.g. S278 of the Highways Acts).

3.30 Offsite mitigation or provision of contributions may still be sought as S106 contributions so long as they satisfy the tests outlined above and are not items the Council has identified as being funded through CIL. For example an urban extension that gave rise to the need for a school could justify a S106 education contribution, if the school was not identified as a CIL funded item.

Identifying the Infrastructure Funding Deficit

3.31 Preparation of a CIL system needs to be done on the basis that there is an established infrastructure funding deficit. In preparing for CIL the Council will, as outlined previously, need to establish a list of infrastructure (know as the Regulation 123 List) to which CIL may contribute.

3.32 The Council has already made significant progress on this matter, with the preparation and publication of its Draft Infrastructure Delivery Plan (IDP) - March 2012. The IDP identifies the current infrastructure provision across the District, and where possible the critical infrastructure which is required to support the future housing and employment growth envisaged by the Local Development Framework Core Strategy up to 2028.

3.33 The current IDP is not the final document, which is intended to support the Submission stages of the Core Strategy, or by implication the Examination stage of the CIL. Instead the Council has advised that this is a working draft, which will be updated as necessary.

3.34 Taking into account the list of infrastructure needs from the IDP, the Council has recently undertaken a further assessment of potential funding sources, for each item of infrastructure, and identified the potential for CIL once all other sources of funding had been explored. This exercise resulted in a refined infrastructure list/delivery schedule. However, this schedule is not the Council's definitive list of infrastructure items that CIL will contribute towards[4]. It is acknowledged that infrastructure requirements and costs may change over the plan period and will, therefore, need to be updated accordingly in future revisions of the IDP or supporting CIL documentation.

3.35 Previously the list of infrastructure used to justify the funding deficit did not need not be reflected in the final Regulation 123 List once CIL is adopted. However, the December 2012 guidelines are more onerous in this respect and require the 123 List to be based on the draft list that is intended to support the Examination stage of the draft charging schedule. If the Council wish to make subsequent revisions to their 123 List they will need to make sure that any changes are clearly explained and subject to appropriate local consultation. The Regulations are quite clear in that the Council should not remove an item from their 123 List just so they can fund this item through a new Section 106 Agreement. Where a change to the list would have a significant impact on the viability evidence, that supported the examination of the charging schedule, this should only be made as part of a review to the charging schedule.

3.36 In developing the EVS and the subsequent Preliminary Draft Charging Schedule, the Draft IDP (February 2012) was used as the main piece of evidence, albeit this was updated with amendments and refinements as a result of further consultation and discussion with infrastructure service providers, as appropriate.

3.37 Drawing on the results of this study the Council will need to establish the likely revenue potential from CIL over the plan period. Subject to the findings of this exercise the Council may need to prioritise infrastructure needs across the District in order to decide what projects the money will be best spent on.

[4] The infrastructure projects or types of infrastructure that CIL is intended to contribute towards will be set out in the Council's Regulation 123 list.

4. Future Policy Requirements

4.1 As outlined previously the Council wishes to put in place appropriate evidence to support the level of CIL charge having considered the cumulative impact of other policy requirements, as set out within The Leeds Core Strategy, Publication Version (June 2011).

Core Strategy Policy Requirements

4.2 The EVS has considered the Core Strategy requirements relating to Code for Sustainable Homes, BREEAM and carbon reduction standards, accessibility and green space. The respective policies and how they have been considered within the EVS are set out below.

A Well Connected District / Accessibility

Policy T2 (Accessibility Requirements and New Development) requires new development to be located in accessible locations

(i) in locations where development is otherwise considered acceptable new infrastructure may be required on/off site to ensure that there is adequate provision for access from the highway network…

(ii) Developer contributions may be required for, or towards, improvements to the off site highway and the strategic road network and to pedestrian, cycle and public transport provision. There will be secured where appropriate through S016 Agreements and / or CIL and by planning conditions.

(iii) Significant trip generating sites will need to provide Transport Assessments / Transport Statements ….

(iv) Travel Plans will be required to accompany Transport Statements….

(v) Parking provision will be required for cars, motorcycles and cycles in accordance with current guidelines

4.3 Point ii is the most significant in terms of Policy T2. As outlined the in previous section the use of S106 alongside CIL will still be permitted but the Regulations state that contributions sought by this mechanism must be a) necessary to make development acceptable in planning terms, b) directly related to the development and c) fairly and reasonably related in scale and kind to the development.

4.4 In this context S106 will continue to apply for direct site acceptability matters such as those which are needed to make the development work in physical terms. Offsite mitigation or provision of contributions may also be sought as S106 contributions so long as they satisfy the tests outlined above and are not items the Council has identified as being funded through CIL..

4.5 The EVS assumes that all strategic types of infrastructure are funded by CIL (the viability of which is being determined through this study) or alternative sources of funding. However, it is more difficult to deal with direct site acceptability matters in a study of this nature, as they are invariably dealt with on a site by site basis and specific to the circumstances and individual development proposals. In this respect the EVS has taken into consideration average contributions, based on historic S106 receipts, when setting the CIL rates. Further detail is provided within Section 6. In addition it will also be important not to set the rates at the margins of viability thus allow a margin of tolerance, which would also take into account factors / additional cost items such as these

Greenspace

Policy G4 (New Greenspace provision) requires an on site provision of greenspace of 80sq.m (860sq.ft) per residential unit, for development sites of 10 or more dwellings that are outside the City Centre and in excess of 720 metres from a community park and which are located in areas deficient of greenspace. In areas of adequate supply, contributions of an equivalent value towards safeguarding and improvement of existing greenspace will take priority over the creation of new areas.

4.6 It is very difficult to assess the impact of this policy within a study such as this, as the schemes are hypothetical and, therefore, it is not possible to conclude whether the scheme is within an area of 'adequate supply' or within close proximity to an existing community park. For the purpose of this assessment it is assumed that all sites fall within areas of adequate supply meaning priority will be given to the provision of an equivalent contribution towards safeguarding and improving an existing green space. This payment would effectively fall out of CIL and, therefore, there is no requirement to consider any further impacts associated with this policy.

Policy G5 (Open Space Provision in the City Centre) requires open space provision on sites over 0.5 hectares as follows:

(i) Commercial developments to provide an equivalent of 20% of the total site area;
(ii) Residential development to provide an equivalent of 0.41 hectares of open space per 1,000 population.
(iii) Mixed use development to provide the equivalent of either 20% of the total site area, or a minimum of 0.41 hectares per 1,000 population of open space.

Contributions towards the City Centre Park and new pedestrianisation will take priority.

4.7 For the purpose of the EVS it is assumed that all sites will contribute towards the City Centre Park and new pedestrianisation. This payment would also fall out of CIL and, therefore, there is no requirement to consider any further impacts associated with this policy.

Energy and Natural Resources

Policy EN1 (Climate Change – Carbon Dioxide Reduction) requires all new developments of 10 dwellings or more, or over 1,000sq.m of floorspace ……to:

(i) Reduce total predicted carbon dioxide emissions to achieve 20% less than the Building Regulations Target Emission Rate until 2016 when all development should be zero carbon; and

(ii) Provide a minimum of 10% of the predicted energy needs of the development from low carbon energy

4.8 The UK Government has set an ambitious and legally binding target[5] to reduce national greenhouse gas emissions[6] by at least 80% by 2050 with an intermediate target of 34% reduction by 2020 (against a 1990 baseline).

4.9 A strategy for how this was to be achieved was set out in The Carbon Plan published in December 2011. Buildings form a significant part of the plan as they account for around 45% of our total carbon emissions.

4.10 In December 2006, the Labour government committed that from 2016 all new homes would be 'zero carbon' (compared to 2006 standards).

Residential

4.11 The code for sustainable homes is the guide to achieve this new commitment and the transition to zero carbon emissions is being implemented in 3 steps.

1 2010: 25% improvement in energy / carbon performance
2 2013: 44% improvement
3 2016: zero carbon emissions.

[5] Climate Change Act 2008
[6] These include carbon dioxide and emissions of other targeted greenhouse gases.

4.12 The Code for Sustainable Homes is closely linked to Building Regulations (Approved Document L) and takes into account 9 design categories, rating the whole home as a complete package. The Code uses a star rating system from 1 to 6 to communicate the overall sustainability performance of a new home according to a percentage improvement in CO2 emissions:

- 1 star = Code Level 1, 10% reduction
- 2 stars = Code Level 2, 18% reduction
- 3 stars = Code Level 3, 25% reduction
- 4 stars = Code Level 4, 44% reduction
- 5 stars = Code Level 5, 100% reduction
- 6 stars = Code Level 6, zero carbon

4.13 Policy EN2 (see later) sets out the Council's current requirements with respect to Code for Sustainable Homes. To avoid duplication the EVS has not considered the impact of this policy, from a residential perspective, and instead appraises the impact of Policy EN2 (see later).

Non Domestic Uses

4.14 The Labour budget in 2008 announced the government's intention that all new non-domestic buildings should also be zero carbon from 2019. This commitment was confirmed by the Coalition government in December 2010. This means that the timeframe for zero carbon non domestic buildings is three years behind that for zero carbon homes. Consequently, progress towards defining a zero carbon standard for non-domestic buildings is similarly behind, with a series of consultations ongoing.

4.15 At present, it is considered that the overall approach to achieving zero carbon non domestic buildings should adopt a similar 'fabric first' hierarchy of measures to those proposed for domestic buildings:

- Fabric efficiency to reduce the demand for heating, cooling, mechanical ventilation and electric lighting.
- Meeting the remaining demand for services with high efficiency equipment.
- Supplying that equipment with low carbon energy.

- Offsetting remaining emissions by generating further renewable energy off site (such offsetting measures are called 'allowable solutions').

4.16 However, there are a number of key questions that must then be answered relating to the application of these measures:

- What standards should be set for the different levels of the hierarchy? A range of possible standards exist for 'carbon compliance' (the first two elements of the hierarchy) each achieving different overall reductions in carbon emissions compared to the 2006 Building Regulations;
- How those standards should be defined and assessed;
- Whether minimum standards should be set for different elements; and
- How to differentiate between types of non-domestic building.

4.17 These questions are highly complex and involve detailed cost benefit analysis.

4.18 For example, technically, it may be possible to comply with a zero carbon requirement by adopting low carbon technologies rather than by a creating an energy efficient fabric, and from the developers perspective this might be cheaper in the short term. However this might not minimise whole-life costs (due to the ongoing costs of fuel, maintenance and replacement). In addition, technological solutions are prone to operate below their optimal level of efficiency because of the behaviour of occupants, poor commissioning and maintenance. Furthermore, optimising the building fabric would be likely to give a building better resilience to climate change and continuity of energy supply.

4.19 On the other hand, build quality has a big impact on the effectiveness of energy efficient fabric, and is much more difficult to correct than user behaviour. Also, technology replacement offers the potential for future improvement in efficiencies that are difficult to achieve with building fabric.

4.20 These are more difficult questions to answer than for domestic buildings, as there are such a diverse range of possible building sizes, forms, types and locations to consider. In addition, unlike domestic buildings, electric lighting is a very significant component of energy use and this results in a more complex trade off between natural lighting and fabric thermal efficiency. It is also becoming apparent that continually increasingly standards for U-values has a diminishing return relative to cost whilst there is considerable scope for efficiency in services equipment.

4.21 There are also a number of options for how a zero carbon standard might be enforced, however it is likely to be based on assessing carbon compliance using existing techniques which compare the relative performance of the proposed building with a notional building of the same size, shape and use. Notional buildings may be defined as 'mixed mode' as standard to give some incentive for developing an energy efficient building form. In addition, minimum efficiencies are likely to be set for key measures such as U-values and solar gain as well as the main services equipment and electric lighting.

4.22 As with zero carbon homes, unregulated energy (such as appliances) are likely to be excluded from emissions calculations.

4.23 The standards to be achieved will be set out in the Building Regulation and associated approved documents, in particular Part L, the conservation of fuel and power. The overall standards set in the current 2010 Part L are based on achieving a percentage reduction in carbon emissions compared to the carbon emissions of a building of the same type, size and shape built to 2006 standards. Revisions of Part L in 2013 and 2016 will require larger reductions in these carbon emissions compared to the 2006 standards, progressing towards the ultimate national goal of 'zero carbon' by 2019.

4.24 This is clearly a very complex and evolving arena and it has been difficult to quantify the impact, in terms of extra over costs, against current base requirements. In this respect we have sourced information from Target Zero[7] who have issued guidance on the design and construction of sustainable, low and zero carbon buildings in the UK. Their work relates to five non domestic building types including a school, a distribution warehouse, a supermarket, a medium to high rise office building and a mixed use building.

[7] Target Zero is a programme of work, funded by Tata Steel and The British Constructional Association (BCSA). The research has been undertaken by a consortium of leading organisations in the field of sustainable construction including AECOM and Cyril Sweet with steel construction expertise provided by Tata Steel RD&T and the Steel Construction Institute (SCI)

Low Carbon Office Buildings

4.25 The targets for operational carbon reduction is office buildings required from 2010 as a result of changes to Part L can be achieved by using energy efficient measures only. The package of measures predicated to achieve the 2010, 25% reduction target most cost effectively include:

- Vertically reduced glazing by 2m
- Specific fan powers reduced by 20%
- Daylight dimming lighting controls
- Improved chiller efficiency SEER = 6
- Improved boiler efficiency to 95%
- Improved lighting efficient to 2.0W/m2 per 100lux
- Improve wall insulation to 0.25w/m2k

This package of works results in a reduction in base costs of approximately -1.4%

Source: Target Zero (Guidance on the Design and Construction of Sustainable, Low Carbon Office Buildings

Low Carbon Warehouse Buildings[8]

4.26 The likely target for operational carbon reductions in warehouse buildings required from 2010 as a result of changes to Part L can be achieved relatively easily by using high efficiency lamps and luminaries. The full package of measures predicated to achieve the 2010 reduction target most cost effectively includes:

- High efficiency lamps and luminaries 1.79w/m2 per 100lux
- Glazing (roof light) performance 1.50W/m2K
- Improved air tightness 5m3/h/m2@50pa
- 10% roof-lights with daylight dimming
- Advanced thermal bridging (0.014W/m2K)

This package of works results in a reduction in base costs of approximately -0.98%

Source: Target Zero (Guidance on the Design and Construction of Sustainable, Low Carbon Warehouse Buildings

[8] In the absence of any other information this data is assumed to be applicable for all forms of industrial buildings

Low Carbon Supermarket Buildings[9]

4.27 The targets for operational carbon reduction in supermarkets required from 2010 as a result of changes to Part L can be achieved by using energy efficiency measures only. The package of measures includes:

- Composite internal floor
- High efficiency lamps and luminaries
- Specific fan powers reduced by 20%
- Motion sensing controls throughout
- Improved chiller efficiency SEER = 6
- Improved boiler efficiency to 95%
- Building orientated so that glazed faced faces South

This package of works results in a reduction in base costs of approximately -0.36%

Source: Target Zero (Guidance on the Design and Construction of Sustainable, Low Carbon Supermarket Buildings

Low Carbon Mixed Use Buildings[10]

4.28 The targets for operational carbon reduction in mixed use buildings required from 2010 as a result of changes to Part L can be achieved by using energy efficiency measures only. The package of measures predicted to achieve the 25% reduction in target most cost effectively as set out below.

- Vertically reduced glazing by 2m
- Specific fan powers reduced by 20%
- Improved boiler efficiency to 95%
- Improved lighting efficiency to 2.0W/m2 per 100lux
- Improved chiller efficiency

This package of works results in a increase in costs of approximately 1.3%

[9] In the absence of any other information this data is assumed to be applicable for all forms of convenience retail. With reference to our development typologies (see Section 5) this would include convenience stores, supermarkets, superstores and hypermarkets.
[10] In the absence of any other information this data is assumed to be applicable for all other forms of development as outlined in Table x at Section 5).

- Active chilled beams

Source: Target Zero (Guidance on the Design and Construction of Sustainable, Low Carbon Mixed Use Buildings

4.29 The EVS assumes these work packages and models the associated cost variations when considering the impact of policy EN1 on non domestic buildings.

Policy EN2 (Sustainable Design and Construction) requires developments of 1,000 or more square metres or 10 or more dwellings (including conversion) where feasible to meet at least the standard set by BREEAM or Code for Sustainable Homes as shown below….

	2012	2013	2016
Code for Sustainable Homes requirement	Code 3	Code 4	Code 6
BREEAM Standards for non residential building requirements	Very Good	Excellent	Excellent

4.30 As outlined previously the Code is a national standard for the sustainable design and construction of new homes. The Code aims to reduce our carbon emissions and create homes that are more sustainable. The typical costs associated with achieving the various Code ratings, over and above Building Regulations Part L, and relevant to our development typologies (see Section 5) are set out in Table 1[11]. It should be noted that these costs (particularly costs associated with Code 6) may reduce in the future, due to economies of scale and new technologies etc, but the current assumptions are based on the most appropriate available evidence at the present time.

[11] It should be noted that future revisions to Building Regulations in 2014 (Code 4) and 2016 (Code 6) will make around 70% of the code mandatory. The remainder can be made up of credits from a choice of options and this is what Policy EN2 seeks to encourage, subject to viability. The EVS considers the full cost implications and does not distinguish between the proportion covered by Building Regulations or Policy EN2. However, the importance of this needs to be considered when assessing the impact of Code 4 and 6 (see Section 6) as the impact will largely be as a result of National Legislation and not local plan policies, which would only seek the additional 30% if it was viable to do so.

Table 1 – Code for Sustainable Homes Costs

House Type	Code 3	Code 4	Code 6
Studio Flat	£750	£3,400	£27,050
1 Bed Flat	£750	£3,400	£27,050
2 Bed Flat	£750	£3,400	£27,050
3 Bed Flat	£750	£3,400	£27,050
2 Bed House	£840	£3,500	£31,870
3 Bed House	£1,050	£4,220	£33,770
4 Bed House	£1,000	£5,140	£38,170
5 Bed House	£1,000	£5,140	£38,170

Source: Davis Langdon

4.31 The capital cost increases associated with BREEAM are set out in Table 2

Table 2 – BREEAM Cost Increases (over base case)

Development Type	Very Good	Excellent	Outstanding
Offices	0.17%	0.77%	9.83%
Industrial Buildings (including Warehousing)	0.04%	0.4%	4.8%
Supermarkets[12]	0.24%	1.76%	10.1%
Mixed / Other Use[13]	0,14%	1.58%	4.96%

Source: Target Zero

4.32 The EVS has appraised the cumulative impact of these policies, alongside CIL, on development viability by reference to their impact on current market values for each land use. Our overall approach / methodology is considered in further detail at Section 6.

[12] With reference to Table 11 at Section 5 this development typology would also include convenience stores, superstores and hypermarkets

[13] In the absence of any other data we have applied these assumptions to all the other land uses / development typologies within Table 11.

5. The Key Issues

5.1 The main issues / challenges likely to be encountered when considering the impact of enhanced design standards and future policy requirements (including CIL) on development viability include:

- **Developing an effective and transparent charging mechanism:** This is relatively straightforward for most housing and employment developments but becomes harder, say, with mixed use developments, sui generis uses and uses where their size and impact are unrelated (e.g. large warehouses that employ few people);
- **Benchmarking** potential CIL charges and other policy requirements with neighbouring Local Authorities to ensure development is not displaced out of the area and to encourage growth in Leeds in line with the Core Strategy;
- **Establishing Market Value Areas:** Different land and sale values will apply in various locations across the city. These market value areas can be a function of many different interacting factors, such as accessibility and connections to national transport networks, business clustering effects and scale/ scope of development land available. These differences are more pronounced within the residential markets and the viability assessment takes into account this variation by dividing the study area into different value areas[14]. However, it is also important to remember that not all schemes within a given market value area will be equally viable. It must be anticipated that there will be schemes, even within higher value areas that are marginal (particularly Brownfield sites) due to site specific circumstances and abnormal costs.
- **Ensuring that development viability is not adversely affected** so as both to stymie the collection of CIL itself (i.e. act against the very purpose of CIL) and to negatively affect development viability;
- **Ensuring that the CIL Charging Schedule** and future policy requirements are broadly accepted by the developer and landowner community.
- **Ensuring that CIL is invested**. Most authorities are adopting ten year timeframes, but even after this period elapses insufficient funds may have been collected to

[14] This fact was recognised within the Council's Affordable Housing Economic Viability Assessment (June 2010), which identified a series of sub markets across the city which were considered to broadly reflect the different market value areas, based on an analysis of house prices across the City. For consistency the EVS aligns itself with these market geographies.

implement larger scale infrastructure projects, particularly in the current economic climate. Particular challenges come when 'match funding' is required from Local Authorities at a time of severe public sector budgetary pressures.

Affordable Housing

5.2 There is a concern (at both the national and local level) that the introduction of CIL and other policy requirements could result in a reduction in the amount of affordable housing also secured from developments through Section 106 Agreements (developer contributions). Although the affordable housing policy requirements have been taken into account in setting the CIL rates, the concern is because the CIL rates will be fixed whereas affordable housing will remain open to negotiation, and therefore will be the key aspect which can be reduced in order to improve viability where there are issues in this regard with particular sites.

5.3 If CIL was to be set at a level that is too high, then Section 106 affordable housing proposals will become extremely challenging to secure and could lead to a potentially substantial reduction in new affordable housing. The issue could be substantially compounded when the cumulative impact of or enhanced design standards are taken into consideration.

5.4 In setting appropriate charges, the Council will not only need to be mindful of the potential trade-off between infrastructure, which is funded via CIL, and affordable housing, which is currently funded by Section 106 they will also need to consider the cumulative impact of other policy requirements on development viability.

5.5 In responding to this issue, a Government consultation in October 2011 invited views on whether CIL should be available to deliver affordable housing where there is robust evidence that doing so would "demonstrably better support its provision and offer better value for money". It also sought views on the "appropriate balance, or combination, between the Community Infrastructure Levy and Section 106 planning obligations to best support the delivery of affordable housing."

5.6 The Government has yet to tie together the various loose threads following its October 2011 consultation on proposed reforms to the CIL Regulations and is currently being urged to clarify the relationship between the Community Infrastructure Levy and

Section 106 agreements, and how together they can be used to maximize affordable housing delivery.

The Viability Assessment takes into account the Council's current requirements for the delivery of affordable housing and is consistent with the work undertaken as part of the 2010 Economic Viability Assessment.

Benchmark Land Value

5.7 The costs associated with future policy requirements (including CIL) will be extracted from the residual land value and this is generally accepted between all parties. However, the difficulty with this approach is establishing a realistic land value that provides an incentive for the landowner to release their site for development, whilst also taking into account the contributions that the Council may require in terms of CIL, affordable housing and other policy obligations such as enhanced design standards etc.

5.8 The stating point in many affordable housing studies (including the Council's Economic Viability Assessment) has been to adopt existing / current use values with the assumption that landowners will release land based on a modest 20% uplift. This approach has generally been justified in affordable housing studies as they only ever set policy 'targets', which could be further challenged, on viability grounds, at the planning application stage. In this context it seems reasonable that such appraisals attempt to maximise affordable housing by taking an approach to minimise base / benchmark land values.

5.9 However, once adopted, CIL is a fixed charge and will not be subject to further assessment meaning the previous approach of adopting low base values is less robust. In considering an alternative approach we have had regard to the following:

- Viability Testing Local Plans (June 2012) published by the Local Housing Delivery Group; and
- RICS Professional Guidance on Financial Viability in Planning (1st Edition) and
- Leeds City Council: Economic Viability Assessment Final Report (June 2010)

Viability Testing Local Plans (June 2012)

5.10 The Local Housing Delivery Group recently published advice on area wide viability testing entitled 'Viability Testing Local Plans' (June 2012). The document considers the issue of benchmarking and states that the benchmark value should represent the value at which a typical willing landowner is likely to release land for development. The report also advocates that when considering an appropriate benchmark consideration should be given to the fact that future plan policy requirements will have an impact on land values and owners' expectations.

5.11 In this context the report concludes that using a market value approach to benchmarking carries the risk of building in assumptions of current policy costs rather than helping to inform the potential for future policy. Whilst the report acknowledges that reference to market values will still provide a useful 'sense check' on the benchmark values that are being used in the model(s) it does not recommend that these are used as the basis for input into the model.

5.12 The report recommends a benchmark which is based on a premium over current use values and 'credible' alternative use values. The report accepts that alternative use values are most likely to be relevant in cases where the Local Plan is reliant on sites coming forward in areas (such as town and city centres) where there is competition for land among a range of alternative uses.

5.13 Whilst the report does not recommend or provide guidance on what is considered an appropriate premium it advocates that this will need to be sufficient to persuade landowners to sell. The guidance further recognises that in certain circumstances, particularly in areas where landowners have long term investment horizons and are content with the current land use, the premium will need to be higher than in those areas where landowners are more minded to sell. An example of this is in relation to large Greenfield sites where a prospective seller is potentially making a once in a lifetime decision over whether to sell an asset that may have been in the family or a Trust's ownership for many generations. In this scenario the uplift on current use value will invariably be significantly higher than those in an urban context. In reconciling such issues the Guidance stresses the importance of using local sources to provide views on market values as a means of providing a sense check on the approach of the current use value plus premium calculation.

5.14 The report also advises against setting benchmarks, which are at the margins of viability. To guard against this it is recommended that an appropriate 'viability cushion' be considered to ensure that sites upon which the Local Plan relies in the first five years will, on the balance of probability, come forward as required. No recommendation as to what constitutes an appropriate cushion is provided. Instead the guidance advocates that this will be left for the local planning authority to decide in collaboration with their partners and consultees.

5.15 Whilst the report clearly favours an approach to benchmarking which is based on current / existing use value plus premium it also advocates, at numerous points throughout the document, that the outcome of this approach will need to be 'sense checked' against market values. Indeed the report does acknowledge that if market evidence substantially exceeds the initial benchmark assumptions then there will be an increasing risk that land will not be released for development and consequently the plan is at risk of being unsound unless the benchmarks are placed at a higher level, which reflects the market evidence.

5.16 In conclusion the Harman Report is quite ambiguous – it recommends that the benchmark should be based on current use value plus a premium (which is inclusive of a viability cushion), both of which need to be considered / sense checked with reference to local circumstances/evidence. The report also acknowledged that if such benchmarks are considerably below market value they should be reassessed and placed at a higher level, which reflects the market evidence otherwise there is a risk that land will not be released for development thus undermining the soundness of the plan.

RICS Professional Guidance: Financial Viability in Planning (1st Edition)

5.17 The Royal Institute of Chartered Surveyors (RICS) has recently produced its Guidance Note *Financial Viability in Planning (1st Edition GN 94/2012)* which provides a definitive and objective methodological framework and set of principles that can be applied mainly to development management. However, the principles are also applicable to the plan making and CIL (area wide) viability testing.

5.18 The guidance is grounded in the statutory and regulatory planning regime that currently operates in England and is consistent with the Localism Act 2011, the NPPF and Community Infrastructure Levy (CIL) Regulations 2010.

5.19 Whilst the RICS Guidance and that from the Local Housing Delivery Group can be seen as complimentary the RICS guidance provides more technical guidance on determining an appropriate site / benchmark value.

5.20 The Guidance defines financial viability for the purposes of town planning decisions as:

"An objective financial viability test of the ability of development to meet its costs including the cost of planning obligations, whilst ensuring an appropriate site value for the landowner and a market risk adjusted return to the developer"

5.21 In assessing the impact of planning obligations on the viability of the development process, the guidance does not specficy a prescriptive tool or financial model (albeit it does recognise that it is accpeted practice to use a residual valuation model). However, it does emphasise the importance of using market evidence as the best indictor of the behaviour of willing buyers and willing sellers in the market, as envisaged by the NPPF. The guidance also recognises that the financial viability test can use the level of developers return or the Site Value as the benchmark for assessing the impact of planning obligations on viability. However, the guidance warns that where planning obligation liabilities reduce the site value to the landower and return to the developer below an appropriate level, land will not be released and / or development will not take place.

5.22 The guidance defines 'site value', whether this is an input into a scheme specific appraisal or as a benchmark, as follows:

Site value should equate to the market value[15] *subject to the following assumption: That the value has regard to development plan policies and all other material*

[15] The RICS Valuation – Professional Standards 2012 (Red Book) definition of market value is as follows: *The estimated amount for which an asset or liability should exchange on the*

planning consideration and disregards that which is contrary to the development plan'

5.23 The guidance also advocates that any assessment of site value will need to consider prospective planning obligations and recommends that a second assumption be applied to the aforementioned definition of site value, when undertaking Local Plan of CIL (area wide) viability testing. This is set out below:

Site value (as defined above) may need to be further adjusted to reflect the emerging policy / CIL charging level. The level of the adjustment assumes that site delivery would not be prejudiced. Where an adjustment is made, the practitioner should set out their professional opinion underlying the assumptions adopted…..

5.24 The guidance acknowleges that, in the absence of any guidance, practiioners and local authorities have tended to adopte a variety of approaches, with repsect to benchmark land value, but with most favouring the current use value (CUV) plus margin[16] or a variant of this (i.e. Existing Use Value (EUV) plus premium).

Current Use Value (CUV) plus premium

5.25 The Guidance does not favour this approach, as it does not reflect the workings of the market (land does not sell for its CUV but rather at a price reflecting its potential for development). It is accepted that CUV plus premium approach does, in effect, recognise development potential by the application of a percentage increase over and above the CUV. However, this is considered to be a very unsatisfactory methodology, when compared to the market approach, as it assumes land would be released for a fixed percentage above CUV , which is generally decribed as arbitary, inconsistently applied and not reflective of the workings of the market.

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valuation date between a willing buyer and a willing seller in an arms length transaction after properly marketing and where the parties had each acted knowledgeably, prudently and without compulsion

[16] The guidance states that margins typically range between 10% and 40% above CUV but accepts that in certain circumstances higher percentages have been used (i.e. Greenfield and rural sites).

5.26 The guidance also had regard to other definitions such as Existing Use Value (EUV) and Alternative Use Value (AUV) in order to clarify the distinction when assessing financial viability in a planning context.

Existing Use Value (EUV) plus premium

5.27 Existing Use value (EUV) is defined by the Red Book as:

The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arms-length transaction after properly marketing and where the parties had each acted knowledgeably, prudently and without compulsion assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alterantive uses and any other characteristics of the property that would cause market value to differ from that needed to replace the remaining service potential at least cost.

5.28 In this context the Guidance concludes that it is inappropriate to consider EUV when considering financial viability in a planning context. In particular the Guidance concludes that it is an accounting definition of value for business use and, as such, hypothetical in a market context (property does not transact on an EUV basis).

Alternative Use Value (AUV)

5.29 The Red Book is quite clear in that where a purchaser in the market would acquire the property (site) for an alternative use of the land because that alternative use can be readilly identified as generating a higher value than the current use, and it is both commercially and legally feasible, the value for this alternative use would be the market value[17].

5.30 In context of the above the Guidance adopts the definition of market value as the appropriate basis to assess Site Value (see previous definition). The guidance claims this is consistant with the NPPF, which ackowledges that 'willing sellers' of land should

[17] In other words 'hope value' is also reflected and the answer is still market value. Again in arriving at market value via alternative use vale the planning status associated with the development of the land should be considered

receive competitive returns'. The guidance is quite clear in that competitive returns can only be achieved in a market context (i.e. market value) and not one which is is hypothetically based with an 'arbitary mark up applied, as in the case of EUV (or CUV) plus premium.

Exitsing Evidence Base (Leeds Economic Viability Assessment (June 2010).

5.31 The Council's Economic Viability Assessment (June 2010) assumed that 20% of a scheme's GDV would be the minimum value at which a land owner would release their site for development[18] and this was set as a constant within the modelling exercise. By fixing the percentage of GDV which is attributable to land value the study sought to modify the 'traditional residual' appraisal and test viability based on a measure of return / developers profit, albeit it was recognised this produced the same results as determining residual land values and then comparing these to Existing Use Value (EUV).

5.32 The EVA operates on the basis of a target IRR (Internal Rate of Return) and the level at which a scheme is considered viable was set at 20%[19]. Where a site generated an IRR of 20% or above it was considered viable. Between 17.5% and 20% the site was marginal and below 17.5% the site was considered unviable.

5.33 In those scenarios where an IRR of 20% of higher was generated, the EVA then 'sense checked' the actual land value (based on 20% of GDV) to ensure this was at a level which would allow a site to come forward for residential development, as opposed to alternative use. In doing this the EVA applied a range of Alternative Use Values (AUV) as benchmarks for assessing scheme viability. The AUV benchmarks adopted within the EVA included:

- City Centre = £1,000,000 per acre;
- Inner Area = £400,000 per acre and

[18] In the context of this study development was solely related to residential uses.
[19] The target of 20% was based on the consultant's experience of past development projects and in consultation with Stakeholders. We would concur that a target of 20% is not unreasonable.

- Outer Areas (including Golden Triangle) = £500,000 per acre. The EVA recognised that some sites (particularly green field sites in suburban areas) are unlikely to be developed for alternative uses due to planning constraints and other commercial requirements. In these scenarios the EVA advocated that Alterantive Use Value would be that of an agricultural use, which at the time of the study was considered to be £5,000 per acre.

5.34 As outlined previously, the approach adopted within the EVA is consistent with many affordable housing studies and in our opinion this is justified as these studies only ever set policy 'targets', which could be further challenged, on viability grounds, at the planning application stage. In this context (albeit ignoring the arguments currently outlined with the RICS Guidance) it seems reasonable that such appraisals attempt to maximise affordable housing by taking an approach to minimise base / benchmark land values.

5.35 However, once adopted, CIL is a fixed charge and will not be subject to further assessment. CIL will also be charged on the majority of land uses meaning the impact of CIL needs to be judged in the context of the chargeable category of development rather than by reference to alternative, current or existing use values.

The Impact of National Planning Policy Framework & Localism

5.36 Viability is an important theme in the National Planning Policy Framework (NPPF). Indeed, the framework specifically states that the costs of any requirements likely to be applied to development, such as local infrastructure contributions, should, when taking account of the normal costs of development and on-site mitigation, provide competative returns to a willing land owner (i.e. not a distressed seller) and willing developer to enable the development to be deliverable.

5.37 The NPPF also seeks to ensure that, where practical, CIL charges are worked up and tested alongside the Local Plan. It states that the CIL should support and incentivise new development, particularly by placing control over a meaningful proportion of the funds raised within the neighbourhoods where development takes place.

6. Development Typologies

6.1 In order to test the viability of future planning obligations (including CIL) a series of hypothetical development schemes ('development typologies') representing the scale, nature and characteristics of the current and future development envisaged to come forward across the city have been created[20].

6.2 The Council has confirmed that the great majority of development is expected to fall within a limited number of development types, which are expected to create the greatest amount of new floor space in the District over the plan period, or be strategically important to the broader objectives of the Core Strategy. In this context the most important development types are:

- Offices
- Industrial (including warehousing)
- Comparison retail
- Retail warehouse;
- Convenience retail;
- Hotels; and
- Residential (including care homes and student accommodation)

6.3 The viability assessment focuses on these types of developments and ensures that they remain broadly viable having taken into consideration the proposed policy requirements. However, we do not need to prove that each and every development scenario will be deliverable. Instead, we need to show that the majority of these types of developments are viable, when seen at a strategic city wide level.

[20] For the purposes of CIL the Planning Advisory Committee (PAS) previously recommended that all uses be tested but they now take a more flexible approach and advocate that assessments be restricted to the conventional / major land uses that are most commonly developed. In addition use classes which do not contribute significant levels of new floorspace are unlikely to have a significant impact on existing infrastructure nor contribute significant levels of CIL funding and, therefore, there is little justification for conducting a viability appraisal on such use types. The assessment should focus on the use classes which are likely to see the greatest amount of new build development over the plan period.

6.4 Our assumptions with respect to the various development typologies are set out below.

Residential

Site Size

6.5 The Council's Economic Viability Assessment (EVA) considered a range of site sizes, which were differentiated between four distinct geographies / market value areas (referred to as 'value geographies). The extent of these areas is shown in Figure 1 at Appendix I. Based on an analysis of the Strategic Housing Land Availability Assessment (SHLAA) and in consultation with the Council and its stakeholders the EVA incorporated the following thresholds. .

Table 3 – Site Thresholds

Scenario	City Centre	Other Market Areas[21]
A	0.5ha (1.24 acres)	0.135ha (0.33 acres)
B	1,5ha (3.71 acres)	0.27ha (0.66 acres)
C	3.5ha (8.65 acres)	0.45ha (1 acre)
D	-	1.214 ha (3 acres)
E	-	3 ha (7.41 acres)
F	-	10ha (24.71 acres)

Source: Economic Viability Assessment Final Report (June 2010)

6.6 These thresholds are considered appropriate in the context of this EVS and have been incorporated within the modelling for consistency.

Density

6.7 Within each market area the EVA applied a range of density assumptions. For the City Centre only high and medium densities were assessed reflecting the nature of the market and the unlikelihood of low density schemes coming forward. Within the other market areas low, medium and high densities were appraised. Table 4 outlines the densities applied within the EVA.

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[21] Includes inner city area, golden triangle and outer area (refer to Figure 1 at Appendix I)

Table 4 – Value Geographies: Density

Scenario	City Centre	Other Market Areas
High Density	350dph	40dph and (65dph in fringe)
Medium Density	175dph	35dph
Low Density	65dph	30dph

Source: Economic Viability Assessment Final Report (June 2010)

6.8 Outside of the city centre a density of 30 dwellings per hectare (dph) was adopted for low density schemes based on the minimum requirements outlined within PPS3 (extant at the time). Whilst acknowledging that PPS3 advocated an upper level density of 50dph the EVA applied a maximum density of 40dph, which, following representations and discussion with the Council[22], was considered a reasonable assumption upon which to undertake the modelling.

6.9 The introduction of the National Planning Policy Framework removes reference to both maximum and minimum thresholds and places the emphasis on local authorities to set out appropriate housing densities based on local circumstances. However, the densities adopted within the EVA are considered reasonable and to maintain consistency the same assumptions have been applied within CIL assessment.

6.10 In addition Policy H3 of the Core Strategy also introduces an additional density band of 65dph for the City Centre and fringe (the fringe being a zone of 500m stretching out from the City Centre boundary). This is to reflect discussions coming through the SHLAA and has also been used as the basis for the SHLAA assumptions. For the purpose of this assessment we have restricted this density to the Inner Area, as defined in Figure1 at Appendix I. .

Site Classification

6.11 The EVA did not vary the base assumptions for site size(s) or density to reflect Greenfield and Brownfield scenarios. Whilst we agree with this approach for the EVA the EVS seeks to distinguish between Greenfield and Brownfield scenarios; the impact of which is reflected through additional costs such as remediation and site

[22] Evidence suggested that developments greater than 40dph were few and far between outside of the city centre.

preparation etc- further information is provided within the Technical Annex provided at Appendix III.

Property / Unit Sizes

6.12 The housing typologies and average unit sizes applied within the EVA are set out in Table 5. Whilst the EVA accepted that unit sizes would vary, especially when breaking down further to reflect semi detached, detached and terraced properties, the assumptions are considered to represent the average unit sizes for most new build developments. No distinction was made between affordable and private sale dwellings. In this context and to ensure consistency with the existing evidence base the CIL assessment applies these assumptions.

Table 5 – Property / Unit Sizes

Property Type	City Centre		Other Areas	
	Sq.m gross (net)	Sq.ft gross (net)	Sq.m gross (net)	Sq.ft gross (net)
Studio Flat	52(44)	559 (475)	-	-
1 Bed Flat	62 (53)	670 (570)	62 (53)	670 (570)
2 Bed Flat	71 (60)	765 (650)	71 (60)	765 (650)
3 Bed Flat	87 (74)	941 (800)	-	-
2 Bed House	-	-	65	700
3 Bed House	-	-	88	950
4 Bed House	-	-	102	1,100
5 Bed House	-	-	135	1,450

Apartment Efficiency

6.13 The EVA does not include a gross to net discount to reflect the difference between the total building floor area and the net sales area. This is only applicable in relation to apartment schemes, to reflect the additional non saleable areas such as corridors and core areas. Therefore, we have applied a net to gross ratio of 15% and show the net areas in brackets.

Affordable Housing

6.14 The Council's current affordable housing policy comprises both the Interim Housing Policy and Supplementary Planning Guidance (SPG)[23]. The interim policy was approved by Executive Board on 18th May 2011 and came into effect on 1st June 2011. The current targets (for applications of 15 dwellings or more) are split between five housing market zones as outlined in Table 6. The extent of the market zones are shown in Figure 2 at Appendix I.

Table 6 – Affordable Housing Interim Targets

Affordable Housing Market Zone	Total Affordable Housing Required	Proportion of Social Rented	Proportion of submarket / Intermediate
Outer area / rural north	35%	50%	50%
Outer suburbs	15%	50%	50%
Inner suburbs	15%	40%	60%
Inner areas	5%	0%	100%
City centre	5%	40%	60%

Source: Leeds City Council

6.15 The affordable housing zones which relate to the interim targets do not align exactly with those identified within the EVA.[24] Instead the Council interpreted the results of this study and applied these to the original housing market areas, as defined within the 'Assessment of Need for Affordable Housing' (November 2003). The Council have acknowledged that this assessment is outdated and differences in the 3 outer housing market zones have decreased over time in terms of demand, prices and dwelling types etc.

6.16 In this context it is difficult to align the interim requirements with the market value geographies identified within the EVA.

[23] SPG February 2003 and SPG Annex July 2005, revision April 2012)
[24] Refer to Figure 1 – Appendix I).

6.17 However, In terms of the future policy the Council intends to replace the existing SPG and Interim Policy with a Supplementary Planning Document (SPD). A Public Consultation Draft of the Affordable Housing SPD was produced in September 2008. The SPD identifies three main housing areas across the District, within which different affordable housing requirements apply. The three market areas are categorised as the City Centre Housing Zone[25], the Inner Areas Housing Zone and the Outer Housing Zone[26]. The affordable housing targets (for applications of 15 dwellings or more) within each zone are shown in Table 7.

Table 7 – SPD Affordable Housing Targets

Affordable Housing Market Zone	Total Affordable Housing Required	Proportion of Social Rented	Proportion of submarket / Intermediate
City Centre	15%	30%	70%
Inner Areas	25%	30%	70%
Outer Zone	35%	30%	70%

Source: Leeds Affordable Housing SPD

6.18 However, representations made in the public consultation period on the Draft SPD (29th September to 7th November 2008) included several comments that the Outer Zone was too large and should be split further. The majority of comments suggested a north / south split, based on apparent housing markets and characteristics. The northern half is generally recognised as an area of higher house prices, being closely linked with the Golden Triangle area, which also includes York and Harrogate.

6.19 Having taken the representations on the draft SPD into account the outer housing zone has been divided into the Golden Triangle Area (the northern part) and the Outer Area (the southern part) resulting in the 4 housing market areas. These housing areas have been used as the basis for analysis for producing key sources of evidence including the EVA (as outlined previously) and the SHMA update 2010.

6.20 To ensure consistency this study aligns itself with the EVA and applies the same market geographies. It is the future intention for the affordable housing boundaries to be

[25] The City Centre Housing Zone is based on the UDP City Centre Boundary
[26] Please refer to Figures 3 and 4 at Appendix I

aligned with the CIL charging zones. However, in order to appraise the cumulative impact inclusive of affordable housing we have modelled a range of alternative affordable housing requirements (refer to Table 8), which seek to 'best fit' both the interim and future targets, within the EVA market geographies.

Table 8 – Affordable Housing Scenarios

Affordable Housing Market Zone (based on EVA)	Total Affordable Housing Required	Proportion of Social Rented	Proportion of submarket / Intermediate	Policy Requirement
City Centre	15%	30%	70%	SPD
Inner Areas	25%	30%	70%	SPD
Outer Area	35%	30%	70%	SPD
Golden Triangle Area	35%	30%	70%	SPD
City Centre	5%	40%	60%	Interim
Inner Areas	5%	0%	100%	Interim
Outer Area	15%	50%	50%	Interim
Golden Triangle Area	35%	50%	50%	Interim

Development Mix

6.22 The EVA appraised the development mix set out in Table 9, for both open market and affordable housing. To ensure consistency between the assessments the same housing mix has been adopted.

Table 9 – Property Mix Assumptions

Value Area	Density	Studio Apartments	1 bed apartments	2 bed apartments	3 bed apartments	2 bed house	3 bed house	4 bed house	5 bed house	Totals
City Centre	High	15%	40%	45%	-	-	-	-	-	**100%**
City Centre	Medium	10%	30%	50%	10%	-	-	-	-	**100%**
City Centre	Low/Fringe	5%	35%	45%	15%	-	-	-	-	**100%**
All Other Areas	Fringe (3)	-	-	15%	-	30%	30%	20%	5%	**100%**
	High (4)	-	-	10%	-	30%	30%	20%	10%	**100%**
	Medium	-	-	5%	-	30%	35%	20%	10%	**100%**

Value Area	Density	Studio Apartments	1 bed apartments	2 bed apartments	3 bed apartments	2 bed house	3 bed house	4 bed house	5 bed house	Totals
	Low	-	-	-	-	30%	35%	25%	10%	**100%**

Source: Economic Viability Assessment Final Report (June 2010)

(1) Development mix based on 65dph and limited to Inner Area

(2) Development mix based on 40dph

Other / Non Residential Development Typologies

6.23 The other land uses / development typologies modelled within the CIL appraisal are outlined in Table 10.

Table 10: Commercial Development Typologies

Description	Gross Size sq.m (sq.ft)	Site Area Ha	
		City Centre	Other Areas
Offices (B1)	6,968 (75,000)	1.16	1.75
	4,645 (50,000)	0.77	1.16
	2,322 (25,000)	0.39	0.58
	1,500 (16,150)	0.25	0.38
Industrial (B2)	9,290 (100,000)	n/a	2.65
	4,645 (50,000)	n/a	1.33
	2,500 (27,000)	n/a	0.71
	929 (10,000)	n/a	0.27
Storage and Distribution (B8)	23,225 (250,000)	n/a	6.64
	13,935 (150,000)	n/a	3.98
	6,968 (75,000)	n/a	1.99
	3,000 (32,000)	n/a	0.86
Traditional Retail (non food) A1	800 (8,600)	0.09	0.09
Financial and Professional Services (A2)	1000 (10,765)	0.11	0.11
Restaurants and Cafes (A3)	300 (3,230)	0.03	0.03

Description	Gross Size sq.m (sq.ft)	Site Area Ha	
		City Centre	Other Areas
Drinking Establishments (A4)	300 (3,230)	0.03	0.03
Hot Food Take away (A5)	250 ((2,690)	0.03	0.03
City Centre Comparison Retail[27]	4,645 (50,000)	0.58	n/a
Retail Warehouse[28]	1,500 (16,146)	0.38	0.38
Convenience Stores[29]	372 (4,000)	0.09	0.09
Supermarkets[30]	2,500 (26,900)	0.63	0.63
Superstores	4,000 (43,000)	1.00	1.00
Hypermarkets	6,000 (64,500)	1.50	1.50
Hotels[31]	1,740 (18,750)	0.44	0.44
Care Homes	65 Bed	0.95	0.95
Student Accommodation	80 Bed	0.50	0.50

D2 Leisure Uses

6.24 The EVS not appraised D2 (Assembly and Leisure) uses as, in our experience, they are valued on a profits / sales basis and not the residual method. Consequently such uses show marginal viability and rarely show a land receipt when using the residual appraisal methodology (refer to Section 7). Also, 'big box' leisure uses such as cinemas and bowling alleys are increasingly recognised as enabling development and anchors to larger schemes based on their capacity to generate high footfall. In

[27] The Leeds City Centre, Town and Local Centres Study (2011) concludes that outside of the two main shopping schemes – Trinity and Eastgate - capacity will based on the remodelling / extension of existing floorspace / arcades

[28] A large store, typically on a single level and ranging in size between 8,000 and 20,000sq.ft. Specialise in the sale of bulky goods, such as carpets, furniture, electrical goods, or bulky DIY items

[29] Typically stores with a net sales / trading area of less than 280sq.m (3,000sq.ft) open for long hours (including Sundays) and selling products from at least 8 different grocery categories (E.g. SPAR, Co-operative Group and Londis etc).

[30] Supermarkets generally have a sales area of 3,000 – 25,000sq.ft (280 – 2,325sq.m). The PPS4 glossary for supermarkets included stores up to 2,500sq.m and superstores were stores above 2,500sq.m. Although superseded by the NPPF, which no longer includes definitions, it does still use the 2,500sq.m rate as the impact test threshold and therefore this distinction is implicit. Hypermarkets are over 60,000sq.ft (5,575sq.m). All sell a broad range of mainly grocery items, non food is also sold (e.g. Tesco and Asda.

[31] Based on budget operator's specification (i.e. Travel Lodge) whose average room size is 250sq.ft GIA (inclusive of circulation space etc). We have assumed a 75 bed hotel.

some circumstances, operators are therefore able to negotiate favourable lease terms particualrly in terms of passing rents. tested.

6.25 The Council has provided a schedule of previous planning applications for D2 uses and a significant proportion involved applications for change of use, which are not covered by the CIL Regulations. From the remaining applications most of the developments are not commercial in nature (i.e. they do not have a commercial value in themselves and, therefore, do not create a significant residual site value). In this context, such developments are not viable when considered from a commercial perspective and have, therefore, not been considered within the CIL appraisal.

6.26 It could reasonably be expected that health and fitness clubs will come forward over the plan period. However, the latest trend enveloping this industry is budget gyms which offer a stripped down package (i.e. no swimming pools, sauna's etc.). Current operators include Pure Gym, Exercise for Less and others. In the current economic climate these formats are more viable / cost effective than traditional gyms. A key requirement of the budget operator is conversion of existing space, often non prime, (basements and old retail / industrial units), which enables operators to be extremely competitive on membership fees. In this context health and fitness clubs would be exempt from CIL as the conversion of existing space is currently not liable for a charge. Taking these factors into consideration the EVS does not appraise this form of land use.

6.27 We note there have recently been consents for a cinema, within the Trinity Quarter, and the Leeds Arena venue in addition to emerging proposals for a cinema in the White Rose Centre and an ice rink at Elland Road. However, these are effectively 'one off' proposals and if the emerging proposals do gain consent it is anticipated this will be prior to the introduction of CIL.

Sui Generis Uses

6.28 As outlined previously; for the purposes of CIL all uses are potentially liable. In this context the assessment has considered a range of Sui Generis and non commercial land uses but not included them within the analysis for the reasons set out below.

6.29 By their very nature these uses cover a very wide range of development types. Our approach to this issue, which is consistent with other CIL viability assessments, has been to consider the types of properties and locations that may be used for Sui generis uses and assess whether the costs and value implications have any similarities with other uses. Within this assessment we have considered the following uses:

6.30 Hostels – these are likely to be either charitable (CIL exempt) or public sector uses such as probation hostels, half-way houses, refuges etc., or low cost visitor accommodation such as youth hostels. The charitable uses are dependent upon public subsidy for development and operation, and therefore not viable in any commercial sense. They are also exempt from CIL under the current Regulations. Youth Hostels generally don't offer the prospect for significant commercial returns / viability and invariably don't generate positive land values.

6.31 Scrap yards – it is considered unlikely that there would be new scrap yard/recycling uses in the future due to the relatively low value compared to existing and alternative uses in Leeds. A further consideration is that these uses are likely to occupy the same sorts of premises as many industrial uses and, therefore, the viability will be covered by our viability assessment of industrial uses. It is also more likely that these uses will come forward through a change of use and, therefore, would not liable for CIL.

6.32 Petrol filling stations – new filling stations generally come forward as part of larger supermarket developments. It seems very unlikely that there will be significant new stand-alone filling station development across the city over the plan period and in this context the CIL assessment excludes these uses. Again it is more likely that these uses will come forward through a change of use and, therefore, would not be liable for CIL.

6.33 Selling and/or displaying motor vehicles – sales of vehicles are likely to occupy the same sorts of premises and locations as many industrial uses and, therefore, the viability will be covered by our viability assessment of industrial uses.

6.34 Nightclubs, launderettes, taxi businesses and amusement arcades – these uses are likely to be in the same type of premises as A1 town centre uses and exhibit similar purchase or rental costs. Therefore they are covered under our assessment of the A1 to A5 use classes. Again they may also be brought forward via a change of use and would, therefore, be exempt from CIL.

6.35 Casinos – under the current law casinos can only be built in 53 permitted areas or one of the 16 local authorities allocated one of eight large and eight small casinos under the provisions of the Gambling Act 2005. Leeds is one of the eight local authorities with powers to grant a large casino licence, which permits a table gaming area of up to 1,000sq.m (10,764sq.ft). We understand that the large casino licence came to the market in January 2012 and that the Council intends to make a final decision on the casino site in spring 2013. For the purposes of the CIL assessment it has been assumed that planning permission will already be in place for this development and, therefore, it will not be liable for CIL..

Other non Commercial Land Uses

6.36 In addition to the residential, commercial and sui generis land uses the city is also likely to see traditional forms of non commercial development, including:

- Schools, including free schools
- Community facilities, including community halls, community arts centres, and libraries;
- Medical facilities; and
- Emergency services facilities.

6.37 Whilst it is recognised that these forms of development could come forward they have not been included (tested) within the CIL assessment for the following reasons:

6.38 Both the state-funded health and education sectors face the pressure of on-going constrained public resources and this is likely to have an effect on the viability of development of such uses. These facilities will be developed in Leeds over the plan period and, therefore, will occupy net additional floor space, which would be liable for CIL.

6.39 Ordinarily it is not possible to deliver new capital build state-led community, health, emergency services or education projects (including free schools, which are state provided) without public sector funding support.

6.40 Completed developments of these types are also not commercial in nature. They do not have a commercial value in themselves and, therefore, do not create a residual site value. In this context, such developments are not viable when considered from a commercial perspective.

6.41 Non-state education projects such as private schools generally have charitable status. They will therefore be exempt from CIL meaning there is little point in appraising these uses. Again this approach accords with the approach adopted by other Local Authorities.

6.42 There is a commercial market for primary care facilities that are predominantly occupied by GPs. However, the sites used are usually sourced on a preferential basis and the land values generated are not significant in most cases.

7. Methodology and Principal Viability Results

Overall Approach

7.1 The purpose of the assessment is to determine what development standards can justifiably be included within the Core Strategy, without significant adverse impact on viability, and against this what level of CIL charge might be applied for the city. The objectives of this exercise are:

- To undertake a high level appraisal of developer contributions, rather than a detailed analysis of individual sites or schemes;
- To assess the potential overall level of contributions by testing key "what if" questions by varying a number of underlying assumptions; and
- To use this analysis to assess potential CIL levels on the basis of clearly reasoned evidence.

7.2 The underlying principles of our viability appraisals are to:

- Reflect the character and scale of current and future developments in the area. This will ensure that viability is tested against scheme designs that while notional are realistic and representative of the policy environment;
- Examine viability for the area as a whole and to distinguish differential impacts that may arise due to the range of values and costs within different value areas; and
- Reflect both current (recessionary) market values but also the potential for different, possibly higher values in future.

Appraisal Model

7.3 A residual development appraisal model has been used to determine development viability. The model assumes that the land value is the difference between Gross Development Value and the Development Costs, once an element of developer profit has been taken into account. This can be expressed through the following calculation.

Gross Development Value (GDV) – Total Costs – Developers Profit = Residual Land Value (RLV)

- Gross Development Value includes all income generated by the development, including temporary revenue and grant (for example payments by HCA through the National Affordable Housing Programme).
- Total Costs include construction costs, fees, planning, finance charges, and also payments under S106, S278 and CIL.
- Developer's Profit is expressed by reference to a percentage of the Total Costs or Gross Development Value. It can also be expressed by reference to an Internal Rate of Return (IRR)[32].

7.4 Through the use of the appraisal model we have examined scheme viability by testing the impact of policy requirements and differing levels of CIL contributions on current market value benchmarks.

Current Viability / Establishing the Market Value Benchmark

7.5 Establishing the benchmark land value against which to compare the viability appraisal results is one of the most significant challenges. The Benchmark represents a judgement on the level of value required in order to incentive a landowner to sell land for development.

7.6 As outlined within Section 4 of this report the RICS Guidance defines 'site value', whether this is an input into a scheme specific appraisal or as a benchmark, as:

The market value[33] subject to the following assumption: That the value has regard to development plan policies and all other material planning consideration and disregards that which is contrary to the development plan'

[32] Internal rate of return (IRR) is the interest rate at which the net present value of all the cash flows (both positive and negative) from a project or investment equal zero. Internal rate of return is used to evaluate the attractiveness of a project or investment. If the IRR of a new project exceeds a company's required rate of return, that project is desirable. If IRR falls below the required rate of return, the project should be rejected

7.7 At the current point in time there have been very few transactions / sales upon which to gauge comparable land / market values in Leeds. As part of its Property Market Report the Valuation Office Agency (VOA) has been recording average land values since 1983 but their coverage is limited to agricultural, residential and industrial land values. The most current data is only available up to January 2011 and shows the average value of residential land, at £1,360,000 per hectare (£550,000 per acre) and industrial land at £600,000 per hectare (£242,807 per acre).

7.8 Their data on residential land values has been used extensively throughout the industry and various government departments (including DCLG) as comparable benchmarks, particularly in affordable housing studies. However, their methods of valuation are limited. For example their residential land methodology is based on one `beacon type' (a suburban site of 0.5ha / 1.23 acres). In addition their methodology is based on the following assumptions:

- Values are based upon a maximum of 2 storey construction
- Density, S106 (planning gain) provision and affordable housing ratios are based on the market expectations for the locality.

7.9 For the purposes of the CIL assessment the benchmark / market values have been calculated through residual appraisals[34]. This mimics the approach of virtually all developers when purchasing land and establishes / determines the current market value for each category of development, within each value area (where applicable). This value is then used as the benchmark for assessing future / prospective planning obligations (including CIL). Essentially the Market Value is the residual value of the site with the proposed planning permission after development profit and all development expenses (including current development plan policies and all other material

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[33] The RICS Valuation – Professional Standards 2012 (Red Book) definition of market value is as follows: *The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arms length transaction after properly marketing and where the parties had each acted knowledgeably, prudently and without compulsion*

[34] Each appraisal has been undertaken on the basis of the cost and value assumptions (including allowances for existing S106 / planning obligations) outlined within the Technical Annex at Appendix III. All of the assumptions have been presented to Stakeholders (including members from the property and development industry) and are thought to be reflective of the current market.

planning considerations) have been deducted from the GDV of the proposed scheme.

Residential

7.10 In addition to the Council's interim Affordable Housing Targets (See Table 8) the Council currently seeks S106 obligations (including tariff style obligations with respect to green space / public realm, education and public transport improvements) from new housing schemes. Based on information[35] provided by the Council (please refer to Appendix II) the average S106 contribution, for schemes of less than 50 dwellings, was £2,153 per dwelling rising to £5,673 per dwelling for schemes greater than 50 dwellings.

7.11 In this context the EVS has applied the Council's interim affordable housing targets and the average S106 contributions, as set out above, when establishing the current market value benchmarks.

Greenfield / Unconstrained Benchmark[36]s

7.12 The EVS has established the current average market values for a range of densities[37], within each of the market value geographies/areas. Over 140 different scenarios / permeations have been modelled and the resulted are summarised in Tables 11 to 14.

[35] The year June 2011 to May 2012 was used for residential permissions, and as these schemes were primarily Brownfield, they were balanced against Phase 2 and 3 UDP Greenfield sites permitted (since November 2009) to better reflect the type of sites which will come forwards through the Core Strategy.

[36] For the purposes of the EVS 'unconstrained sites' represent possible scenarios where 'urban sites' are not constrained by site preparation and contamination issues. This is for comparison purposes only as in all likelihood sites within the urban area will require an element of site preparation, at least.

[37] The density assumptions are set out within Table 4.

Table 11 - High Density Average Benchmarks (£/ acre)

	# Dwellings	City Centre	Inner Area	Outer Area	Golden Triangle Area
Small Sites	<15	-	£29,482	£211,107	£451,497
Medium Sites	16 - 50	-	£18,169	£149,368	£224,533
Large Sites	>50	-	£1,086	£101,999	£154,668
City Centre	-	-£0	-	-	-

Table 12 - Medium Density Average Benchmarks (£/ acre)

	# Dwellings	City Centre	Inner Area	Outer Area	Golden Triangle Area
Small Sites	<15	-	£32,139	£191,329	£406,538
Medium Sites	16 - 50	-	£22,166	£137,612	£202,801
Large Sites	>50	-	£6,612	£96,090	£146,870
City Centre	-	-£0	-	-	-

Table 13 Low Density Average Benchmarks (£/ acre)

	# Dwellings	City Centre	Inner Area	Outer Area	Golden Triangle Area
Small Sites	<15	-	£33,228	£171,714	£359,653
Medium Sites	16 - 50	-	£26,009	£125,741	£172,273
Large Sites	>50	-	£10,316	£89,480	£134,715
City Centre	-	£12,641	-	-	-

Table 14 Fringe Density Average Benchmarks (£/ acre)

	# Dwellings	City Centre	Inner Area	Outer Area	Golden Triangle Area
Small Sites	<15	-	£45,887	-	-
Medium Sites	16 - 50	-	£28,822	-	-
Large Sites	>50	-	£1,753	-	-
City Centre	-	£12,641	-	-	-

7.13 Based on the current available evidence, it is apparent that development within the city centre and inner areas is unviable in the current market[38]. Whilst the inner area generates positive land values, in all scenarios, these are nominal (less than £50,000 per acre) and it is extremely unlikely that land would be sold willing on the open market at these prices. The lack of viability within the city centre and inner area is not surprising as both these areas are typically associated with flatted / apartments schemes, which is the sector of the housing market hit hardest since the onset of the recession. In recent times there has also been media reports of an over supply within the city's apartment market which, if prevalent, will have only served to compound the downturn in the apartment market.

7.14 The Outer Area(s) and Golden Triangle Area (GTA) generate positive land values which in the majority of cases exceed £100,000 per acre[39]. The only exception is large sites within the Outer Area, which fall slightly below this threshold under medium and low density schemes and, therefore, are considered marginal.

7.15 Whilst the values are clearly influenced by market geography the link between density and value is not as pronounced. On this basis the EVA has considered the impact of future policy requirements and potential CIL charges with reference to the medium density scenario, as this is thought to represent the majority of development schemes that are likely to be brought forward over the plan period.

[38] Referring back to the formula at Section 6.3 this essentially means that the total value (revenue) generated from the scheme does not cover the total development costs and, therefore, does not generate a positive land value. Instead a negative value is created meaning the scheme is essentially losing money.

[39] The EVS assumes that all Greenfield/unconstrained sites are in agricultural use and, therefore, have relatively low existing use values (i.e. agricultural). A threshold of £100,000 is considered to be the threshold at which a landowner would release land for development.

Medium Density Scenario

Table 15 - Market Value Benchmarks (£/acre)

	# Dwellings	City Centre	Inner Area	Outer Area	Golden Triangle Area
Small Sites	<15	-	£32,139	£191,329	£406,538
Medium Sites	16 - 50	-	£22,166	£137,612	£202,801
Large Sites	>50	-	£6,612	£96,090	£146,870
City Centre	-	-£0	-	-	-

- Based on the available evidence development within the city centre and inner areas of the city is considered unviable in the current market. Whilst the inner area generates positive land values these are nominal (less than £35,000 per acre) and it is extremely unlikely that land would willingly be sold on the open market at these prices.
- Within the Outer Area the average value for small sites is just over £190,000 per acre falling to around £135,000 per acre for medium sites and just under £100,000 per acre for large sites. The value of large sites may be at the margins of what a willing landowner would sell for in the open market.
- As expected the Golden Triangle Area (GTA) generates the highest land values; averaging around £400,000 per acre for small sites, £200,000 per acre for medium sites and £150,000 per acre for large sites.
- The values for small sites are significantly higher than medium and large sites because the current policy on affordable housing is only triggered when a scheme provides more than 15 units.

Impact of Future Policy Requirements

7.16 When undertaking Local Plan or CIL (area wide) viability testing the market value will need to be adjusted to reflect the emerging policy / CIL charging level and this issue is recognised in the RICS Guidance. However, it is also accepted that there must also be a 'boundary' placed on the effect on land value to reflect new policy or the burden of CIL charge, in terms of restricting the reduction so that it does not go below what land would willingly transact at in order to provide competitive returns to a willing landowner (this point is recognised in the NPPF – para 173). This is a judgement for the practitioner , which must be reasonable, having regard to the workings of the property market.

7.17 We suggest that if Local Plan Policies / CIL are promoted that reduce the benchmark / market values (see Table 15) by more than 25%[40], at the present time, then it risks causing land to be withheld from development, or delayed in coming forward. It is acknowledged that there may be schemes that are promoted notwithstanding a larger decline in the Residual Land Value but on balance we believe that this approach and the thresholds adopted are a reasonable reflection of the likely market reaction across the city.

7.18 As outlined at Section 3 the future planning obligations are set out in The Leeds Core Strategy, Publication Version (March 2011). The EVS has considered the relevant Core Strategy requirements and appraised the cumulative impact of these policies alongside CIL, by reference to their impact on the current market / benchmark values.

7.19 In the first instance we have assessed the impact of Policy EN2 which requires all new developments to achieve Code for Sustainable Homes Level 4 from 2014 onwards. The results of our assessment are summarised in Table 16.

[40] This is the opinion of GVA and others may disagree. However, the examiner recently accepted this approach in the Broadhurst District Council, South Norfolk Council and Norwich City Council – Community Infrastructure Levy Examination. One scenario, in which this could be challenged, is Greenfield sites which have relatively low existing use values (agricultural land values) which typically average £20,000 per hectare. In these circumstances it could be argued that benchmark values can sustain a much larger reduction whilst still demonstrating a significant uplift when compared to the existing use values. As outlined previously the EVS assumes that all Greenfield sites are in agricultural use and, therefore, have relatively low existing use values (i.e. agricultural at circa £20,000 per acre). A threshold of £100,000 per acre is considered to be the threshold at which a landowner would release land for development. This is 5 times the agricultural value and whilst this may seem high it is not uncommon for Greenfield benchmarks to be between 10 and 20 times agricultural value.

Table 16 – Policy EN2 (Introduction of Code 4)

	# Dwellings	City Centre	Inner Area	Outer Area	Golden Triangle Area
Small Sites	<15	-	£32,139 (0%)	£191,329) (0%)	£406,538 (0%)
Medium Sites	16 - 50	-	-£0 (-100%)	£111,848 (-18.72%)	£172,600 (-14.89%)
Large Sites	>50	-	-£0 (-100%)	£74,460 (-22.51%)	£124,375 (-15.32)
City Centre	-		-	-	-

- Policy EN2 does not impact on the value of small sites as the policy only applies to developments of 10 units or more[41].
- Clearly the imposition of Policy EN2 just further compounds the viability issues within the city centre and inner area.
- Within the Outer Area medium and large sites see reductions in base (benchmark) values of 18.72% and 22.51% respectively. Whilst these reductions are within acceptable tolerances (see Section 7.16) the 'absolute land values' for large sites are below £100,000 per acre, which is thought to be the limit at which a willing seller would transact land for in the current market.
- The impact of Policy EN2 is much less pronounced within the Golden Triangle Area with the average value of medium and large sites falling by around 15%. Whilst the absolute land values are also reduced they are still at values in excess of £100,000 per acre, which should encourage landowners to sell.

7.20 At this stage it is important to recognise that the Code for Sustainable Homes is closely linked to Building Regulations (Approved Document L) and from 2014 the Government intends to amend the Regulations to require all new homes to achieve Code Level 4. In this context the requirement will become mandatory and any impact on scheme viability will be associated with National Legislation and not local plan policy.

[41] Under the medium density scenario the small sites do not yield sufficient housing numbers to exceed the threshold for triggering this policy.

Impact of CIL Charges in association with Policy Requirements

7.21 When establishing the benchmark values (see Table 15) the EVS includes allowances for S106 contributions, which include tariff style obligations relating to green space/ public realm, education and public transport improvements. However, from April 2014 the Council will no longer be able to charge these tariff style obligations (for more than five pooled obligations), which will be directly superseded by the CIL. Table 17 sets out what would be replaced by CIL and what would remain as eligible site specific S106 which would be continually sought, as necessary, alongside CIL. Further detailed information is provided at Appendix II.

Table 17 – CIL / S106

	Current Average S106 per dwelling	To be replaced by CIL per dwelling	Residual Site Specific S106 per dwelling
< 50 dwellings / units	£2,153	£1,920	£233
> 50 dwellings / units	£5,673	£5,048	£625

7.22 In this context the EVS has modelled the impact of Policy EN2 excluding the proportion of S106 that will be replaced by CIL and testing the sensitivity of four separate CIL charges – £25psm, £50psm, £75psm and £100psm. The results of this exercise are set out in Tables18 to 21.

Table 18 - Policy EN2 with CIL at £25psm (S106 reapportioned)

	# Dwellings	City Centre	Inner Area	Outer Area	Golden Triangle Area
Small Sites	<15	-	£31,135 (-3.125%)	£190,394 (-0.49%)	£419,023 (+3.07%)
Medium Sites	16 - 50	-	-£0	£112,423 (-18.30%)	£179,959 (-11.26%)
Large Sites	>50	-	-£0	£88,003 (-8.42%)	£141,403 (-3.72%)
City Centre	-	-£0	-	-	-

Table 19 - Policy EN2 with CIL at £50psm (S106 reapportioned)

	# Dwellings	City Centre	Inner Area	Outer Area	Golden Triangle Area
Small Sites	<15	-	£18,887 (-41.23%)	£178,145 (-6.89%)	£393,286 (-3.26%)
Medium Sites	16 - 50	-	-£0	£102,012 (-25.87%)	£171,998 (-15.19%)
Large Sites	>50	-	-£0	£77,591 (-19.25%)	£133,441 (-9.14%)
City Centre	-	-£0	-	-	-

Table 20 - Policy EN2 with CIL at £75psm (S106 reapportioned)

	# Dwellings	City Centre	Inner Area	Outer Area	Golden Triangle Area
Small Sites	<15	-	£6,638 (-79.35%)	£165,896 (-13.29%)	£381,037 (-6.26%)
Medium Sites	16 - 50	-	-£0	£91,601 (-33.44%)	£164,035 (-19.12%)
Large Sites	>50	-	-£0	£67,180 (-30.09%)	£125,480 (-14.56%)
City Centre	-	-£0	-	-	-

Table 21- Policy EN2 with CIL at £100psm (S106 reapportioned)

	# Dwellings	City Centre	Inner Area	Outer Area	Golden Triangle Area
Small Sites	<15		-£0	£153,648 (-19.69%)	£368,789 (-9.29%)
Medium Sites	16 - 50		-£0	£81,190 (-41.00%)	£156,075 (-23.04%)
Large Sites	>50		-£0	£58,101 (-39.54%)	£117,519 (19.98%)
City Centre		-£0			

7.23 When taking into consideration the cost implications associated with Policy EN2 (Code Level 4) and the replacement of the Current S106 tariff style obligations with CIL the above tables demonstrate that:

- CIL is not feasible within the city centre and inner areas;
- CIL is considered feasible within the Outer Area(s) at rates between £25psm and £50psm although some sites, particularly large sites, may not come forward for development at these rates, especially at the higher rate of £50psm. However, even at the higher rate (£50psm) the land values are almost four times higher than Greenfield / agricultural land values.
- CIL is considered feasible within the Golden Triangle Area at rates up to £100psm. Again the values generated are significantly higher than Greenfield agricultural land values.

Brownfield / Constrained Benchmarks

7.24 The EVS seeks to distinguish between Greenfield / unconstrained and Brownfield / constrained sites and our assumptions with respect to Brownfield developments are set out within the Technical Annex provided at Appendix III. Again over 140 different scenarios / permeations[42] have been modelled and the resulted, based on current available evidence, are summarised in Tables 22 to 25.

Table 22 - High Density (£ per acre)

	# Dwellings	City Centre	Inner Area	Outer Area	Golden Triangle Area
Small Sites	<15		-£0	£152,417	£392,806
Medium Sites	16 - 50		-£0	£90,843	£165,954
Large Sites	>50		-£0	£51,541	£97,002
City Centre		-£0			

42 When combined with the Greenfield analysis the EVS has considered more than 280 permeations to establish the benchmark land values.

Table 23 - Medium Density (£ per acre)

	# Dwellings	City Centre	Inner Area	Outer Area	Golden Triangle Area
Small Sites	<15		-£0	£133,075	£348,216
Medium Sites	16 - 50		-£0	£79,433	£144,581
Large Sites	>50		-£0	£45,780	£89,423
City Centre		-£0			

Table 24 - Low Density (£ per acre)

	# Dwellings	City Centre	Inner Area	Outer Area	Golden Triangle Area
Small Sites	<15		-£0	£113,788	£301,727
Medium Sites	16 - 50		-£0	£67,978	£114,458
Large Sites	>50		-£0	£39,435	£77,484
City Centre		-£0			

Table 25 - Fringe (£ per acre)

	# Dwellings	City Centre	Inner Area	Outer Area	Golden Triangle Area
Small Sites	<15		-£0		
Medium Sites	16 - 50		-£0		
Large Sites	>50		-£0		
City Centre		-£0			

7.25 Based on the available evidence it is clear that the development of Brownfield land is unviable within the city centre and inner areas. Whilst it is acknowledged that not all Brownfield sites will exhibit the same extent of remediation / contamination and site preparation issues it is worth noting that the majority of Brownfield housing land is located within the city centre and inner areas and, as outlined in Tables 11 to 14, it is currently unviable to develop unconstrained sites within these areas.

7.26 It must also be recognised that there are Brownfield sites outside of the city centre and inner areas. The current evidence suggests (with the exception of small sites) that Brownfield development outside of the GTA is likely to be marginal.

Impact of Future Policy Requirements

7.27 Once again the EVS has considered the impact of Policy EN2 (introduction of Code 4) in association with replacing the S106 Tariff style obligations with CIL charges by reference to the medium density scenario. The results of this assessment is summarised in Tables 26 to 30.

Table 26 – Policy EN2 (Introduction of Code 4)

	# Dwellings	City Centre	Inner Area	Outer Area	Golden Triangle Area
Small Sites	<15		-£0	£133,075 (0%)	£348,216 (0%)
Medium Sites	16 - 50		-£0	£59,326 (-25.31%)	£118,629 (-17.95%)
Large Sites	>50		-£0	£31,412 (-31.39%)	£67,974 (-23.99%)
City Centre		-£0			

- The imposition of Policy EN2 further compounds the viability issues within the city centre and inner areas of the city.
- Policy EN2 does not impact on the value of small sites as the policy only applies to developments of 10 units or more[43].
- Within the Outer Area medium and large sites see reductions in base (benchmark) values of 25.31% and 31.39% respectively resulting in absolute land values of circa £60,000 per acre for medium sites and £30,000 per acre for large sites.
- The impact of Policy EN2 is much less pronounced within the Golden Triangle Area with the average values falling by 18% and 24% for medium and large sites respectively. Absolute land values are also reduced to around £120,000 per acre for medium sites and £70,000 per acre for large sites.

[43] Under the medium density scenario the small sites do not yield sufficient housing numbers to exceed the threshold for triggering this policy.

Table 27 - Policy EN2 with CIL at **£0psm** (S106 reapportioned)

	# Dwellings	City Centre	Inner Area	Outer Area	Golden Triangle Area
Small Sites	<15		-£0	£144,320 (+8.45%)	£359,461 (+3.23%)
Medium Sites	16 - 50		-£0	£66,650 (-16.09%)	£129,700 (-10.29%)
Large Sites	>50		-£0	£47,321 (+3.37%)	£91,917 (+2.79%)
City Centre		-£0			

Table 28 - Policy EN2 with CIL at **£25psm** (S106 reapportioned)

	# Dwellings	City Centre	Inner Area	Outer Area	Golden Triangle Area
Small Sites	<15		-£0	£132,072 (-0.75%)	£347,212 (-0.29%)
Medium Sites	16 - 50		-£0	£59,709 (-24.83%)	£121,739 (-15.80%)
Large Sites	>50		-£0	£40,381 (-11.79%)	£83,282 (-6.87%)
City Centre		-£0			

Table 29 - Policy EN2 with CIL at **£50psm** (S106 reapportioned)

	# Dwellings	City Centre	Inner Area	Outer Area	Golden Triangle Area
Small Sites	<15		-£0	£119,823 (-9.96%)	£334,964 (-3.81%)
Medium Sites	16 - 50		-£0	£52,768 (-33.57%)	£113,777 (-21.31%)
Large Sites	>50		-£0	£33,440 (-26.96%)	£75,991 (-15.02%)
City Centre		-£0			

Table 30 - Policy EN2 with CIL at £**75psm** (S106 reapportioned)

	# Dwellings	City Centre	Inner Area	Outer Area	Golden Triangle Area
Small Sites	<15		-£0	£107,211 (-19.44%)	£322,715 (-7.32%)
Medium Sites	16 - 50		-£0	£41,742 (-47.46%)	£105,816 (-26.81%)
Large Sites	>50		-£0	£9,931 (-74.43%)	£68,033 (-23.92%)
City Centre		-£0			

7.28 The above analysis suggests, when taking into consideration the cost implications associated with Policy EN2 (Code Level 4) and the replacement of the Current S106 tariff style obligations with CIL, that:

- CIL is not feasible on Brownfield sites within the city centre and inner areas. This is not surprising, as CIL has already been found to be unfeasible on unconstrained sites within these areas.
- CIL is considered unfeasible on Brownfield / constrained sites within the Outer Area(s). Whilst the impact on current benchmarks is within tolerance levels when CIL is at 25psm (see Table 28) absolute site values are very low/marginal at best.
- CIL is considered feasible on Brownfield sites, within the Golden Triangle Area at rates up to £50psm.

Provisional CIL Rates (Residential)

7.29 Taking into consideration the previous findings it is recommended that:

- CIL be set at £0psm within the city centre and inner areas;
- A rate of between £25psm and £50psm is considered within the outer area. However, at £50psm this would be an absolute charge and may render some schemes unviable, particularly Brownfield / constrained and large sites. It is recommended that the outer area be split into two charging zones, as set out below.

- A charge of up to £100psm is considered feasible within the Golden Triangle Area. Again Brownfield sites are unlikely to be able to sustain these charges.

7.30 At this stage it is important to note that the CIL Regulations recognise that not all developments will be viable under a specific CIL charge. Instead the Regulations recommend that charges should be set at levels which do not put the majority of development at risk.

7.31 The rates set out at Section 7.29 have been established having made additional allowances for site specific S106 issues (refer to Table 17). The rates are also inclusive of the current interim affordable housing targets / requirements and should, therefore, not undermine the delivery of affordable housing across the City. However, not all sites will be viable based on the rates set out above and this, could in some circumstances, lead to the current requirements being challenged. The biggest risk to affordable targets is within the Outer Area (particularly if CIL is set at the absolute maximum of £50psm), which is very diverse in terms of value geography. In this context it is recommended that the Council consider further subdivision of the Outer Area into two charging zones to tie in with the affordable housing market zones. On this basis the outer area would be split into inner and outer suburbs with charges of £25psm and £50psm respectively. However, another point to note is that CIL is only charged on private sale units so in the event a developer seeks to challenge affordable housing they will conversely be incurring a higher CIL liability, although it would still be lower than the affordable housing charge.

Other Land Uses

7.32 Once again the benchmark values have been derived via a residual appraisal, which determines the market value of the site after deducting development profit and all development expenses (including current development plan policies and all other material planning considerations) from the GDV of the proposed scheme. Note the EVS has been undertaken on the assumption that all schemes are speculative.

7.33 Mirroring the requirements for residential the Council also seeks S106 obligations (including tariff style obligations with respect to green space / public realm, and public transport improvements) from new commercial / non residential schemes (please refer to Appendix II). When establishing the market values the EVS has included average contributions based on this data. The benchmarks for non residential land use are shown in Tables 31 and 32.

Table 31: Other Development Typologies (Unconstrained Sites[44])

Description	RLV / Benchmark £/pha	
	City Centre	Other Areas
Offices (B1)	£1,300,000	-£0
Industrial (B2)	n/a	-£0
Storage and Distribution (B8)	n/a	£99,000
Traditional Retail (non Food A1)	£1,750,000	£415,000
A2	-£0	-£0
A3	-£0	-£0
A4	-£0	-£0
A5	-£0	-£0
City Centre Comparison Retail	£3,000,000	n/a
Retail Warehouse	£2,100,000	
Convenience Stores	£930,000	
Supermarkets, superstores and hypermarkets	£2,435,000	
Hotels	-£0	
Care Home	-£0	
Student Accommodation	£222,000	

Table 32: Other Development Typologies (Brownfield / Constrained Sites)

Description	RLV / Benchmark £/pha	
	City Centre	Other Areas
Offices (B1)	£712,000	-£0
Industrial (B2)	n/a	-£0
Storage and Distribution (B8)	n/a	-£0
Traditional Retail (non Food A1)	-£0	-£0

[44] For the purposes of the EVS 'unconstrained sites' represent possible scenarios where 'urban sites' are not constrained by site preparation and contamination issues. This is for comparison purposes only as in all likelihood sites within the urban area will require an element of site preparation, at least. Table 32 updates the analysis to show the impact of site preparation and contamination.

Description	RLV / Benchmark £/pha	
	City Centre	Other Areas
A2	-£0	-£0
A3	-£0	-£0
A4	-£0	-£0
A5	-£0	-£0
City Centre Comparison Retail	£2,860,000	n/a
Retail Warehouse	£1,900,000	
Convenience Stores	-£0	
Supermarkets, superstores and hypermarkets	£2,265,000	
Hotels	-£0	
Care Home	-£0	
Student Accommodation	-£0	

Offices and Industrial

7.34 Based on the available evidence the development of out of centre offices and industrial schemes (including distribution and storage[45]) is currently unviable. In contrast City Centre offices are viable and generate land values of approximatley £1,300,000 per ha (£525,000 per acre) for unconstrained sites. However, the majority of the sites within the City Centre will be Brownfield (constrained) in nature for which our modelling shows san average value of £712,000 per hectare (£290,000 per acre)

Hotels

7.35 In the current market our appraisals, and the evidence upon which they are based, show that hotel developments do not generate a land value and are, therefore, considered unviable. However, as outlined at Section 6.24 this is a consequence of method of valutation. Hotels are valued on a profits basis and not a residual approach, which is used within the EVS. To put this into context we are aware that a number of hotel developments have recently received planning permission and

[45] Whilst the modelling generates a land value on Greenfield / unconstrained sites this value is nominal at £90,000 per hectare (£40,000 per acre) and no landowner would sell in the open market at these prices.

agreed to S106 contributions ranging from between £5psm upto £23psm (refer to Appendix II). This is additional evidence, which the Council will need to consider in deciding whether to set a CIL rate on hotels.

Care Homes

7.36 Once again, our appraisals and the evidence upon whuch they are based show that development of Care Homes, in the city, are not viable in the current market. However, the Council has recently approved planning permissions for a number of care homes suggesting some schemes are viable. These recent permissions also included planning obligations of between £7psm and £10psm and this is additional evidence, which the Council will need to consider in deciding whether to set a CIL rate on care homes.

Commercial (Retail)

7.37 Unsurprisingly major Convience Retail[46] is viable and generates land values of circa £2,435,000 per hectare (£950,000per acre) for unconstrained / greenfield sites. As a comparator / sense check we are aware that supermarket opertors are currently offering between £1,000,000 and £1,500,000m per acre (£2,471,000 and £3,700,000 per hectare). On this basis the residual values appear reasonable. Brownfield sites[47] are also viable but generate a reduced land value of circa £2,265,000 per hectare (£917,000 per acre).

7.38 Other viable forms of retail development include:

- Traditional non food retail (A1) is viable on unconstrained sites and generates value of £1,750,000 per hectare (£700,000 per acre) in the city centre and £415,000 per hectare (£165,000 per acre) in other areas. Development becomes unviable on constrained / brown field sites. As the majority of city centre sites will be Brownfield / constrained the evidence suggests that traditional (A1) non food retail is only feasible, in the current market, on unconstrained sites outside of the city centre.

[46] Supermarkets, Superstores and Hypermarkets

- Convenience stores are viable on unconstrained sites and generate land values of circa £930,000 per hectare (£375,000 per acre). Development is unviable on constrained /Brownfield sites.
- City Centre comparison retail is viable on both constrained and unconstrained sites generating land values of circa £2,860,000per ha (£1,157,000 per acre) and £3,000,000 per ha (£1,200,000 per acre) respectively. It should be noted that the majority of city centre sites will be constrained to varying degrees and the unconstrained analysis is provided for reference only.
- Retail warehousing, which generates land values of circa £2,100,000 per ha (£850,000) for unconstrained sites and £1,900,000 per ha (£768,000 per acre) for constrained sites.

Student Accomodation

7.39 Our anslysis shows that student accomodation is only viable on Greenfield / unconstrained sites and generates land value of circa £220,000 per ha (£90,000) per acre. The likely location of student accommodation bearing in mind the location of the universities, is in the city centre and inner areas, and therefore these are unlikely to be greenfield/unconstrained. However, we are aware that some schemes have come forwards in the current market. While not reflected in this Study, this is evidence which the Council will need to weigh up in deciding whether to set a CIL rate on student accommodation.

Impact of Future Policy Requirements

7.40 As outlined at Section 4 the future planning obligations are set out in The Leeds Core Strategy, Publication Version (June 2011). The EVS has considered the Core Strategy requirements relating to BREEAM[48] and carbon reduction standards. As per our approach to the residential assessments we suggest that if Local Plan Policies / CIL are promoted that reduce the benchmark / market values by more than 25%, at the

[48] Policy requires all commercial developments >1,000sq.m to achieve Excellent

present time, then it risks causing land to be withheld from development, or delayed in coming forward[49].

7.41 The EVS has appraised the cumulative impact of these policies alongside CIL, by reference to their impact on the current market values for each land use. However, as outlined in Tables 32 and 33, the forms of development which generate positive land values, and thus are considered viable, in the current market are limited. We have, therefore, only modelled the impact of these polices on the viable land uses and set out the results of our analysis within Tables 33 to 34.

Table 33: Other Development Typologies (Greenfield/Unconstrained)

	Market Value £per ha	Impact of EN1 and EN2	
		£ value	% diff
Offices (city centre)	£1,300,000	£1,325,000	+1.9%
Traditional Retail (non Food A1) City Centre	£1,750,000	£1,750,000	0%
Traditional Retail (non Food A1) – other areas	£410,000	£415,000	+1.2%
City Centre Comparison Retail	£3,000,000	£3,000,000	0%
Retail Warehouse	£2,100,000	£2,100,000	0%
Convenience Stores	£930,000	£930,000	0%
Supermarkets	£2,435,000	£2,405,000	-1.2%
Superstores			
Hypermarkets			
Hotels	£220,000	-£0	100%

7.42 As evidenced above the impact of Policies EN1 and EN2 are minimum / almost neglible. This is because it is possible to reduce operational carbon emissions by using energy efficiency measures that actually result in cost savings or minimal cost

[49] It is acknowledged that there may be schemes that are promoted even with a larger decline in the Residual Land Value but on balance we believe that this approach and the thresholds adopted are a reasonable reflection of the likely market reaction across the city.

increases (please refer to Section 3). On this basis the EVS has assumed that the impact on Brownfield / constrained sites will also be negligible / minimal.

7.43 Based on a 25% reduction in benchmark values the maximum CIL rates for unconstrained sites are set out in Table 35.

Table 34 – Other Land Uses: Greenfield / Unconstrained Sites (Maximum CIL rates)

	Maximum CIL Rate (£psm)
Offices - City Centre	£150psm
Traditional Retail (non Food A1) City Centre	£175psm
Traditional Retail (non Food A1) – other areas	£65psm
City Centre Comparison Retail	£300psm
Retail Warehouse	£350psm
Convenience Stores	£200psm
Supermarkets	£425psm
Superstores	
Hypermarkets	
Student Accommodation	£25psm

7.44 Following the same principle the maximum CIL rates for Brownfield / Constrained sites (where uses are viable) are set out in Table 35.

Table 35: Other Land Uses: Brownfield / Constrained Sites (Maximum CIL rates)

Description	**Maximum CIL Rate (£psm)**
Offices - City Centre	£100psm
City Centre Comparison Retail	£225psm
Retail Warehouse	£275psm
Supermarkets	£350psm
Superstores	£350psm
Hypermarkets	£350psm

7.45 In considering the rates it is worth remembering that a lot of the sites within the city centre will be constrained and even on those sites within other areas of the city retail is often promoted as enabling development and whilst this land use is clearly capable of affording much higher levels of CIL contribution (as evidenced through this assessment) this could adversely impact on their ability to enable wider development opportunities. In this regard it is recommended that rates be set with reference to the constrained / Brownfield assessments. By taking this approach it is hoped that the impact on their enabling qualities is not adversely affected.

8. Sensitivity Analysis

8.1 The NPPF is clear that for policy standards to be appropriate (including CIL), their cumulative impact should not put the implementation of the plan at serious risk and should facilitate development throughout the economic cycle. The CIL Regulations and guidance are also clear that a CIL charge should not be set at the margins of viability thus preventing development from coming forward.

8.2 In this respect it is important to understand the results deriving from discreet alterations to some of the key variables within our assumptions. However, it is also important, given significant market uncertainties, that modelling of sensitivities be used for illustrative / comparison purposes only and should not form the basis of any policy decisions.

8.3 The model used to appraise the impact of policy standards and to understand a potential CIL charge is, in common with other models that assess the residual development value, very sensitive to changes in a number of variables used within the model. Sensitivity testing within this section of the report does not seek to review all such variables and permeations thereof[50]. Instead we focus on:

- Changes to affordable housing provision; and
- The impact of cost increases associated with the zero carbon agenda

Affordable Housing

8.4 As outlined in the previous section the 'provisional rates are inclusive of the current interim affordable housing targets / requirements and should, therefore, not undermine the delivery of affordable housing across the City. However, the Council

[50] It is considered that robust assumptions have been used for other elements of the EVS in relation to development costs and, at this stage, it is not considered appropriate to model variations in these elements. This is additionally because assumptions were presented to the development industry at a workshop in September 2012 and no particular comments requiring a change in approach were received.

has aspirations to increase the affordable housing requirements through the Supplementary Planning Document (SPD). On this basis the EVS considers the impact of the SPD targets on the 'provisional rates'.

Outer Area

8.5 A provisional rate of between £25psm and £50psm is considered feasible within the Outer Area. However, it is recognised that a rate of £50psm would be an absolute maximum and may render some schemes unviable, particularly Brownfield / constrained and large sites. These rates were set inclusive of interim affordable housing targets at 15% split 50:50 between social rent and sub market housing. The SPD proposes a target for affordable housing at 35% split 30% social rent and 70% sub market. The impact of the SPD targets (assuming no CIL) is set out in Table 36.

Table 36 – Inclusion of SPD Targets and CIL at **£0psm** (Outer Area)

	# Dwellings	Benchmark (£per acre)	Impact / £per acre	% difference
Small Sites	<15	£191,329	£202,642	+5.91%
Medium Sites	16 - 50	£137,612	£56,241	-59.13%
Large Sites	>50	£96,090	£39,028	-59.38%

- With the exception of small sites is very clear that CIL becomes unfeasible with the introduction of SPD targets for affordable housing. We understand that the Council intend to introduce a requirement for all housing developments (including small sites) to pay an affordable housing contribution. Whilst the evidence presented in Table 36 would justify this approach it would more than likely mean that CIL would also become unfeasible on small sites.

Golden Triangle Area

8.6 Within the GTA the provisional rates were set inclusive of affordable housing at the interim targets of 35% split 50% social rent and 50% sub market. The SPD maintains the 35% requirement but the split changes in favour of sub market housing at 70% and 30% social rent. In this respect the impact of the SPD targets slightly improves viability even when assuming the 100psm CIL rate. This is because the tenure split is more favourable with an emphasis on the more valuable submarket housing as opposed to the social rented housing. Therefore the imposition of the SPD targets should not impede the ability of the Council to secure CIL of between £75psm and £100psm

Introduction of Code Level 6

8.7 Policy EN2 requires that all new housing developments be zero carbon by 2016. As outlined in Section 3 the improvement in carbon emissions for residential schemes is assessed via the Code for Sustainable Homes rating. To be zero carbon a scheme must achieve Code Level 6. The impact of Code Level 6 including interim affordable housing targets but excluding CIL is set out in Tables 37 and 38.

Table 37 – Inclusion of Code 6, Interim AH Targets and CIL at **£0psm** (Outer Area)

	# Dwellings	Benchmark (£per acre)	Impact / £per acre	% difference
Small Sites	<15	£191,329	£202,642	+5.91%
Medium Sites	16 - 50	£137,612	-£60,173	-100.00%
Large Sites	>50	£96,090	-£60,892	-100.00%

Table 38 – Inclusion of Code 6, Interim AH Targets and CIL at **£0psm** (GTA)

	# Dwellings	Benchmark (£per acre)	Impact / £per acre	% difference
Small Sites	<15	£406,538	£420,480	+3.43%
Medium Sites	16 - 50	£202,801	£4,307	-97.88%
Large Sites	>50	£146,870	-£11,635	100.00%

- As policy EN2 only applies schemes of 10 units or more the impact on small sites is positive as the requirement for Code 6 is not triggered because under the medium density scenario the small sites do not yield sufficient housing numbers to exceed the threshold for triggering this policy. Because we are modelling the impact of Code 6 without a CIL payment the small sites, therefore, become more viable.

- With the exception of small sites the imposition of Code 6 renders all developments unviable within both the Outer Area and GTA[51]. However, it should be noted that the Government intends to make this requirement mandatory for all schemes and the intention is to update Building Regulations in 2016 to make Code 6 a mandatory requirement. In this context the impact on smaller sites will follow that for the larger sites.

8.8 To understand the impact of Code 6 further we have remodelled the results on the assumption of more normal market conditions (i.e. Pre Recession albeit there is some debate around whether this is actually a true reflection of normal market conditions). The results from this exercise are shown in Tables 39 and 40. .

Table 39 – Inclusion of Code 6, Interim AH Targets and CIL at **£0psm** assuming Height of market conditions (Outer Area)

	# Dwellings	Benchmark (£per acre)	Impact / £per acre	% difference
Small Sites	<15	£191,329	£380,557	98.90%
Medium Sites	16 - 50	£137,612	£89,054	-35.29%
Large Sites	>50	£96,090	£70,859	-26.26%

- Even assuming a return to more normal market conditions (which is unlikely to occur in the short to medium term and certainly not before the introduction of Code 6 in 2016), the land values generated fall way below the target threshold of £100,000 per acre and still demonstrate significant reductions on current benchmarks. Whilst the policy does not apply to small sites, hence why the impact on land values is negligible, changes in Building Regulations in 2016 will require all developments to adhere to the new standards thus these sites will also be impacted.

[51] Medium sites generate a positive land value within the GTA but this is nominal at £4,000 per acre and, therefore, considered unviable.

Table 40 – Inclusion of Code 6, Interim AH Targets and CIL at **£0psm** assuming Height of market conditions (Outer Area)

	# Dwellings	Benchmark (£per acre)	Impact / £per acre	% difference
Small Sites	<15	£406,538	£612,748	50.72%
Medium Sites	16 - 50	£202,801	£129,659	-36.07%
Large Sites	>50	£146,870	£99,571	-32.21%

- Assuming a return to more normal market conditions results in land values which are above or slightly below the target threshold for medium and large sites respectively. However, as highlighted earlier the market is not expected to recover to anywhere near pre recession levels within the short to medium term and in this context CIL would not be feasible in association with Code 6.

8.9 The introduction of Code 6 clearly has a huge impact on project viability and would mean CIL would not be feasible even with a return to precession market conditions. Whilst the costs associated with Code 6 are excessive (refer to Table 1), based on the current available evidence, it is possible and indeed likely that these will be reduced over time (up to 2016) as the requirements become embedded within normal working practices resulting in economies of scale. Also the possibility of shared services could mean that low carbon solutions are more attractive financially. For example an Energy Services Company (ESCo) could be created to provide a low carbon infrastructure (i.e. District Heating System) which would significantly reduce the costs associated with the individual 'red line' approach. At this stage it is also unclear as to whether the Government will actually press ahead with its current programme for all homes to be zero carbon by 2016 in view of the current economic circumstances.

8.10 In this respect it would seem sensible to set the CIL charges excluding any impact that Code 6 may have on the condition that the charges are reviewed in say 2016/2017 when more qualitative information is hopefully available. At this stage the Governments aspirations around the zero carbon agenda and programme for implementation will also have been crystallised.

Stakeholder Workshop

8.11 A stakeholder workshop was held on 14th September 2012 in the Carriageworks, Leeds. The purpose of this workshop was to present the costs and value assumptions adopted within the assessment.

8.12 A summary of the responses received is provided at Appendix VI. In the main their responses related more to process rather than specific assumptions. However, some representations were received on the main assumptions and this is to be expected in studies of this nature. However it is important to recognise that whilst robust assumptions (see Appendix III) have been used, which generally align with normal or usual figures expected in the majority of developments they may differ, in some case, from the figures that may be used in actual development schemes.

8.13 To allow for such circumstances we have ensured that our advice and recommendations (as outlined in Section 8) include an element of tolerance and should, therefore, not place development at the margins of viability.

9. Conclusions and Recommendations

9.1 The Viability Study is intended to establish an understanding of the approach, evaluation and implications of applying certain Local Plan standards alongside an affordable housing requirement, as well as establishing a Community Infrastructure Levy to fund necessary infrastructure in support of future growth across the city.

9.2 The timing of the Local Plan / CIL Viability Study coincides with a significant downturn in the national and local housing market coupled with a prolonged period of economic uncertainty and periods of recession. The Council therefore faces a dilemma: how to encourage the levels of future growth envisaged by the Core Strategy whilst raising the design quality of housing and delivering an appropriate proportion of affordable housing as well as ensuring that the necessary infrastructure is delivered in tandem. This has to be undertaken against a background of public sector capital and revenue funding cuts, and difficulties in the private sector, especially for the development of new housing and commercial accommodation.

9.3 The conclusions and recommendations in this section address this context, as well as the underlying economic and policy drivers which point towards a medium and long term need for residential and economic development across the city for which a CIL can play a valuable role in funding infrastructure.

The Development Market Context

9.4 Determining an appropriate policy framework and setting a Community Infrastructure Levy must take account of the area's market context. For both residential and commercial development the market remains fragile and subject to volatility as a result of the economic recession affecting demand. There have been some periods of relatively, short lived stability, but little evidence that represents a solid signal of sustained market recovery.

9.5 Land values have been subject to a marked decline since mid-2007 as landowner expectations of value have been affected by the recession and implications of the slow down in demand. Values for potential residential land have also been somewhat artificially supported by the availability of NAHP grant which will be less easily available in the future.

9.6 Market demand for business and employment floor space remains sensitive to the national and regional economic situation. It is a fragile position that shows only slow signs of recovery in terms of demand and the values achievable.

Setting Policy Requirements and CIL

9.7 Provided the effects of introducing design standards and policy requirements, including CIL, do not result in a reduction in land values of more than 25% it is our view that landowners will not ultimately withhold their land from the development market beyond the immediate period when policies and CIL are introduced. Where land value is affected by a greater proportion it is our opinion that landowners will reasonably seek alternative uses for their land or will withhold it from development.

9.8 There is a balance of judgment to make in setting policy requirements and a CIL charge at an appropriate level. In particular the NPPF states at paragraph 1.74 that.

Local planning authorities should set out their policy on local standards in the Local Plan, including requirements for affordable housing. They should assess the likely cumulative impacts on development in their area of all existing and proposed local standards, supplementary planning documents and policies that support the development plan, when added to nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle. Evidence supporting the assessment should be proportionate, using only appropriate available evidence.

9.9 Paragraph 175 of the NPPF also states that:

Where practical, Community Infrastructure Levy (CIL) charges should be worked up and tested alongside the Local Plan…..

9.10 The CIL Regulations are also quite clear in that the charge should not be set at the limits of development viability to avoid stalling development activity. Equally, it should not be set at too low a level as to fail to secure the necessary contributions to infrastructure funding.

9.11 The guidance also advocates that charging authorities should 'take a strategic view across their area and should not focus on the potential implications of setting a CIL based on individual development sites.

9.12 Given that the CIL, once set, is non negotiable, the onus will be with the Council to demonstrate that they have not set the levy at a level that causes development activity to stall or cease. However, Regulation 14 recognises that the introduction of CIL may put some potential development sites at risk'. In fact it is accepted that the levy may put some schemes at risk but as long as it strikes an appropriate balance overall, and does not put the overall development of the area at risk it will accord with the Regulations

The Impact of Policy Requirements (including CIL)

Residential

9.13 Taking into consideration the previous findings it is recommended that:

- CIL be set at £0psm within the city centre and inner areas;
- A rate of between £25psm and £50psm is considered within the outer area. However, at £50psm this would be an absolute charge and may render some schemes unviable, particularly Brownfield / constrained and large sites. It is recommended that the outer area be split into two charging zones; split between the outer and inner suburbs (similar to the affordable housing market zones) with charges of £25psm and £50psm respectively.
- A charge up to £100psm is considered within the Golden Triangle Area. Again Brownfield sites are unlikely to be able to sustain these charges.

9.14 At this stage it is important to note that the CIL Regulations recognise that not all developments will be viable under a specific CIL charge. Instead the Regulations recommend that charges should be set at levels which do not put the majority of development at risk. To counter balance the viability arguments relating to

Brownfield / constrained sites and ensure they continue to be brought back into economic use the Council could consider lower affordable housing targets on Brownfield sites albeit developers do currently have the ability to negotiate their affordable housing provision on viability ground.

9.15 The recommended rates have been established / determined inclusive of allowances for site specific S106 issues. The rates are also inclusive of the current interim affordable housing targets / requirements and should, therefore, not undermine the delivery of affordable housing across the City[52]. However, not all sites will be viable based on the rates set out above and this, could in some circumstances, lead to the current requirements being challenged. The biggest risk to affordable targets is within the Outer Area (particularly if CIL is set at the maximum rate of £50psm), which is very diverse in terms of value geography. However, another point to note is that CIL is only charged on private sale units so in the event a developer successfully challenges their affordable housing contribution they will conversely be incurring a higher CIL liability.

9.16 The Council should split the Outer Area into two charging zones – one zone of £50psm in the higher value areas and the other zone of £25psm in the lower value areas.

9.17 If the Council elects to set differential rates, the regulations require the Council to attach a map (see regulation 12(2)(c)) to the formal charging schedule, which defines the location and boundaries of the charging zones that have been selected for differential rates.

The map must have an Ordnance Survey base, because it needs to be sufficiently precise to ensure that it is immediately clear in which charging zone any particular

[52] The imposition of SPD targets will make CIL unfeasible within the Outer Area but the rates within the Golden Triangle Area are not impacted. This is because the SPD maintains the overall provision at 35% buts changes the tenure split in favour of the more valuable submarket housing as opposed to the social rented housing. Therefore the imposition of the SPD targets should not impede the ability of the Council to secure CIL of between £75psm and £100psm

development fits. This then provides developers with certainty about what rate they need to pay.

9.18 The introduction of Code 6 clearly has a huge impact on project viability and would mean CIL would not be feasible even with a return to precession market conditions. Whilst the costs associated with Code 6 are excessive, based on the current available evidence, it is possible and indeed likely that these will be reduced over time (up to 2016) as the requirements become embedded within normal working practices resulting in economies of scale. Also the possibility of shared services could mean that low carbon solutions are more attractive financially. For example an Energy Services Company (ESCo) could be created to provide a low carbon infrastructure (i.e. District Heating System) which would significantly reduce the costs associated with the individual 'red line' approach. At this stage it is also unclear as to whether the Government will actually press ahead with its current programme for all homes to be zero carbon by 2016 in view of the current economic circumstances.

9.19 In this respect it would seem sensible to set the CIL charges excluding any impact that Code 6 may have on the condition that the charges are reviewed in say 2016/2017 when more qualitative information is hopefully available. At this stage the Governments aspirations around the zero carbon agenda and programme for implementation will also have been crystallised.

Other Land Uses

Industry (B2 – B8)

9.20 The viability study shows that speculative development in Leeds is currently unviable and will not be able to sustain a CIL rate and this is a situation mirrored in most of the Country. Whilst a nominal charge could be applied (as some local authorities have sought to pursue) this could put the viability of development at risk. Therefore, we believe a CIL rate of £0 to be appropriate.

Office (B1 Use)

9.21 Our appraisals also indicate that in the current economic climate only city offices are likely to be viable in the immediate future. Based on our assessment unconstrained sites are capable of supporting a maximum CIL charge of £150psm which falls to £100psm on constrained sites. Because the majority of sites are likely to be constrained to varying degrees a maximum CIL rate of £100psm is recommended for city centre developments with a £0 charge elsewhere.

Retail (A1)

9.22 Viability evidence has shown that a maximum CIL rate of £425psm (based on unconstrained sites) on net additional floor space for major convenience retail (Supermarket, Superstores and hypermarkets) would not have a negative impact on viability in the current market. The maximum CIL rate for constrained sites is £350psm.

9.23 For smaller convenience stores a much reduced CIL charge of circa £200psm could be sustained on unconstrained sites but CIL is not feasible on constrained sites. City Centre Comparison retail could sustain CIL at a maximum charge of £300psm on constrained sites and £225psm on constrained sites. Retail warehousing could sustain a maximum charge of £300psm on unconstrained sites and £275psm on constrained sites. Traditional forms of retail are also viable at £175psm in the city centre and £65psm in other areas of the city on the basis of unconstrained sites. CIL is not viable for traditional retail on constrained sites.

9.24 In considering the rates it is worth remembering that the majority of sites within the city centre will be constrained, to varying degrees, and even on those sites within other areas of the city retail is often promoted as enabling development and whilst this land use is clearly capable of affording much higher levels of CIL contribution (as evidenced through this assessment) this could adversely impact on their ability to enable wider development opportunities. In this regard it is recommended that rates be set with reference to the constrained / Brownfield assessments. By taking this approach it is hoped that the impact on their enabling qualities is not adversely affected.

9.25 It is proposed that a distinction is made as to the size of unit to which a charge would apply. The size distinction arises from the type of occupier likely to take a larger unit, bringing a stronger covenant and better rents and yields. Smaller units are likely to come forward with a local covenant (i.e. they are unable to provide the covenant strength of a national retailer). It is recommended that a threshold of 500sq.m (5,382sq.ft) be adopted, as this would allow flexibility for both slightly larger convenience stores and smaller supermarkets to be developed providing an appropriate margin between different types of store able to support a CIL charge.

9.26 Having considered the evidence the Council could then consider a zero charge for all A1 retail developments under 500sq.m (5,382sq.ft). Development of large format 'A1' retail (convenience and comparison) over 500sqm (5,382sq.ft) would have a maximum charge of £175psm inside the city centre boundary and £275psm outside of the city centre.

Hotels (C1)

9.27 The EVS assumes that any development likely to come forward will be in the form of a budget operator and the viability work shows that hotels of this type are not likely to be able to support a CIL contribution. Therefore, we consider a CIL rate of £0 to be appropriate. However, we are aware that some schemes have come forwards in the current market. While not reflected in this Study, this is evidence which the Council will need to consider in deciding whether to set a CIL rate on Hotel developments.

Residential Institutions / Care Homes (C2)

9.28 Evidence suggests these uses are not able to support CIL, therefore, there is no justification for setting a charge. We recommend a £0 CIL rate. Once again we are aware that some schemes have come forwards in the current market and the Council will need to consider this additional evidence in deciding whether to set a CIL rate on this form of development.

Student Accommodation

9.29 Our anslysis shows that student accomodation is only viable on Greenfield / unconstrained sites. Unfortunatley the likely location of student accommodation bearing in mind the location of the universities, is in the city centre and inner areas, and therefore these are unlikely to be greenfield/unconstrained. However, we are aware that some schemes have come forwards in the current market. While not reflected in this Study, this is evidence which the Council will need to weigh up in deciding whether to set a CIL rate on student accommodation.

Sui Generis and Other Uses

9.30 All other uses that do not fit within other categories are legally referred to as sui generis. It is not anticipated that there will be a significant provision in the market for new build of other uses not discussed previously. There are also no allocations made for these uses in the Local Development Framework. Therefore these uses were not modelled in the viability assessment and should be subject to a £0 CIL charge.

9.31 A summary of the potential CIL rates based on the above is set out in Table 41.

Table 41 – Summary of CIL Charges

Use Class / Type of Development	Maximum CIL Charge per sq.m[53]
Residential – Golden Triangle	£100 /sqm
Residential – Inner suburbs	£25 /sqm
Residential – Outer suburbs	£50 /sqm
Residential – Inner Area	£0 /sqm
Residential – City Centre	£0 /sqm
Retail – City Centre >500 sqm gross	£175 /sqm

[53] It is important to recognise that whilst robust assumptions (see Appendix III) have been used, which generally align with normal or usual figures expected in the majority of developments they may differ, in some case, from the figures that may be used in actual development schemes. To allow for such circumstances it is important to ensure that CIL charges include an element of tolerance and should, therefore, not be set at maximum charges, which could place development at the margins of viability.

Use Class / Type of Development	Maximum CIL Charge per sq.m[53]
Retail – City Centre ≤500 sqm gross	£0 /sqm
Retail – outside of City Centre >500sq.m	£275 /sqm
Retail – outside of City Centre <500sq.m	£0 / sqm
Offices in City Centre	£100 /sqm
Offices outside city centre	£0 / psm
All other development	£0 /sqm

Review

9.32 The CIL Regulations explicitly make no provisions as to when or why authorities should revise the charging schedule. To encourage the ability of the charging schedule to respond to market changes, the Government has stated that it will encourage authorities to avoid setting CIL charges at the very limit of viability, so that they can respond to regular market variation without necessitating a formal revision. The charge is required to be index linked. One of the intentions of the CIL is for it to allow more certainty than the current S106 system so it would not be appropriate to revise to regularly.

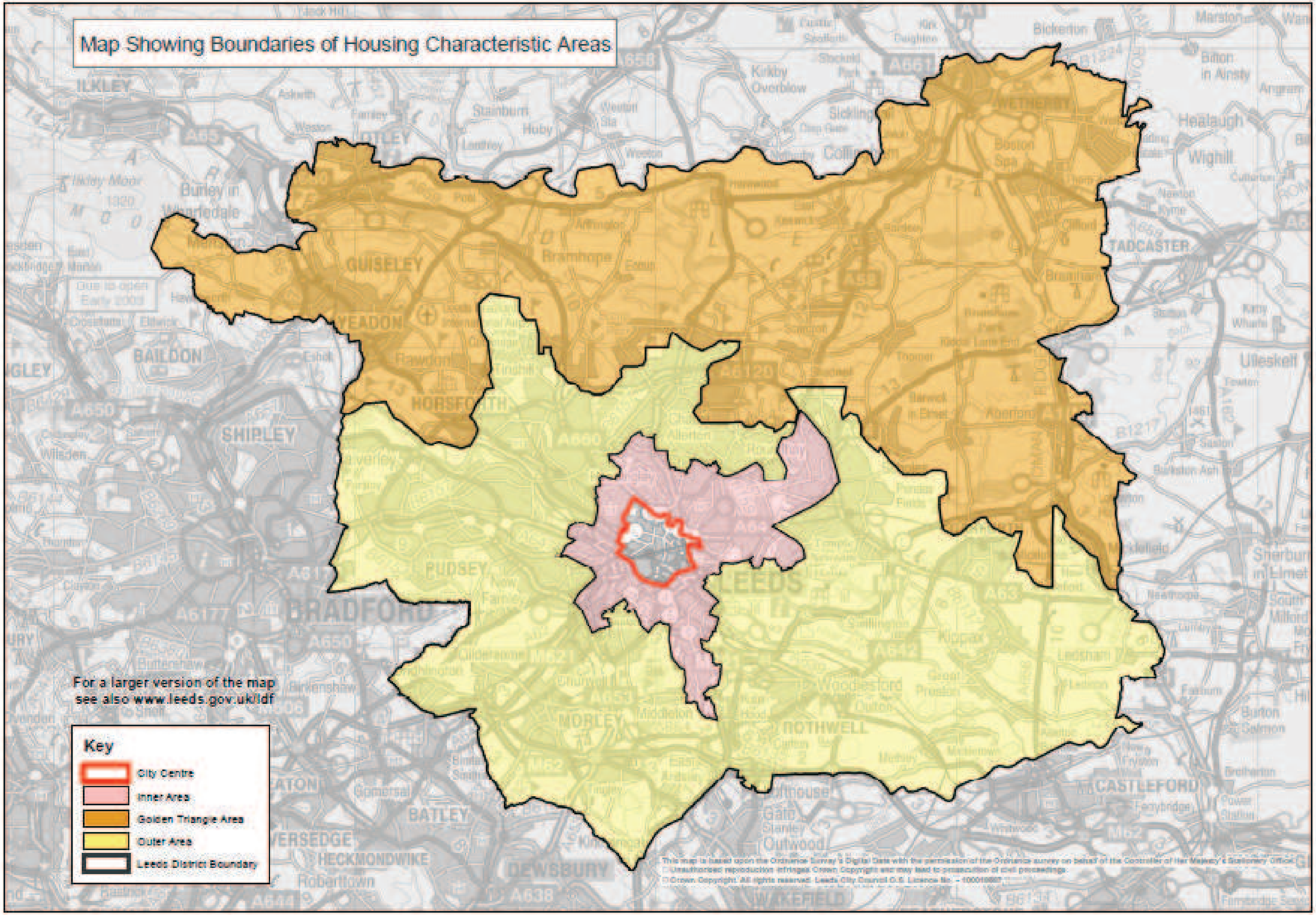
9.33 It is recommended that there is an early review of potential charges, following an initial operating period, in around 2016/2017 when there will be evidence as to how the local market, landowners and developers have responded to the charges, which the adoption of CIL will bring. This will also allow some time to explore the implications of Code 6 and for the implications of the public capital funding cuts to work through and for other ways in which infrastructure might be funded (such as through Tax Incremental Financing) to be more fully explored. Monitoring information will be published each year in the Annual Monitoring Report. The review will require Leeds City Council to go through all the stages of public consultation and Examination again based on up to date evidence.

Appendices

Appendix I

Plans of Housing Areas

Figure 1: Map of Market Areas / Value Geographies relevant to the EVA



(Source Leeds City Council)

Figure 2 – Interim Affordable Housing Policy: Housing Market Zones (source Leeds City Council

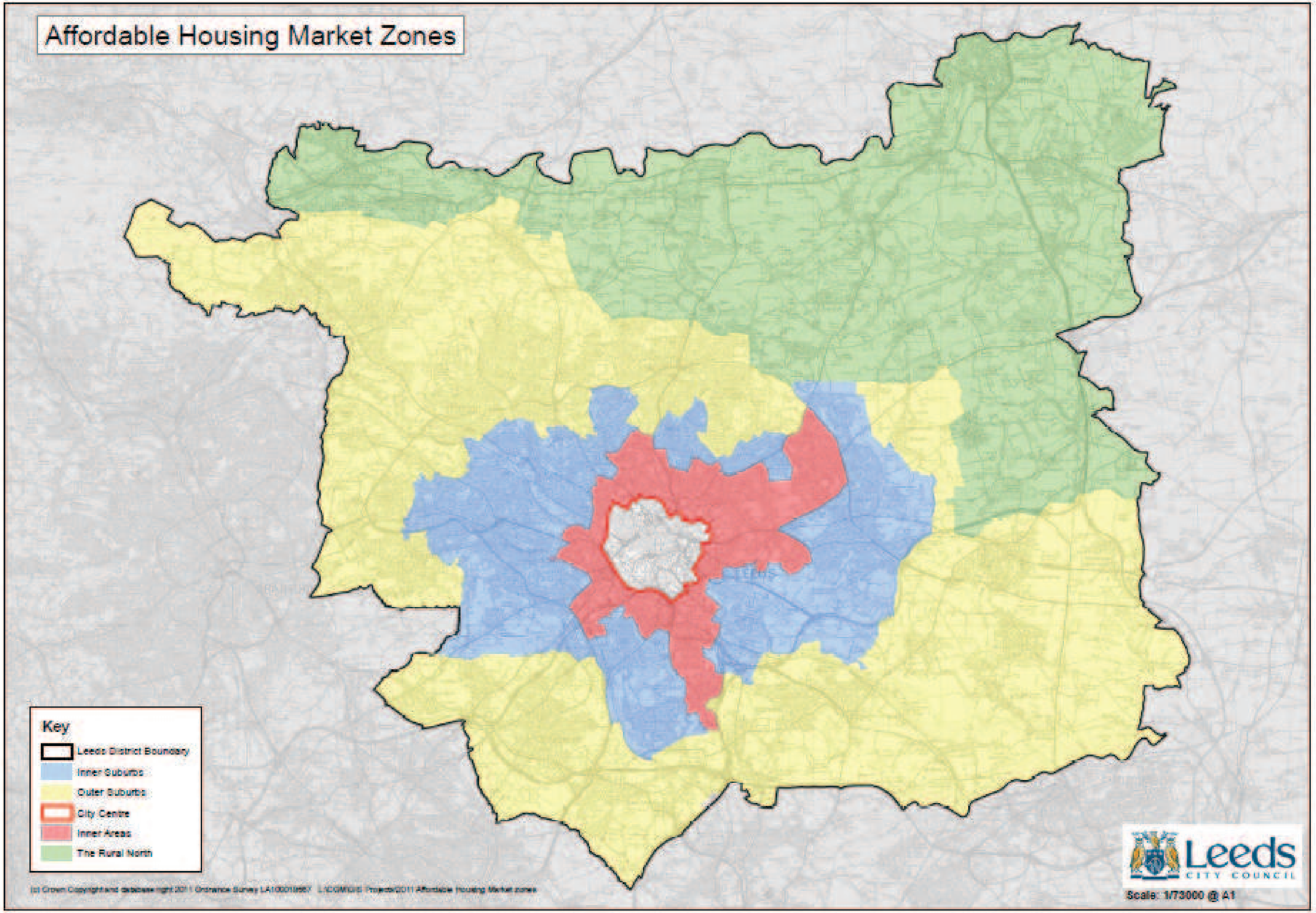


Figure 3 – Housing Market Areas (Source Affordable Housing SPD – Draft for Public Consultation (September 2008)

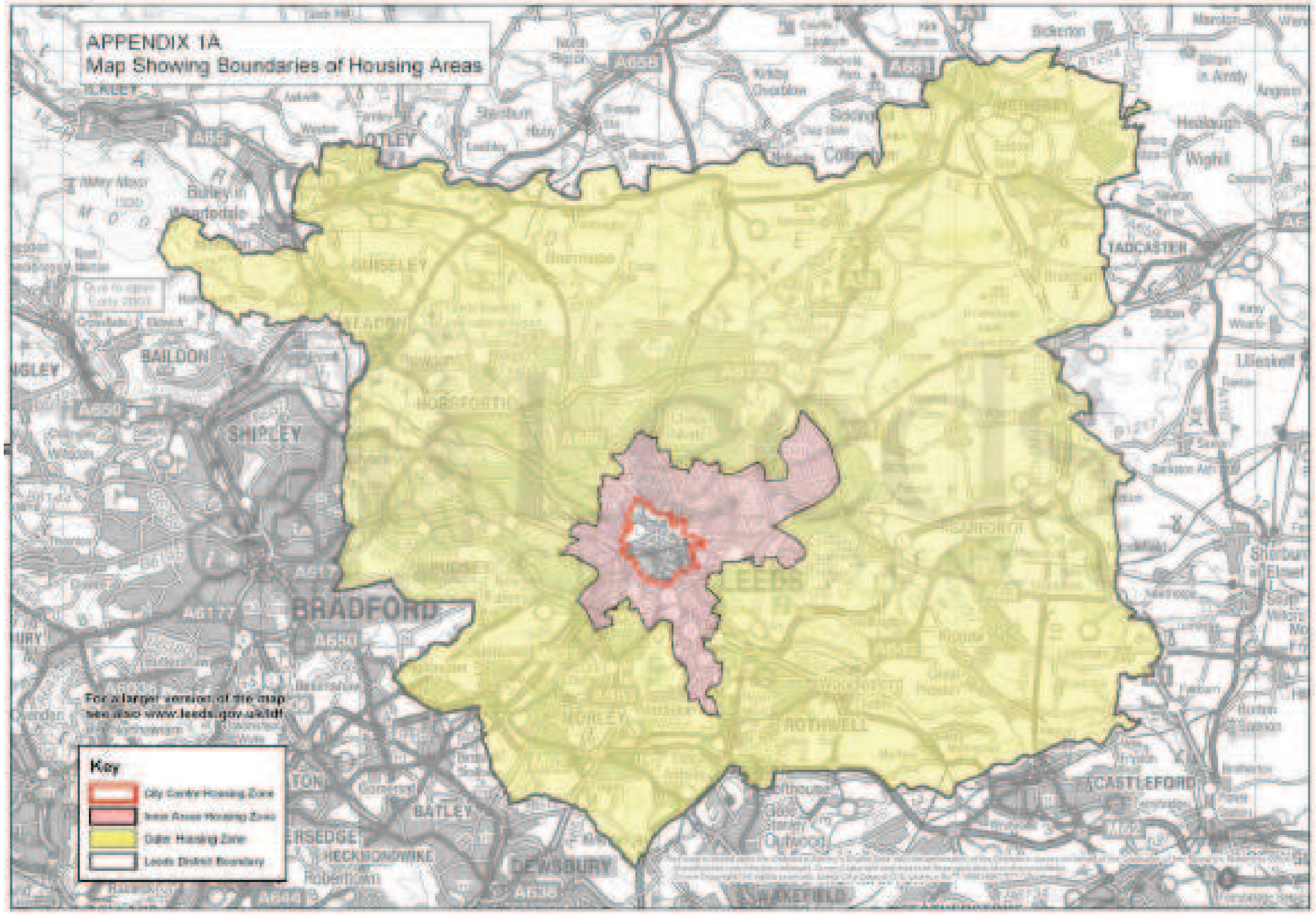
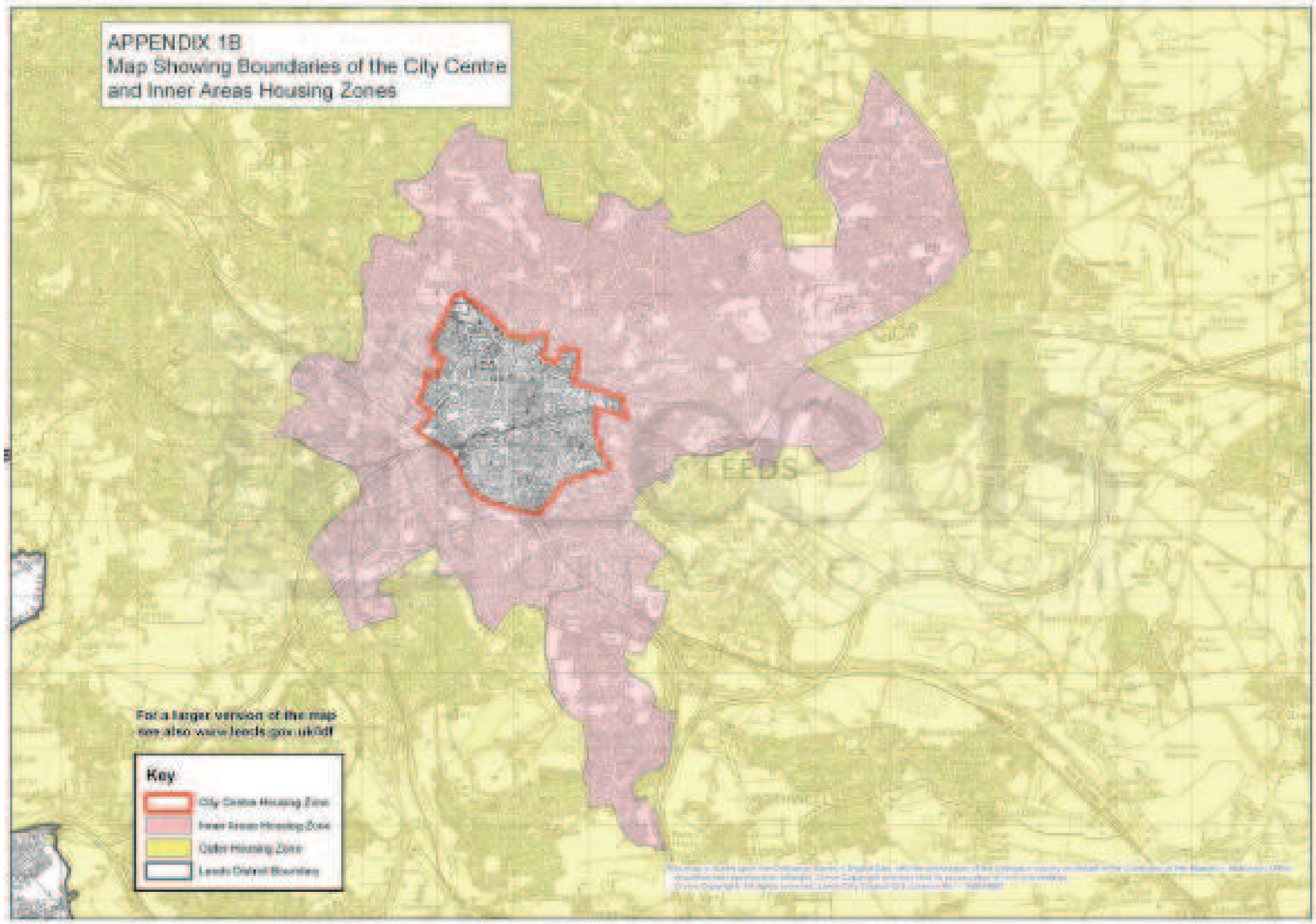


Figure 4 – Housing Market Areas (City Centre and Inner Areas Housing Zones)



Appendix II

Schedule of Previous S106 Contributions

SUMMARY OF RESIDENTIAL SIGNED S106s

	Overall S106 Value (a)	Total No. dwellings	S106 per dwelling	S106 tariff: Greenspace / Public Realm	S106 tariff: Education	S106 tariff: Public Transport Improvements	Total to be replaced by CIL (Gspace/ Educ / PTI)	S106 per dwlg to be replaced by CIL	Average from all S106s psm (b)	Average tariff S106s psm (b)
RESIDENTIAL - UNDER 50 UNITS - 01/06/11 - 31/05/12	£524,661	231	£2,271	£477,167	£0	£0	£477,167	£2,066	£26	£23
RESIDENTIAL - OVER 50 UNITS - 01/06/11 - 31/05/12	£4,005,894	771	£5,196	£174,820	£1,536,557	£1,878,168	£3,589,545	£4,656	£59	£53
UDP PHASE 2 AND 3 - since Nov 2009	£6,751,722	1212	£5,571	£941,323	£4,033,671	£998,482	£5,973,476	£4,929	£63	£56
OVERALL TOTAL	£11,282,277	2214	**£5,096**	£1,593,310	£5,570,228	£2,876,650	£10,040,188	**£4,535**	**£58**	**£52**

RESIDENTIAL - Total under 50 units (incorporating Phase 2 and 3)	£781,380	363	**£2,153**	£676,862	£20,000	£0	£696,862	**£1,920**	**£24**	**£22**
RESIDENTIAL - Total over 50 units (incorporating Phase 2 and 3)	£10,500,897	1851	**£5,673**	£916,448	£5,550,228	£2,876,650	£9,343,326	**£5,048**	**£64**	**£57**

SIGNED S106 AGREEMENTS

RESIDENTIAL - Schemes under 50 units - 1st June 2011 - 31st May 2012

(a) Overall S106 value excludes affordable housing

(b) EVA and EVS assumptions, using average 88 sqm (3 bed house)

S106 File No	Developer	Site	Housing Mkt Area	Date	Plan App Ref	Overall S106 Value (a)	Total No. dwellings	S106 per dwelling	S106 tariff: Greenspace / Public Realm	S106 tariff: Education	S106 tariff: Public Transport Improvements	Total to be replaced by CIL (Gspace/ Educ / PTI)	S106 per dwlg to be replaced by CIL	Average from all S106s psm (b)	Average tariff S106s psm (b)	S106 paid / Scheme commenced?
388165	Stonebridge Homes Ltd	30-34 Barrowby Lane, Austhorpe	East Leeds	15-Jun-12	12/00646/FU (revised from 11/01963/EXT to 08/01087/FU)	**£37,563**	11	**£3,415**	£30,882	£0	£0	£30,882	£2,807	£39	£32	No (at Nov 2012)
387988	Maple Properties Headingley	Pepper Road Hunslet	Inner Area	17-Jun-11	10/03728/EXT to 06/06269/FU	**£32,814**	14	**£2,344**	£32,214	£0	£0	£32,214	£2,301	£27	£26	No (at Nov 2012)
		1 - 41 And 2 - 20 St Lukes Green, Beeston	Inner Area	28-Jul-11	10/05219/RM	**£2,500**	19	**£132**	£0	£0	£0	£0	£0	£1	£0	No (at Nov 2012)
		Leeds Girls High School - Rose Court	Inner Area	23-Jun-11	08/04214/OT	**£1,653**	12	**£138**	£1,053	£0	£0	£1,053	£88	£2	£1	No, reserved matters under consideration (at Nov 2012)
388199	Keyland Developments Ltd	School, Church Street, Boston Spa	Outer North East	16-Jun-11	11/01086/EXT to 08/02322/FU	**£37,492**	13	**£2,884**	£36,492	£0	£0	£36,492	£2,807	£33	£32	No (at Nov 2012)
	HF Trust Ltd	Bramley Gardens, Skeltons Lane	Outer North East	06-Jun-11	11/00934/FU	**£21,970**	14	**£1,569**	£14,162	£0	£0	£14,162	£1,012	£18	£11	No (at Nov 2012)
388182	Aldi Stores Ltd	The Tannery, Leeds Road, Otley	Outer North West	09-Jan-12	11/04382/FU	**£36,107**	10	**£3,611**	£23,902	£0	£0	£23,902	£2,390	£41	£27	No (at Nov 2012)
388204	University of Leeds	Manor House Farm, Great North Road, Micklefield	Outer South East	19-Jul-11	10/03358/EXT to 07/01571/FU	**£35,549**	14	**£2,539**	£35,549	£0	£0	£35,549	£2,539	£29	£29	No (at Nov 2012)
388155	Diocese of Leeds Trustee	Methley Infants School	Outer South East	19-Dec-11	11/04226/FU	**£34,439**	12	**£2,870**	£33,689	£0	£0	£33,689	£2,807	£33	£32	No but on site so due in January
	Duffield Printers Ltd	Carlisle Road, Pudsey	Outer West	29-May-12	11/01860/FU	**£73,820**	23	**£3,210**	£64,570	£0	£0	£64,570	£2,807	£36	£32	No (at Nov 2012)
388238	Tradewell Carpets Ltd	Morrisons, Swinnow Road	Outer West	30-Jun-11	11/00991/OT	**£72,685**	25	**£2,907**	£70,185	£0	£0	£70,185	£2,807	£33	£32	No (at Nov 2012)
388239	The Gateway Leeds Ltd	Elder Road, Bramley	Outer West	05-Mar-12	08/05924/FU	**£47,514**	22	**£2,160**	£46,514	£0	£0	£46,514	£2,114	£25	£24	No (at Nov 2012)
388201	Campus Link LP PLC	Broad Lane, Bramley	Outer West	12-Jan-12	11/04358/FU	**£40,087**	19	**£2,110**	£39,087	£0	£0	£39,087	£2,057	£24	£23	No (at Nov 2012)
	Ashford Homes (Leeds) Ltd	The Former Weasel Public House, 94 Roker Lane, Pudsey	Outer West	11-Aug-11	11/00108/EXT to 07/03657/FU	**£28,306**	12	**£2,359**	£27,706	£0	£0	£27,706	£2,309	£27	£26	No (at Nov 2012)
388202	Ms V Oldham	St Lawrence House, Crawshaw Road, Pudsey	Outer West	11-Apr-12	11/05295/FU	**£22,162**	11	**£2,015**	£21,162	£0	£0	£21,162	£1,924	£23	£22	No (at Nov 2012)
					TOTAL	£524,661	231	£2,271	**£477,167**	**£0**	**£0**	**£477,167**	**£2,066**	**£26**	**£23**	-

RESIDENTIAL - Schemes over 50 units - 1st June 2011 - 31st May 2012

S106 File No	Developer	Site		Date	Plan App Ref	Overall S106 Value (a)	Total No. dwellings	S106 per dwelling	S106 tariff: Greenspace / Public Realm	S106 tariff: Education	S106 tariff: Public Transport Improvements	Total to be replaced by CIL (Gspace/ Educ / PTI)	S106 per dwlg to be replaced by CIL	Average from all S106s psm (b)	Average tariff S106s psm (b)	S106 paid / Scheme commenced?
	Mone Bros Ltd	Albert Road, Morley	Outer South West	30-Nov-11	10/03141/OT	**£155,187**	70	**£2,217**	£99,960	£0	£0	£99,960	£1,428	£25	£16	No (at Nov 2012)
388223		Netherfield Road, Guiseley (Factory site)	Aireborough	23-Mar-12	11/01843/FU	**£509,075**	74	**£6,879**	£74,860	£347,757	£44,400	£467,017	£6,311	£78	£72	Aug 2012
	Direct Investments (Yorkshire) Ltd	Saxton Lane	City Centre	02-Aug-11	11/01442/EXT for 08/01844/FU	**£37,367**	80	**£467**	£0	£0	£27,107	£27,107	£339	£5	£4	No (at Nov 2012)
387976	Barratts	Former Bellows Engineering Site, East Street	Inner Area	22-Jun-11	10/03179/EXT to 07/04987/FU	**£19,596**	147	**£133**	£0	£0	£13,661	£13,661	£93	£2	£1	No (at Nov 2012)
	Redrow Homes	Clariant, Calverley Lane, Horsforth	North Leeds	21-Mar-12	10/04068/OT	**£3,284,669**	400	£8,212	£0	£1,188,800	£1,793,000	£2,981,800	**£7,455**	**£93**	**£85**	No (at Nov 2012)
					TOTAL	**£4,005,894**	**771**	**£5,196**	**£174,820**	**£1,536,557**	**£1,878,168**	**£3,589,545**	**£4,656**	**£59**	**£53**	-

388233	Stonebridge Homes Ltd	Haigh Moor Road, West Ardsley	Outer South West	14-Mar-12	11/01014/OT*	**£23,750**	32	**£742**	£0	£20,000	£0	£20,000	£625	£8	£7	No (at Nov 2012)

* Haigh Moor Road is also a UDP Phase 3 scheme so is not included in this worksheet in order to avoid double counting

SIGNED S106 AGREEMENTS

RESIDENTIAL - Schemes under 50 units - 1st June 2011 - 31st May 2012

(a) Overall S106 value excludes affordable housing

(b) EVA and EVS assumptions, using average 88 sqm (3 bed house)

S106 File No	Developer	Site	Housing Mkt Area	Date	Plan App Ref	Overall S106 Value (a)	Total No. dwellings	S106 per dwelling	S106 tariff: Greenspace / Public Realm	S106 tariff: Education	S106 tariff: Public Transport Improvements	Total to be replaced by CIL (Gspace/ Educ / PTI)	S106 per dwlg to be replaced by CIL	Average from all S106s psm (b)	Average tariff S106s psm (b)	S106 paid / Scheme commenced?
388165	Stonebridge Homes Ltd	30-34 Barrowby Lane, Austhorpe	East Leeds	15-Jun-12	12/00646/FU (revised from 11/01963/EXT to 08/01087/FU)	**£37,563**	11	**£3,415**	£30,882	£0	£0	£30,882	£2,807	£39	£32	No (at Nov 2012)
387988	Maple Properties Headingley	Pepper Road Hunslet	Inner Area	17-Jun-11	10/03728/EXT to 06/06269/FU	**£32,814**	14	**£2,344**	£32,214	£0	£0	£32,214	£2,301	£27	£26	No (at Nov 2012)
		1 - 41 And 2 - 20 St Lukes Green, Beeston	Inner Area	28-Jul-11	10/05219/RM	**£2,500**	19	**£132**	£0	£0	£0	£0	£0	£1	£0	No (at Nov 2012)
		Leeds Girls High School - Rose Court	Inner Area	23-Jun-11	08/04214/OT	**£1,653**	12	**£138**	£1,053	£0	£0	£1,053	£88	£2	£1	No, reserved matters under consideration (at Nov 2012)
388199	Keyland Developments Ltd	School, Church Street, Boston Spa	Outer North East	16-Jun-11	11/01086/EXT to 08/02322/FU	**£37,492**	13	**£2,884**	£36,492	£0	£0	£36,492	£2,807	£33	£32	No (at Nov 2012)
	HF Trust Ltd	Bramley Gardens, Skeltons Lane	Outer North East	06-Jun-11	11/00934/FU	**£21,970**	14	**£1,569**	£14,162	£0	£0	£14,162	£1,012	£18	£11	No (at Nov 2012)
388182	Aldi Stores Ltd	The Tannery, Leeds Road, Otley	Outer North West	09-Jan-12	11/04382/FU	**£36,107**	10	**£3,611**	£23,902	£0	£0	£23,902	£2,390	£41	£27	No (at Nov 2012)
388204	University of Leeds	Manor House Farm, Great North Road, Micklefield	Outer South East	19-Jul-11	10/03358/EXT to 07/01571/FU	**£35,549**	14	**£2,539**	£35,549	£0	£0	£35,549	£2,539	£29	£29	No (at Nov 2012)
388155	Diocese of Leeds Trustee	Methley Infants School	Outer South East	19-Dec-11	11/04226/FU	**£34,439**	12	**£2,870**	£33,689	£0	£0	£33,689	£2,807	£33	£32	No but on site so due in January
	Duffield Printers Ltd	Carlisle Road, Pudsey	Outer West	29-May-12	11/01860/FU	**£73,820**	23	**£3,210**	£64,570	£0	£0	£64,570	£2,807	£36	£32	No (at Nov 2012)
388238	Tradewell Carpets Ltd	Morrisons, Swinnow Road	Outer West	30-Jun-11	11/00991/OT	**£72,685**	25	**£2,907**	£70,185	£0	£0	£70,185	£2,807	£33	£32	No (at Nov 2012)
388239	The Gateway Leeds Ltd	Elder Road, Bramley	Outer West	05-Mar-12	08/05924/FU	**£47,514**	22	**£2,160**	£46,514	£0	£0	£46,514	£2,114	£25	£24	No (at Nov 2012)
388201	Campus Link LP PLC	Broad Lane, Bramley	Outer West	12-Jan-12	11/04358/FU	**£40,087**	19	**£2,110**	£39,087	£0	£0	£39,087	£2,057	£24	£23	No (at Nov 2012)
	Ashford Homes (Leeds) Ltd	The Former Weasel Public House, 94 Roker Lane, Pudsey	Outer West	11-Aug-11	11/00108/EXT to 07/03657/FU	**£28,306**	12	**£2,359**	£27,706	£0	£0	£27,706	£2,309	£27	£26	No (at Nov 2012)
388202	Ms V Oldham	St Lawrence House, Crawshaw Road, Pudsey	Outer West	11-Apr-12	11/05295/FU	**£22,162**	11	**£2,015**	£21,162	£0	£0	£21,162	£1,924	£23	£22	No (at Nov 2012)
					TOTAL	£524,661	231	£2,271	**£477,167**	**£0**	**£0**	**£477,167**	**£2,066**	**£26**	**£23**	-

RESIDENTIAL - Schemes over 50 units - 1st June 2011 - 31st May 2012

S106 File No	Developer	Site		Date	Plan App Ref	Overall S106 Value (a)	Total No. dwellings	S106 per dwelling	S106 tariff: Greenspace / Public Realm	S106 tariff: Education	S106 tariff: Public Transport Improvements	Total to be replaced by CIL (Gspace/ Educ / PTI)	S106 per dwlg to be replaced by CIL	Average from all S106s psm (b)	Average tariff S106s psm (b)	S106 paid / Scheme commenced?
	Mone Bros Ltd	Albert Road, Morley	Outer South West	30-Nov-11	10/03141/OT	**£155,187**	70	**£2,217**	£99,960	£0	£0	£99,960	£1,428	£25	£16	No (at Nov 2012)
388223		Netherfield Road, Guiseley (Factory site)	Aireborough	23-Mar-12	11/01843/FU	**£509,075**	74	**£6,879**	£74,860	£347,757	£44,400	£467,017	£6,311	£78	£72	Aug 2012
	Direct Investments (Yorkshire) Ltd	Saxton Lane	City Centre	02-Aug-11	11/01442/EXT for 08/01844/FU	**£37,367**	80	**£467**	£0	£0	£27,107	£27,107	£339	£5	£4	No (at Nov 2012)
387976	Barratts	Former Bellows Engineering Site, East Street	Inner Area	22-Jun-11	10/03179/EXT to 07/04987/FU	**£19,596**	147	**£133**	£0	£0	£13,661	£13,661	£93	£2	£1	No (at Nov 2012)
	Redrow Homes	Clariant, Calverley Lane, Horsforth	North Leeds	21-Mar-12	10/04068/OT	**£3,284,669**	400	£8,212	£0	£1,188,800	£1,793,000	£2,981,800	**£7,455**	**£93**	**£85**	No (at Nov 2012)
					TOTAL	**£4,005,894**	**771**	**£5,196**	**£174,820**	**£1,536,557**	**£1,878,168**	**£3,589,545**	**£4,656**	**£59**	**£53**	-

388233	Stonebridge Homes Ltd	Haigh Moor Road, West Ardsley	Outer South West	14-Mar-12	11/01014/OT*	**£23,750**	32	**£742**	£0	£20,000	£0	£20,000	£625	£8	£7	No (at Nov 2012)

* Haigh Moor Road is also a UDP Phase 3 scheme so is not included in this worksheet in order to avoid double counting

SIGNED S106 AGREEMENTS

(a) Overall S106 value excludes affordable housing
(b) EVA and EVS assumptions, using average 88 sqm (3 bed house)

RESIDENTIAL - Schemes on UDP Phase 2 and 3 greenfield sites - since Nov 2009

S106 File No	Developer	Site	Date	Plan App Ref	Overall S106 Value (a)	Total No. dwellings	S106 per dwelling	S106 tariff: Greenspace / Public Realm	S106 tariff: Education	S106 tariff: Public Transport Improvements	Total to be replaced by CIL (Gspace/ Educ / PTI)	S106 per dwlg to be replaced by CIL	Average from all S106s psm (b)	Average tariff S106s psm (b)	S106 paid / Scheme commenced?
		Bagley Lane, Farsley	08-Mar-12	09/01601/OT	**£81,441**	45	**£1,810**	£64,584	£0	£0	£64,584	**£1,435**	**£21**	**£16**	March 2012
		Greenlea, Yeadon	15-Dec-11	11/02980/FU	**£98,840**	30	**£3,295**	£84,223	£0	£0	£84,223	**£2,807**	**£37**	**£32**	Sept 2012 ongoing
	Redrow	Netherfield Road, Guiseley (Phase 3 site)	07-Feb-12	11/02690/FU following 10/02762/OT	**£706,053**	87	**£8,116**	£136,538	£414,452	£106,662	£657,652	**£7,559**	**£92**	**£86**	Sept 2012 ongoing
		Queen Street, Allerton Bywater	26-Jan-11	09/04353/OT	**£755,955**	120	**£6,300**	£150,380	£356,679	£94,680	£601,739	**£5,014**	**£72**	**£57**	Oct 2012 ongoing
388233	Stonebridge Homes Ltd	Haigh Moor Road, West Ardsley	27-Sep-12	11/01014/OT	**£23,750**	32	**£742**	£0	£20,000	£0	£20,000	**£625**	**£8**	**£7**	No (at Nov 2012)
		Syke Lane, Scarcroft	01-Feb-11	09/05551/OT	**£21,206**	14	**£1,515**	£20,006	£0	£0	£20,006	**£1,429**	**£17**	**£16**	No (at Nov 2012)
	Barwick Investments	Pudsey Road, Swinnow	29-Nov-09	08/06785/OT	**£31,482**	11	**£2,862**	£30,882	£0	£0	£30,882	**£2,807**	**£33**	**£32**	No (at Nov 2012)
	Taylor Wimpey	Church Fields, Boston Spa	08-Mar-11	09/04531/FU	**£793,195**	153	**£5,184**	£115,815	£454,765	£101,597	£672,177	**£4,393**	**£59**	**£50**	No (at Nov 2012)
	Ben Bailey Homes	Selby Road, Garforth	27-Nov-09	11/03814/FU following from 08/06019/OT	**£547,464**	78	**£7,019**	£97,158	£322,938	£79,016	£499,112	**£6,399**	**£80**	**£73**	No (at Nov 2012)
	Persimmon	Milner Lane, Robin Hood	31-Mar-10	12/00161/FU following from 08/04184/OT	**£505,724**	72	**£7,024**	£141,777	£214,007	£88,207	£443,991	**£6,167**	**£80**	**£70**	No (at Nov 2012)
	David Wilson Homes	Holt Lane, Adel	09-May-11	09/04190/FU	**£599,244**	70	**£8,561**	£99,960	£308,946	£85,820	£494,726	**£7,068**	**£97**	**£80**	No (at Nov 2012)
	Taylor Wimpey	Grimes Dyke, York Road	26-May-11	09/03238/OT	**£2,587,368**	500	**£5,175**	£0	£1,941,884	£442,500	£2,384,384	**£4,769**	**£59**	**£54**	No, reserved matters under consideration (at Nov 2012)
				TOTAL	**£6,751,722**	**1,212**	**£5,571**	£941,323	£4,033,671	£998,482	**£5,973,476**	**£4,929**	**£63**	**£56**	-

RESIDENTIAL - Schemes on UDP Phase 2 and 3 greenfield sites (since Nov 2009) and all schemes 1st June 2011 - 31st May 2012

(a) Overall S106 value excludes affordable housing

(b) EVA and EVS assumptions, using average 88 sqm (3 bed house)

Yellow is Phase 2 and 3 site

Schemes below 50 units:

S106 File No	Developer	Site		Date	Plan App Ref	Overall S106 Value (a)	Total No. dwellings	S106 per dwelling	S106 tariff: Greenspace / Public Realm	S106 tariff: Education	S106 tariff: Public Transport Improvements	Total to be replaced by CIL (Gspace/ Educ / PTI)	S106 per dwlg to be replaced by CIL	Average from all S106s psm (b)	Average tariff S106s psm (b)	S106 paid / Scheme commenced?
388182	Aldi Stores Ltd	The Tannery, Leeds Road, Otley	Outer North West	09-Jan-12	11/04382/FU	**£36,107**	10	**£3,611**	£23,902	£0	£0	£23,902	£2,390	£41	£27	No (at Nov 2012)
388202	Ms V Oldham	St Lawrence House, Crawshaw Road, Pudsey	Outer West	11-Apr-12	11/05295/FU	**£22,162**	11	**£2,015**	£21,162	£0	£0	£21,162	£1,924	£23	£22	No (at Nov 2012)
	Barwick Investments	Pudsey Road, Swinnow		29-Nov-09	08/06785/OT	**£31,482**	11	**£2,862**	£30,882	£0	£0	£30,882	**£2,807**	**£33**	**£32**	No (at Nov 2012)
388165	Stonebridge Homes Ltd	30-34 Barrowby Lane, Austhorpe	East Leeds	15-Jun-12	12/00646/FU (revised from 11/01963/EXT to 08/01087/FU)	**£37,563**	11	**£3,415**	£30,882	£0	£0	£30,882	£2,807	£39	£32	No (at Nov 2012)
		Leeds Girls High School - Rose Court	Inner Area	23-Jun-11	08/04214/OT	**£1,653**	12	**£138**	£1,053	£0	£0	£1,053	£88	£2	£1	No, reserved matters under consideration (at Nov 2012)
	Ashford Homes (Leeds) Ltd	The Former Weasel Public House, 94 Roker Lane, Pudsey	Outer West	11-Aug-11	11/00108/EXT to 07/03657/FU	**£28,306**	12	**£2,359**	£27,706	£0	£0	£27,706	£2,309	£27	£26	No (at Nov 2012)
388155	Diocese of Leeds Trustee	Methley Infants School	Outer South East	19-Dec-11	11/04226/FU	**£34,439**	12	**£2,870**	£33,689	£0	£0	£33,689	£2,807	£33	£32	No but on site so due in January
388199	Keyland Developments Ltd	St Vincents School, Church Street, Boston Spa	Outer North East	16-Jun-11	11/01086/EXT to 08/02322/FU	**£37,492**	13	**£2,884**	£36,492	£0	£0	£36,492	£2,807	£33	£32	No (at Nov 2012)
		Syke Lane, Scarcroft		01-Feb-11	09/05551/OT	**£21,206**	14	**£1,515**	£20,006	£0	£0	£20,006	**£1,429**	**£17**	**£16**	No (at Nov 2012)
	HF Trust Ltd	Bramley Gardens, Skeltons Lane	Outer North East	06-Jun-11	11/00934/FU	**£21,970**	14	**£1,569**	£14,162	£0	£0	£14,162	£1,012	£18	£11	No (at Nov 2012)
387988	Maple Properties Headingley	Pepper Road Hunslet	Inner Area	17-Jun-11	10/03728/EXT to 06/06269/FU	**£32,814**	14	**£2,344**	£32,214	£0	£0	£32,214	£2,301	£27	£26	No (at Nov 2012)
388204	University of Leeds	Manor House Farm, Great North Road, Micklefield	Outer South East	19-Jul-11	10/03358/EXT to 07/01571/FU	**£35,549**	14	**£2,539**	£35,549	£0	£0	£35,549	£2,539	£29	£29	No (at Nov 2012)
		1 - 41 And 2 - 20 St Lukes Green, Beeston	Inner Area	28-Jul-11	10/05219/RM	**£2,500**	19	**£132**	£0	£0	£0	£0	£0	£1	£0	No (at Nov 2012)
388201	Campus Link LP PLC	Broad Lane, Bramley	Outer West	12-Jan-12	11/04358/FU	**£40,087**	19	**£2,110**	£39,087	£0	£0	£39,087	£2,057	£24	£23	No (at Nov 2012)
388239	The Gateway Leeds Ltd	Elder Road, Bramley	Outer West	05-Mar-12	08/05924/FU	**£47,514**	22	**£2,160**	£46,514	£0	£0	£46,514	£2,114	£25	£24	No (at Nov 2012)
	Duffield Printers Ltd	Carlisle Road, Pudsey	Outer West	29-May-12	11/01860/FU	**£73,820**	23	**£3,210**	£64,570	£0	£0	£64,570	£2,807	£36	£32	No (at Nov 2012)
388238	Tradewell Carpets Ltd	Land North of Morrisons, Swinnow Road	Outer West	30-Jun-11	11/00991/OT	**£72,685**	25	**£2,907**	£70,185	£0	£0	£70,185	£2,807	£33	£32	No (at Nov 2012)
		Greenlea, Yeadon		15-Dec-11	11/02980/FU	**£98,840**	30	**£3,295**	£84,223	£0	£0	£84,223	**£2,807**	**£37**	**£32**	Sept 2012 ongoing
388233	Stonebridge Homes Ltd	Haigh Moor Road, West Ardsley		27-Sep-12	11/01014/OT	**£23,750**	32	**£742**	£0	£20,000	£0	£20,000	**£625**	**£8**	**£7**	No (at Nov 2012)
		Bagley Lane, Farsley		08-Mar-12	09/01601/OT	**£81,441**	45	**£1,810**	£64,584	£0	£0	£64,584	**£1,435**	**£21**	**£16**	March 2012
					TOTAL	**£781,380**	**363**	**£2,153**	**£676,862**	**£20,000**	**£0**	**£696,862**	**£1,920**	**£24**	**£22**	-

Schemes above 50 units:

	Mone Bros Ltd	Albert Road, Morley	Outer South West	30-Nov-11	10/03141/OT	**£155,187**	70	**£2,217**	£99,960	£0	£0	£99,960	£1,428	£25	£16	No (at Nov 2012)
	David Wilson Homes	Holt Lane, Adel		09-May-11	09/04190/FU	**£599,244**	70	**£8,561**	£99,960	£308,946	£85,820	£494,726	**£7,068**	**£97**	**£80**	No (at Nov 2012)
	Persimmon	Milner Lane, Robin Hood		31-Mar-10	12/00161/FU following from 08/04184/OT	**£505,724**	72	**£7,024**	£141,777	£214,007	£88,207	£443,991	**£6,167**	**£80**	**£70**	No (at Nov 2012)
388223		Netherfield Road, Guiseley (Factory site)	Aireborough	23-Mar-12	11/01843/FU	**£509,075**	74	**£6,879**	£74,860	£347,757	£44,400	£467,017	£6,311	£78	£72	Aug 2012
	Ben Bailey Homes	Selby Road, Garforth		27-Nov-09	11/03814/FU following from 08/06019/OT	**£547,464**	78	**£7,019**	£97,158	£322,938	£79,016	£499,112	**£6,399**	**£80**	**£73**	No (at Nov 2012)
	Direct Investments (Yorkshire) Ltd	Saxton Lane	City Centre	02-Aug-11	11/01442/EXT for 08/01844/FU	**£37,367**	80	**£467**	£0	£0	£27,107	£27,107	£339	£5	£4	No (at Nov 2012)
	Redrow	Netherfield Road, Guiseley (Phase 3 site)		07-Feb-12	11/02690/FU following 10/02762/OT	**£706,053**	87	**£8,116**	£136,538	£414,452	£106,662	£657,652	**£7,559**	**£92**	**£86**	Sept 2012 ongoing
		Queen Street, Allerton Bywater		26-Jan-11	09/04353/OT	**£755,955**	120	**£6,300**	£150,380	£356,679	£94,680	£601,739	**£5,014**	**£72**	**£57**	Oct 2012 ongoing
387976	Barratts	Former Bellows Engineering Site, East Street	Inner Area	22-Jun-11	10/03179/EXT to 07/04987/FU	**£19,596**	147	**£133**	£0	£0	£13,661	£13,661	£93	£2	£1	No (at Nov 2012)
	Taylor Wimpey	Church Fields, Boston Spa		08-Mar-11	09/04531/FU	**£793,195**	153	**£5,184**	£115,815	£454,765	£101,597	£672,177	**£4,393**	**£59**	**£50**	No (at Nov 2012)
	Redrow Homes	Clariant, Calverley Lane, Horsforth	North Leeds	21-Mar-12	10/04068/OT	**£3,284,669**	400	£8,212	£0	£1,188,800	£1,793,000	£2,981,800	**£7,455**	**£93**	**£85**	No (at Nov 2012)
	Taylor Wimpey	Grimes Dyke, York Road		26-May-11	09/03238/OT	**£2,587,368**	500	**£5,175**	£0	£1,941,884	£442,500	£2,384,384	**£4,769**	**£59**	**£54**	No, reserved matters under consideration (at Nov 2012)
					TOTAL	**£10,500,897**	**1,851**	**£5,673**	**£916,448**	**£5,550,228**	**£2,876,650**	**£9,343,326**	**£5,048**	**£64**	**£57**	-

SIGNED S106 AGREEMENTS

STUDENT HOUSING SCHEMES - 1st June 2011 - 31st May 2012

(a) Overall S106 value excludes affordable housing

(b) Used average floorspace per bedroom of 20m, but actual contribution would be larger to include circulation areas - needs updating

S106 File No	Developer	Site	Date	Plan App Ref	Overall S106 Value (a)	Number beds	S106 per bed	S106 tariff: Greenspace / Public Realm	S106 tariff: Public Transport Improvements	Total to be replaced by CIL (Gspace/ PTI)	S106 perbed to be replaced by CIL	Average per bed from all S106s psm (b)	Average per bed tariff S106s psm (b)	Notes	S106 paid / Scheme commenced?
388005	Opaltex Pension Fund	Calverley Street	17-Jan-12	11/04138/FU (mod TO 10/05541/FU)	**£60,805**	577	**£105**	£0	£29,780	£29,780	£52	£5	£3		July 2012
388203	Persimmon Homes	St Marks Road, Woodhouse	16-Jan-12	11/04449/FU	**£162,945**	526	**£310**	£147,945	£0	£147,945	£281	£15	£14		June 2012 and ongoing
388188	Prestige Salvage Company	Phase 3 The Gateway East Street	31-May-12	12/00828/FU (mod to 08/06681/FU)	**£39,056**	508	**£77**	£0	£22,056	£22,056	£43	£4	£2	Includes 3,521 sqm A1 retail	No (at Nov 2012)
388246	Hamilton Black Developments	22 Lovell Park Hill	22-May-12	12/00684/FU	**£42,760**	66	**£648**	£38,260	£0	£38,260	£580	£32	£29		No (at Nov 2012)
388194	Print Works Ltd	Servia Road	15-Mar-12	11/05195/FU	**£201,109**	300	**£670**	£136,975	£48,134	£185,109	£617	£34	£31		No (at Nov 2012)
				TOTAL / AVERAGE	**£282,925**	874	**£324**	£175,235	£70,190	**£245,425**	£281	£16	£14	-	-

SIGNED S106 AGREEMENTS

NON-RESIDENTIAL - Schemes 1st June 2011 - 31st May 2012

S106 File No	Developer	Site	Date	Plan App Ref	Overall S106 Value	Uses	Floorspace (sqm)	Breakdown of floorspace (sqm)	S106 per meter against total floorspace	S106 tariff: Greenspace / Public Realm	S106 tariff: Public Transport Improvements	Total to be replaced by CIL (Gspace / PTI)	S106 per meter to be replaced by CIL	Notes	S106 paid / Scheme commenced?
388220	Johnson Walker	Otley Road, Guiseley	02-Feb-12	11/02169/FU	**£78,302**	A1	1,385	-	**£57**	£0	£64,302	**£64,302**	£46		No (at Nov 2012)
388246	Hamilton Black Developments	Land off Carr Crofts, Armley	18-Jan-12	10/02363/OT	**£711,556**	A1	9,595	-	**£74**	£0	£660,756	**£660,756**	£69		No (at Nov 2012)
386133	Deltalord	Sweet Street	09-Dec-11	20/430/04/OT (20/534/05/RM)	**£463,368***	A1, B1a				£461,868	£0	**£461,868**		Built in 2007 but deed o	Dec 2011 ongoing
388169	St James Security Ventures Ltd	Trinity Quarter	07-Oct-11	11/00382/FU changes to 20/149/03/FU	**£329,000***	A1, A2-5				£0	£326,500	**£326,500**		Trinity Quarter - small a	No (at Nov 2012)
388181	D Fusion	28 New Briggate, City Centre	17-May-12	11/01993/FU	**£36,246**	A3/A4	1,000	-	**£36**	£0	£36,246	**£36,246**	£36	Restaurant kareoke	Yes
388193	Land Securities Trinity Ltd	Trinity West	01-Nov-11	11/03290/FU	**£70,495**	A3, A4, D1 clinic, D2 gym	4,170	-	**£17**	£30,850	£34,895	**£65,745**	£16	CoU would not invoke C	No (at Nov 2012)
	Flamewall Ltd	Former City Square House Wellington Street	29-Jul-11	10/05681/EXT to 07/04127/FU	**£179,925**	B1a	16,012	-	**£11**	£0	£168,000	**£168,000**	£10	13 storey office	No (at Nov 2012)
	Wetherby Park Ltd	Land Off Sandbeck Lane	23-Nov-11	10/00279/OT	**£241,180**	B1a, B8	8,085	5,570 B1a, 2,515 B8	**£30**	£0	£200,000	**£200,000**	£25	Industrial and office par	No (at Nov 2012)
388006	Brabco	Whitehall Road	23-Dec-11	11/04023/FU	**£106,996**	B1a, C1 office and hotel	11,355	6,005 B1a, 5,350 C1	**£9**	£0	£97,496	**£97,496**	£9		No (at Nov 2012)
388137	Land Adjacent to Judes Pond	Thorp Arch Trading Estate	20-Dec-11	11/03150/OT	**£33,057**	B2	5,327	-	**£6**	£0	£29,057	**£29,057**	£5		No (at Nov 2012)
388176	Mr K Singh	1 Pilot Street, Sheepscar	03-Oct-11	11/02158/FU	**£15,641**	B8, B2, D1 college	2,010	550 B8, 690 B2, 770 D1	**£8**	£0	£12,391	**£12,391**	£6	CoU warehouse/ offices	No (at Nov 2012)
	Bruntwood Ltd	Hepworth Point, Clay Pitt Lane,Sheepscar	30-Jun-11	11/01048/FU	**£34,191**	C1 hotel	6,660	-	**£5**	£0	£29,441	**£29,441**	£4	CoU would not invoke C	March 2012
	Oxford GB TWO Ltd	Car Park "D" Site Portland Crescent	29-Jul-11	11/01979/EXT to 08/05664/FU	**£267,207**	C1 hotel	11,590	**-**	**£23**	£40,000	£185,217	**£225,217**	£19	6-14 storey hotel	No (at Nov 2012)
	Leeds United FC Ltd	Elland Road,	16-Jun-11	08/06739/FU	**£286,826**	C1 hotel, A1, A3, A4, B1a, nightclub	22,025	2,240 A1, 1,605 A3, 1,530 A4, 1,215 B1a, 725 nightclub, 14,710 (347 bed) hotel	**£13**	£0	£285,326	**£285,326**	£13	347 bed hotel, conferen	July 2011 ongoing
	TCWP 008 LTD	Grove Lane, Headingley	08-Sep-11	12/00687 (amendment to 11/00915/FU)	**£34,525**	C2 79 bed care home	3,605	46 sqm per bed	**£10**	£0	£22,025	**£22,025**	£6		April 2012 ongoing
388024	Springfield Healthcare	Springfield Healthcare, The Grange,	29-Sep-11	10/04942/FU	**£29,682**	C2 96 bed care home	4,156	43 sqm per bed	**£7**	£0	£24,782	**£24,782**	£6	Demolition and CoU an	No (at Nov 2012)
388192	Watertight Investments Ltd	Shaftesbury Hotel York, Road	02-Nov-11	11/02883/OT	**£34,618**	C2 84 bed care home	3,500	42 sqm per bed	**£10**	£0	£22,118	**£22,118**	£6		No (at Nov 2012)
388135	Inmind Healthcare Ltd	Waterloo Manor, Selby Road, Swillington	01-Sep-11	10/05315 (amendment to approval 09/00327/FU)	**£21,566**	C2a 33 low secure beds	2,275	69 sqm per bed	**£9**	£0	£0	**£19,006**	£8	Part demolition and ext	Sept 2011
388133	Armley Superstore	Alf Cooke Print Works	10-Jan-12	11/04293/FU	**£305,700**	D1 college	16,170	-	**£19**	£15,000	£109,000	**£124,000**	£8	CoU to D1 college	April 2012 ongoing
	Business School Of Knowledge	Former Job Centre,Pepper Road	28-Jun-11	10/05129/FU	**£2,500**	D1 college	561	-	**£4**	£0	£0	**£0**	£0	CoU would not invoke C	No (at Nov 2012)
388225	Urban Places Ltd	Unit 1 Kirkstall Industrial Estate	09-Dec-11	11/03248/FU	**£54,443**	D2 gym	3,330	-	**£16**	£0	£30,443	**£30,443**	£9		May 2012 ongoing
				TOTAL	**£1,752,288**	-	132,811	-	**£13**	**£547,718**	**£2,337,995**	**£2,904,719**	**£22**	-	-

* Not included in total as can't be broken down by floorspace

Appendix III

Approach to Viability Modelling and Assumptions

Leeds CIL Technical Annex

The purpose of this technical annex is to provide information regarding the appraisal assumptions / criteria underpinning the Study

Project Costs

A set of standard assumptions reflecting build costs, fees, contingencies, profits, finance rates, etc. have been made in order to ensure that the results of our viability testing enable a straight forward comparison to be made of the consequence of applying various levels of CIL.

The main assumptions adopted within the modelling are set out below. At this stage it is important to recognise that whilst these assumptions generally align with normal or usual figures expected in the majority of developments they may differ, in some cases, from the figures that may be used in actual development schemes. Where appropriate the assumptions used within the CIL Study are aligned with those in Council's Economic Viability Assessment, which have been tested and agreed through formal stakeholder consultation.

Base Construction Costs

Residential

The costs used within this assessment are consistent those outlined within the Economic Viability Assessment. These are summarised in Table 1.

Table 1 – Residential Base Construction Costs

Typology		
	Sq.m	Sq.ft
Houses	£915	£85
Apartments	£1,022	£95

These costs reflect compliance with Part L 2010 Building Regulations and are inclusive of preliminaries, external works and plot connections. They are also based on achieving the minimum regulatory standard equivalent to the mandatory requirement of Code for Sustainable Homes Level 3.

Other Uses

The CIL economic viability appraisal is based on data obtained from BCIS (Building Cost Information Services) rebased for the third quarter of 2012 (last updated 8th September 2012) and adjusted to reflect local sensitivities (West Yorkshire). The construction rates are shown in Table 2. These costs reflect compliance with Part L 2010 Building Regulations, are inclusive of preliminaries and assumed to include external works.

Table 2 – Other Land Uses: Base Construction Rates

Description	Gross Size sq.m (sq.ft)	Costs (£psm)	Costs (£psf)
		Median	
Offices (B1)	6,968 (75,000)	£1,162	£108
Industrial (B2)	9,290 (100,000)	£531	£49
Storage and Distribution (B8)	23,225 (250,000)	£390	£36
Traditional Retail (non food) A1	800 (8,600)	£648	£60
Financial and Professional Services (A2)	1000 (10,765)	£1,162	£108
Restaurants and Cafes (A3)	300 (3,230)	£1,555	£144
Drinking Establishments (A4)	300 (3,230)	£1,376	£128
Hot Food Take away (A5)	250 ((2,690)	£1,361	£126
City Centre Comparison Retail	4,645 (50,000)	£747	£69
Retail Warehouse	1,500 (16,146)	£468	£43
Convenience Stores	372 (4,000)	£960	£89
Supermarkets	2,500 (26,900)	£1,090	£101
Superstores	4,000 (43,000)		
Hypermarkets	6,000 (64,500)		
Hotels (1)	1,740 (18,750)	£47,000 per bed	n/a
Care Homes	65 Beds	£1,170	£109
Student Accommodation	80 beds	27,500 per bed	n/a

(1) Based on a Budget Hotel and 'Turn Key' Development

Extra Design Related Costs

As outlined at Section 2, Policy EN2 (Sustainable Design and Construction) requires developments of 1,000sq.m (10,764sq.ft) or more and 10 or more dwellings (including conversion where feasible) to meet at least the standard set by BREEAM or Code for Sustainable Homes as shown in Table 3.

Table 3 – **Policy EN2 (Sustainable Design and Construction)**

	2012	2013	2016
Code for Sustainable Homes requirement	Code 3	Code 4	Code 6
BREEAM Standards for non residential building requirements	Very Good	Excellent	Excellent

Leeds CC Core Strategy

Code for Sustainable Homes

The extra over costs associated with achieving the Code for Sustainable Homes standards, with respect to each of the residential unit types, are outlined in Table 4.

Table 4 – Code for Sustainable Homes Costs

House Type	Code 3[54]	Code 4	Code 6
Studio Flat	£750	£3,400	£27,050
1 Bed Flat	£750	£3,400	£27,050
2 Bed Flat	£750	£3,400	£27,050
3 Bed Flat	£750	£3,400	£27,050
2 Bed House	£840	£3,500	£31,870
3 Bed House	£1,050	£4,220	£33,770
4 Bed House	£1,000	£5,140	£38,170
5 Bed House	£1,000	£5,140	£38,170

Source: Davis Langdon

[54] Building Regulations requires all new private homes to meet / comply with Code Level 3 for energy and Co2 emission standards the costs of which are included in our standard base cost assumptions (see Table 1). The Code 3 cost assumptions in Table 4 relate to the addition items that are not currently covered under Building Regulations.

BREEAM

Research undertaken by 'Target Zero' has estimated the total capital uplifts associated with achieving BREEAM ratings for various forms of development: Their research has concluded that the eventual cost increases will be driven by the approach to design with significant savings for schemes where best approach is applied. Assuming the best approach to design the estimated cost uplifts are thought to be in the range of:

Table 2 – BREEAM Cost Increases (over base case)

Development Type	Very Good	Excellent	Outstanding
Offices	0.17%	0.77%	9.83%
Industrial Buildings (including Warehousing)	0.04%	0.4%	4.8%
Supermarkets[55]	0.24%	1.76%	10.1%
Mixed / Other Use[56]	0,14%	1.58%	4.96%

Source: Target Zero

Policy EN1 (Climate Change – Carbon Dioxide Reduction) also requires all new developments of 10 dwellings or more, or over 1,000sq.m of floorspace ……to:

i. Reduce total predicted carbon dioxide emissions to achieve 20% less than the Building Regulations Target Emission Rate until 2016 when all development should be zero carbon; and
ii. Provide a minimum of 10% of the predicted energy needs of the development from low carbon energy

The estimated costs of complying with this policy with respect to residential development are captured within our allowances for Code for Sustainable Homes.

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55 With reference to Table 11 at Section 5 this development typology would also include convenience stores, superstores and hypermarkets

With respect to commercial uses the EVS applies the following:

Low Carbon Office Buildings

The targets for operational carbon reduction is office buildings required from 2010 as a result of changes to Part L can be achieved by using energy efficient measures only. The package of measures predicated to achieve the 2010, 25% reduction target most cost effectively include:

- Vertically reduced glazing by 2m
- Specific fan powers reduced by 20%
- Daylight dimming lighting controls
- Improved chiller efficiency SEER = 6
- Improved boiler efficiency to 95%
- Improved lighting efficient to 2.0W/m2 per 100lux
- Improve wall insulation to 0.25w/m2k

This package of works results in a reduction in base costs of approximately -1.4%

Source: Target Zero (Guidance on the Design and Construction of Sustainable, Low Carbon Office Buildings

Low Carbon Warehouse Buildings[57]

The likely target for operational carbon reductions in warehouse buildings required from 2010 as a result of changes to Part L can be achieved relatively easily by using high efficiency lamps and luminaries. The full package of measures predicated to achieve the 2010 reduction target most cost effectively includes:

- High efficiency lamps and luminaries 1.79w/m2 per 100lux
- Glazing (roof light) performance 1.50W/m2K
- Improved air tightness 5m3/h/m2@50pa
- 10% roof lights with daylight dimming
- Advanced thermal bridging (0.014W/m2K)

This package of works results in a reduction in base costs of approximately -0.98%

Source: Target Zero (Guidance on the Design and Construction of Sustainable, Low Carbon Warehouse Buildings

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[56] In the absence of any other data we have applied these assumptions to all the other land uses / development typologies within Table 11.

Low Carbon Supermarket Buildings[58]

The targets for operational carbon reduction in supermarkets required from 2010 as a result of changes to Part L can be achieved by using energy efficiency measures only. The package of measures includes:

- Composite internal floor
- High efficiency lamps and luminaries
- Specific fan powers reduced by 20%
- Motion sensing controls throughout
- Improved chiller efficiency SEER = 6
- Improved boiler efficiency to 95%
- Building orientated so that glazed faced faces South

This package of works results in a reduction in base costs of approximately -0.36%

Source: Target Zero (Guidance on the Design and Construction of Sustainable, Low Carbon Supermarket Buildings

Low Carbon Mixed Use Buildings[59]

The targets for operational carbon reduction in mixed use buildings required from 2010 as a result of changes to Part L can be achieved by using energy efficiency measures only. The package of measures predicted to achieve the 25% reduction in target most cost effectively as set out below.

- Vertically reduced glazing by 2m
- Specific fan powers reduced by 20%
- Improved boiler efficiency to 95%
- Improved lighting efficiency to 2.0W/m2 per 100lux
- Improved chiller efficiency

This package of works results in a increase in costs of approximately 1.3%

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[57] In the absence of any other information this data is assumed to be applicable for all forms of industrial buildings

[58] In the absence of any other information this data is assumed to be applicable for all forms of convenience retail. With reference to our development typologies (see Section 5) this would include convenience stores, supermarkets, superstores and hypermarkets.

[59] In the absence of any other information this data is assumed to be applicable for all other forms of development as outlined in Table x at Section 5).

- Active chilled beams

Source: Target Zero (Guidance on the Design and Construction of Sustainable, Low Carbon Mixed Use Buildings

Other Site-Related Costs

Residential

The EVA did not appraise / consider the additional site related costs, which are influenced by the type of land being developed (i.e. Greenfield or Brownfield). Whilst it is generally accepted that land is heterogeneous in its nature and, therefore, these costs will be individual to every site, the CIL economic appraisal seeks to differentiate Greenfield and Brownfield development sites to understand the impact of these additional site related costs on scheme viability. The estimated costs (based on our experince from similar commissions) associated with the revelopment of brownfield land for residential use are shown in Table 5.

Table 5: Other site related costs

Proposed Scheme Type	Abnormals/ Clearance (/unit)	Remediation (£/hectare)
Greenfield	N/A	N/A
Brownfield	£8,000	£300,000

Commercial / other land uses

English Partnerships BPN 27 Contamination and Dereliction Remediation Costs (revised February 2008) provides the potential range of costs for site preparation and remediation costs. These costs are summarised in Table 6.

Table 6: Remediation Costs (Commercial)

Proposed Scheme Type	Category	Remediation – Low Water Risk (£/hectare)	Remediation – High Water Risk (£/hectare
Employment (industrial)	A	£50,000 to £125,000	£125,000 to £250,000
	B	£200,000 to £425,000	£250,000 to £625,000
	C	£250,000 to £575,000	£500,000 to £1,200,000
	D	£300,000 to £650,000	£525,000 to £1,200,000
Mixed Use (including	A	£50,000 to £125,000	£125,000 to £250,000

offices, retail and hotel)	B	£225,000 to £525,000	£325,000 to £750,000
	C	£300,000 to £650,000	£525,000 to £1,325,000
	D	£325,000 to £750,000	£600,000 to £1,375,000

Source: BPN 27: Contamination and Dereliction Remediation Costs (revised February 2008)

A) Industrial sites, colliery / mine spoil heaps, factories and works

B) Garages, pithead sites, railways, textiles, timber treatment and sewage works

C) Metal workings, scrap yards and shipyards. Paint and solvents

D) Gas, iron and steel works, refineries, ship breaking and building

For the purposes of this assessment we will model the Brownfield scenarios on the basis of category A and on the basis they are in a low water risk area (on the assumption that sites in high water risk areas will generally be precluded from development due to the stringent flood risk criteria). The EVS adopts the lower figures from the cost range.

Table 7: Preparation Costs (Employment)

	Small		Large	
	Non Complex	Complex	Non Complex	Complex
Range per ha	£120,000 to £200,000	£225,000 to £400,000	£100,000 to £175,000	£200,000 to £250,000
Mid – point per ha	**£160,000**	**£312,500**	**£137,500**	**£212,500**
Fixed cost range	£125,000 to £225,000	£275,000 to £400,000	£275,000 to £425,000	£800,000 to £1,075,000
Mid point fixed cost per site	**£175,000**	**£337,500**	**£350,000**	**£937,500**

Source: BPN 27: Contamination and Dereliction Remediation Costs (revised February 2008)

Table 8: Preparation Costs (other uses)

	Small		Large	
	Non Complex	Complex	Non Complex	Complex
Range per ha	£125,000 to £200,000	£225,000 to £400,000	£75,000 to £175,000	£200,000 to £250,000
Mid – point per ha	**£162,500**	**£312,500**	**£125,000**	**£225,000**
Fixed cost range	£125,000 to £275,000	£275,000 to £425,000	£275,000 to £425,000	£800,000 to £1,075,000

Mid point fixed cost per site	**£200,000**	**£350,000**	**£350,000**	**£937,500**

Source: BPN 27: Contamination and Dereliction Remediation Costs (revised February 2008)

The EVS assumes small non complex schemes and uses the mid point costs to derive the total preparation costs. By way of example for each site the EVS applies the mid cost estimate (per ha) and multiplies this by the site area. This is then added to the mid point fixed cost estimate to derive the total costs.

Therefore an employment site of 1ha will result in total site preparation costs of £335,000, calculated as follows:

(1ha * £160,000 = £160,000) + £175,000 = <u>£335,000</u> (*0.95) = £318,250

The EVS also adjusts the costs outlined in Tables 5 to 8 for regional variations – for the Yorkshire and Humber Region this index adjustment is 0.95.

Contingencies

Contingencies are an allowance for unexpected development costs. The EVA applied contingencies at 5% of build costs which was increased to 10% in the City Centre. Within the EVS contingencies have been applied at a flat rate of 5% for all use types.

Professional Fees (including planning and building regulations)

Residential

The EVA applied fees (residential) at 6% of build costs outside of the City Centre and 15% within the City Centre. Based on our experience many residential developers have 'off the shelf' products which results in significant cost savings. In circumstances such as this it is normal for fees to be included at approximately 5%. Where developers are proposing non standard / bespoke units fees of between 10% and 12.5% would be acceptable. The EVS has applied fees at 6% for residential schemes outside of the city centre and 10% within the city centre.

Commercial / other land uses

The EVS is based on fees at 10%.

S106 Contributions

Residential

When establishing the benchmark values the EVS includes allowances for S106 contributions, which include tariff style obligations relating to green space/ public realm, education and public transport improvements. However, from April 2014 the Council will no longer be able to charge these tariff style obligations, which will be directly superseded by the CIL. Table 9 sets out what would be replaced by CIL and what would remain as eligible site specific S106 which would be continually sought, as necessary, alongside CIL. Further detailed information is provided at Appendix II.

Table 9– CIL / S106

	Current Average S106 per dwelling	To be replaced by CIL per dwelling	Residual Site Specific S106 per dwelling
< 50 dwellings / units	£2,153	£1,920	£233
> 50 dwellings / units	£5,673	£5,048	£625

Commercial / Other Land Uses

Mirroring the requirements for residential the Council also seeks S106 obligations (including tariff style obligations with respect to green space / public realm, education and public transport improvements) from new commercial / non residential schemes. Based on information provided by the Council (please refer to Appendix II) the average S106 contribution, varies for according to uses classes, as summarised in Table 10.

Table 10 – Current S106 Contributions (non residential)

Use Class	£psm
A1 Food retail > 250 sqm	£0
A1 Non food retail > 800 sqm	£65
A3-4 Restaurants and cafés, public houses > 300 sqm	£36
B1 Offices > 1500 sqm	£11
B2 Industrial > 2500 sqm	£6

B8 Storage and distribution > 3000 sqm	£6
C1 Hotels > 75 beds	£14
C2 Hospital, nursing homes > 30 beds	£9
D1 Non-residential institutions > 500 sqm	£12
D2 Assembly and leisure > 500 sqm	£16
Student Accommodation	£250 per bed space

Disposal Costs

Residential

An allowance for direct sale agents and legal fees (disposal costs) have been included at the rate of 1.75% on the private sales income only. These costs are not explicitly stated within the EVA albeit the report does acknowledge that revenue within the cash flow is net of residential marketing and agents fees.

Commercial

Letting agent's fees have been included at 7.5% (assuming sole agent[60]) of the estimated first years rental value (ERV). This assumes sole agency. A further allowance of 5% has been included for letting legal fees.

Investment sale agent's fees are included at 1.5% and legal fees at 0.25% of the schemes net development value.

Marketing

Marketing costs are included at 1.25% of GDV. This is a standard allowance that has been applied to all land uses.

Finance Charges / Interest Rate

It is difficult to establish what the appropriate rate of interest would be in the current market. Current margins are substantial despite the current Bank of England base

60 If joint agency the costs would be 15%

rate being 0.5%. An appropriate rate for both residential and commercial schemes may fall somewhere between 6% and 7%.

It is also widely recognised that the approach to development varies widely and is influenced by the equity invested in the site along with the financial organisation / strength of the developer. For example, a larger plc developer may access debt finance from a revolving corporate structure whilst a smaller developer may access debt finance on a site by site basis. The interest rates can therefore differ widely between these approaches.

For the purpose of this assessment, and mirroring the approach adopted in the EVA, we have set the interest rate at 6.5%, assuming a 100% debt structure. This applies to the residential and other land uses.

Value added tax

We have assumed that VAT is incorporated within the costs stated.

Tax relief and grants

No tax relief or grants are asusmed within the CIL economic assessment. Affordable housing revenues (see later) are also based on a nil-grant approach.

It is possible for schemes (residential and commercial) to atttact potential grant and support through a range of agencies. Where this occurs, appraisals should account for the level of grant being invested into the scheme, for example through the National Affordable Housing Programme managed by the HCA.

Holding costs

No holding costs are assumed within the appraisals.

Developer Overheads

A Developer overhead of 6% on total build costs is assumed for both residential (overheads were not included in the EVA) and commercial schemes. This can vary between developers but the approach applied is standard for the purpose of appraisal.

Net Profit

A key element of viability is to allow a risk adjusted market return to the developer. Without this there is no commercial justification to a developer investing money into a site. Most developers operate on the basis of a Gross developer margin (inclusive of overheads), which we have shown separately. Therefore the EVS adopts a net profit of 15% on costs for both residential and commercial schemes.

Stamp Duty and Legal Fees on Residual Land Value

The EVA applied site acquisition costs (which included stamp duty) at 5.75%. Within the CIL economic assessment stamp duty has been applied, which is consistent with current HM Revenue and Customs requirements, as set out in Table 17.

Table 12 - Stamp Duty Thresholds for Residential Land or Property

Purchase Price	Stamp Duty Land Tax Rate
Up to £125,000**(4)**	0%
£125,000 - £250,000	1%
£250,001 - £500,000	3%
£500,001 to £1,000,000	4%
£1,000,000 to £2,000,000	5%
Over £2,000,000	7%

(4) Note if the property / land is within an area designated by the government as 'disadvantaged' a higher threshold of £150,000 applies. Because the CIL economic appraisal is being undertaken at a strategic level and is based on hypothetical development typologies it assumes that all sites fall outside any disadvantaged area(s).

Table 13 - Stamp Duty Thresholds for Non Residential / Mixed Use Land or Property

Purchase Price	Stamp Duty Land Tax Rate
Up to £150,000 (annual rent under £1,000)	0%
Up to £150,000 (annual rent is £1,000 or more)	1%
£150,000 - £250,000	1%

£250,001 - £500,000	3%
Over £500,000	4%

In addition to the stamp duty rates an extra allowance of 1.75% has been applied to cover all agents and legal fees associated with the transaction (see previous).

Sale and Rental Values

Residential

The EVA included sale values for the various typologies at the time of the Study (2010). For consistency we have applied these sale values but adjusted them to reflect changes in the market since the EVA was published. The base sales values used within the EVS are outlined in Table 14. Mirroring the approach within the EVA the outer and golden triangle areas have been subdivided into high medium and low value areas: This, therefore, produces as final set of market areas as follows:

- City Centre (uniform and homogeneous market);
- Inner Area (uniform and homogeneous market);
- Golden Triangle (low Value based on beacon settlements of Aberford and Barwick in Elmet);
- Golden Triangle (medium value based on beacon settlement of Yeadon, Guiseley and Horsforth);
- Golden Triangle (high value based on beacon settlements of Bramhope, Wetherby and Scarcroft);
- Outer Area (low value based on beacon settlements of Middleton and Allerton Bywater);
- Outer Area (medium value based on beacon settlements of Pudsey and Garforth); and
- Outer Area (high value based on Moortown and Moor Allerton).

The EVA was published in July 2010 and the study recognised that residential land values had fallen significantly from their peak in mid 2007, which was placing substantial pressure on the viability of development. Therefore, as part of the modelling, the EVA considered different scenarios from the baseline position to take account of 'peaks and troughs' in the market which were envisaged to occur over the life of the policy and Core Strategy. In addition to the baseline position (i.e. the current market circumstances at the time the study was completed) the following scenarios were also tested.

(1) Mid point position
(2) Height of market position which looked back to 2007 before prices started falling.

For consistency the EVS applies the same scenarios (considered within Section 7) and the corresponding values are shown in Tables 15 and 16 respectively.

Table 14: Market Sale Values (Current Market / Baseline Position)

Property Type	Studio Flat[61]	1 bed flat	2 bed flat	3 bed flat	2 bed house	3 bed house	4 bed house	5 bed house
City Centre	£68,600	£93,100	£117,600	£147,000	-	-	-	-
Inner Area	-	£67,900	£87,300	-	£97,000	£130,950	£150,350	£169,750
Outer Areas (Low Value)	-	£81,787	£101,031	-	£110,653	£139,519	£168,385	£221,306
Outer Areas (Medium Value)	-	£96,000	£115,200	-	£124,800	£158,400	£187,200	£249,600
Outer Areas (High Value)	-	£106,700	£128,040	-	£140,650	£179,450	£213,400	£271,600
Golden Triangle (Low Value)	-	£101.850	£130,950	-	£135,800	£184,300	£213,400	£281,300
Golden Triangle (Medium Value)	-	£116,400	£145,500	-	£160,050	£208,550	£242,500	£320,100
Golden Triangle (High Value)	-	£130,950	£164,900	-	£179,450	£242,500	£271,600	£358,900

[61] Ground rents of £250 per unit are also charged on each of the private / market sale flats and these have been capitalised at 6.5%.

Table 15: Market Sale Values (Mid Point Scenario)

Property Type	Studio Flat	1 bed flat	2 bed flat	3 bed flat	2 bed house	3 bed house	4 bed house	5 bed house
City Centre	£97,500	£117,500	£145,000	£187,500	-	-	-	-
Inner Area	-	£90,000	£105,000	-	£117,500	£147,500	£172,500	£197,500
Outer Areas (Low Value)	-	£95,000	£115,000	-	£127,500	£160,000	£192,000	£252,500
Outer Areas (Medium Value)	-	£110,000	£132,500	-	£142,500	£182,500	£215,000	£280,000
Outer Areas (High Value)	-	£122,500	£146,000	-	£160,000	£202,500	£242,500	£307,500
Golden Triangle (Low Value)	-	£115,000	£147,500	-	£155,000	£210,000	£242,500	£315,000
Golden Triangle (Medium Value)	-	£132,500	£165,000	-	£180,000	£230,000	£275,000	£342,500
Golden Triangle (High Value)	-	£150,000	£185,000	-	£205,000	£267,500	£305,000	£385,000

Table 16: Market Sale Values (Height of Market)

Property Type	Studio Flat	1 bed flat	2 bed flat	3 bed flat	2 bed house	3 bed house	4 bed house	5 bed house
City Centre	£125,000	£140,000	£170,000	£225,000	-	-	-	-
Inner Area	-	£110,000	£120,000	-	£135,000	£160,000	£190,000	£220,000
Outer Areas (Low Value)	-	£105,000	£125,000	-	£140,000	£175,000	£210,000	£275,000
Outer Areas (Medium Value)	-	£120,000	£145,000	-	£155,000	£200,000	£235,000	£300,000
Outer Areas (High Value)	-	£135,000	£160,000	-	£175,000	£220,000	£265,000	£335,000
Golden Triangle (Low Value)	-	£125,000	£160,000	-	£170,000	£230,000	£265,000	£340,000
Golden Triangle (Medium Value)	-	£145,000	£180,000	-	£195,000	£245,000	£300,000	£355,000
Golden Triangle (High Value)	-	£165,000	£200,000	-	£225,000	£285,000	£330,000	£400,000

Affordable Housing Revenue

For the purposes of the CIL economic viability assessment we have assumed that the preferred delivery mechanism for the affordable housing would be to transfer the units to a nominated RSL. On this basis the revenue streams associated with the affordable housing have been derived from the Affordable Housing SPG Annex Update 2005 (Revision April 2012). The respective sale prices for submarket and social affordable housing are outlined in Table 17 for ease of reference.

Table 17: Affordable Housing Values

Property Type	Submarket Housing		Social Housing	
	£psm	£psf	£psm	£psf
Houses	£984	£91	£520	£48
Apartments	£1,230	£114	£520	£48
City Centre Apartments	£1,476	£137	£520	£48

Source: Affordable Housing SPG Annex Update 2005 (Revision April 2012)

Commercial

Our commercial value assumptions are outlined in Table 18.

Table 18

Sector	**Typology/Category**	**Prime Headline Rent £psf**	**Prime Yields**	**Incentives**	**Pre-recession Values**
Office	Prime City Centre	£22.00	6.75%	36 months rent free per 10 year term	£27.00/5%
	Prime Out of Town	£15.00	8.50%	36 months rent free per 10 year	£20.00/7%

Sector	Typology/Category	Prime Headline Rent £psf	Prime Yields	Incentives	Pre-recession Values
				term	
Industrial, Storage & Distribution	Prime Single-let	£5.50	7.50%	6 months rent free per 5 year term	£5.50/7%
	Prime Multi-let		8.00%		£5.50/7.5%
Retail	Prime traditional City Centre retail & City Centre comparison	£200 ITZA (£20-25psf)	7.00%	18 months rent free	£360 ITZA/4.5%
	Prime out of town/ retail warehouse	£25.00	8.00%	24 months rent free	£45.00/6.5%
	Supermarkets, superstores & hypermarkets	£20.00	5.00%	12 months rent free	£20.00/4.75%
	Convenience retail	£15.00	6.00%	12 months rent free	£13.00/5.75%
A3 – A5 uses	Prime City Centre	£18	8.00-9.00%	18 months rent free	£20 - £25/7.5-8.5%
	Out of Town	£12.00			£14.00/7.5-8.5%
Hotels	City Wide	£3,500 pa per bed space	6.5%		£4,000/6%
Care Home	City Wide	£6,000 pa per bed space	7.5%		£6,000/7%
Student Residential	City Wide	£3,000 pa per bed space	6.5%	N/A	£3,000/6.5%

Timing and Phasing

Our assessments are based on:

- A pre construction period of 6 months post acquisition;
- Affordable revenues are received in parallel with construction expenditure
- A residential build to sales programme of 2 units per month or 5 units per month if greater than 400 units[62]. This is slightly lower than that used in the Leeds 2011 SHLAA partnership (40 a year for sites of 150 units or less), but a cautious approach is appropriate for this study. In addition an increase by one a month would have very little impact as most developers are working on a build to sales basis.
- A construction programme of 18 months for all commercial developments.
- For both residential and commercial development scenarios it is assumed that the trigger for CIL payment will be upon commencement of the development, although payment could be made in instalments if the Council was to adopt a payment by instalments policy.

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[62] Variations in sales rates impacts on scheme viability. In particular more difficult market conditions results in less supply being absorbed and therefore this in turn has a consequential 'knock on' impact in terms of the disposal period. This impacts on scheme finances as the interest bearing balance / cash flow takes longer to be offset by the revenue streams from sales (thus interest payments rise and profitability reduces). However, developers have offset this risk somewhat by current developing out in the basis of a build to sales programme (i.e. they only build out a unit once they are a pre sale in place).

Appendix V

Property Market Review

City Centre Offices

Supply

Leeds has an established City Centre office market with a total supply of more than 11 million sq ft. The majority of the City Centre's office stock is situated within the traditional office locations known as the Traditional Core and Central Business District. Other City Centre office location categories include the West End and Fringe.

The Traditional Core captures offices situated around Park Square, Queen Street and East Parade (for instance City Point). The Central Business District captures offices s situated around City Square and the train station (for instance Toronto Square and 10 South Parade). Leeds' West End includes offices schemes at Wellington Place and Whitehall Plaza. In recent years there have been a number of office developments built in locations which are outside of these areas (fringe locations) such as The Mint (Sweet Street) and No.1 Leeds (Whitehall Road).

Demand

Following a strong start to the year, City Centre take-up slowed in Q2 2012, with leasing activity amounting to 56,440 sq ft. At the half way point of 2012, take-up totalled approximately 210,000 sq ft.

This compares to a total City Centre take-up of approximately 398,000 sq ft in 2011, approximately 283,000 sq ft in 2010 (an increase of 29%) and a five year average of approximately 418,283 sq ft.

Typically, approximately 85 -90% of City Centre occupational deals are below 10,000 sq ft and only a handful of transactions are above 20,000 sq ft. However, there has been a notable shift in the size of requirements which are active in the market (with an increase in the 10,000 – 25,000 sq ft category).

Rental values

Headline rents in Leeds City centre currently stand at £24.00 per sq ft. This rental level is primarily achievable within the Traditional Core and the Central Business District. GVA anticipates that rents will remain at this level for the short to medium term due to the lack of speculative development taking place which is restricting the supply of Grade A accommodation. As the supply of Grade A space decreases it is possible that rental values will be subjected to upward pressure and incentives will reduce.

Incentives

Tenant incentives, predominantly in the form of rent free periods, will have the effect of netting down the headline rents quoted. It is difficult to accurately determine the level of incentives being offered as they are often negotiated between the parties on a case by case basis and are less frequently reported in the market. Typical rent free periods for City Centre offices in Leeds are 30 months for each ten year term agreed.

Yields

Investor demand is focussed on prime property assets. There has been an increasing divergence between prime and secondary property prices as the spread between prime and secondary yields has widened. The consensus is that investor sentiment in respect of prime property is likely to remain cautious in the near term.

Prime Leeds City Centre office yields currently stand at 6.50% (assuming a good quality covenant and 15 years of income).

Out of Town Offices

Supply

Leeds has an extensive supply of out of town offices with the greatest concentration being to the south of Leeds City Centre and in close proximity to motorway junctions. Notable schemes include Thorpe Park (J46 M1) and City West Office Park (J1 M621).

Demand

The general perception of the out of town market is that it has been severely impacted by weak levels of occupier demand. However, the Leeds Office Agent's Forum recently reported strong take-up levels for out of town office accommodation during the first half of 2012, with approximately 220,000 been transacted – 75% of which was accounted for in the second quarter.

Rental values

In the period to the height of the market in late 2007 the level of prime headline rents within the out of town office market had been established in the order of £16.00 - £20.00 per sq ft. However the economic climate has resulted in larger amounts of availability and weaker market conditions. This coupled with the changes to empty rating liabilities has resulted in significant downward pressure on rents.

Current headline rents for prime out of town office accommodation are £15.00 per sq ft.

Incentives

There are two contrasting approaches being taken by landlords/developers in respect of marketing their properties. Many are seeking to protect their headline rentals by offering larger tenant incentives (which often remain confidential). Others are reducing the rental levels but offer minimal, if any, rent free period.

Whilst it is difficult to accurately determine the level of incentives secured by tenants in out of town deals, typically we would expect to see a rent free period of 36 months for each ten year term agreed.

Yields

Prime out of town office yields stand at 8.50%. However, this assumes a prime property, in a prime location with a strong covenant and 15 years of income.

Industrial, Storage and Distribution

Supply

Leeds has an extensive supply of industrial property. The majority of the stock is strategically located to the south of Leeds City Centre immediately off, or in close proximity to, the motorway network. The greatest concentration of industrial schemes is around the M62 near Morley and the M621 adjacent to the Aire Valley. Notable schemes include Howley Park (J27/J28 M62), Gildersome Spur (J27 M62) and Millshaw Park (A610).

The market view is that Leeds has an ample supply of second hand units but a restricted supply of new and modern Grade A stock. There are a number of schemes in the pipeline which are expected to be brought forward once economic conditions improve; the most notable of these are located in the Aire Valley, for example Logic Leeds and Connex 45.

As of March 2012, availability of industrial and logistics floorspace in Yorkshire & Humber was 39 million sq ft.

With a noticeable absence of speculative development, particularly in the big box sector, occupiers will be forced to consider build to suit properties in order to meet their requirements.

Demand

The regional industrial market has been impacted by the same overriding financial and property issues affecting the wider national market. Amongst the most prominent of these has been the shortfall in occupier demand, which coupled with the oversupply of accommodation, has led to downward pressure on both capital and rental values.

Approximately 1.5 million sq ft of industrial and logistics floorspace was taken up in Q1 2012 in the Yorkshire & Humber area. This compares to 2.6 million sq ft in Q4 2012 and a total of 9.5 million sq ft for the whole of 2011.

The latest market reports which consider units of 100,000 sq ft or more demonstrate a weakening of occupier demand. No floorspace involving units of 100,000 sq ft or more was taken up in Q1 2012 in the Yorkshire and Humber region.

Rental values

Prime rental values within the wider Yorkshire and Humberside market have held up reasonably well, propped up largely by increasingly generous incentive packages. Prime headline rents in Leeds have remained broadly stable and are typically £5.50 per sq ft.

Incentives

Due to a restricted supply of Grade A stock, transactions involving prime units which are single-let will typically attract a rent free period of 6 months. This compares to a typical rent free period of 18 months for multi-lets.

Headline rents for units of 100,000 sq ft or more have remained broadly stable. The market view is that rental values are higher for build to suit premises as occupiers are prepared to pay a premium for units which meet their specific requirements.

Yields

The perception in the market is that the subdued level of investment activity in the industrial sector is the result of a lack of suitable opportunities in the market. Investor appetite, similarly to other sectors, is most prevalent in respect of prime opportunities.

Prime single-let opportunities are likely to attract a yield of 7.5%, whilst multi-let opportunities attract a slightly softer yield of 8%.

Comparison Retail

City Centre Supply

Leeds is the primary retail destination in Yorkshire and has an established retail offer. This will be enhanced further when the 1 million sq ft Trinity Leeds scheme opens in March 2013. Once Trinity opens for business, Leeds will become the UK's 4th largest retail centre.

Leeds' current prime retail pitch is centred on Briggate which benefits from its proximity to the Victoria Quarter, Debenhams and House of Fraser. Other major retail streets include Commercial Street, Albion Street, Boar Lane and the Headrow.

Leeds has a number of centrally located shopping centres which provide a varied retail offer. The Merrion Centre caters for mass market retailing; St Johns Centre, The Light and The Core provide higher quality fashion retailing and the Victoria Quarter is home to a number of luxury brands.

Land Securities' 1 million sq ft Trinity Leeds scheme will open in March 2013 and will be anchored by a Primark, Marks & Spencer, Next and Topshop.

Hammerson's Eastgate Quarters scheme, situated between the inner ring road and the Victoria Quarter, is due to be brought forward from 2014. The scheme has been reduced in size and revised to reflect market conditions (the residential element has been removed) but will still create a substantial amount of new retail floorspace. Hammerson has secured John Lewis and Marks & Spencer as anchors albeit it is believed that M&S will now be included within Phase 2.

Out of town Supply

Leeds has a number of retail parks, the majority of which are located out of town. However, Crown Point Retail Park is located within the wider boundary of the City Centre. In addition, Leeds has the White Rose Shopping Centre – a shopping mall with over 100 shops including Debenhams, Marks & Spencer and H&M.

Demand

The negative economic backdrop continues to dampen consumer confidence and the health of the retail sector remains fragile. Clinton Cards is the latest in a line of high profile retailers to enter administration.

On the high street, there has been a noticeable churn of tenants on Briggate, Commercial Street and Albion Street. This is partly due to the number of retail casualties (such as Clinton Cards and Game) and partly due to the changing dynamics of the sector – poor sizes and poorly configured units are significantly less desirable to major retailers.

On a more positive note, Land Securities' Trinity Leeds is 80% let or in the hands of solicitors, a full six months before it is due to open. The scheme will deliver modern units of a size and configuration which is commensurate with the current demands of retailers. Hammerson has secured John Lewis and Marks & Spencer as anchors to their Eastgate Quarters scheme. These two pre-lets have provided Hammerson with the impetus to bring the scheme forward, in conjunction with their recent purchase of Victoria Quarter.

Rental values

Prime headline rents in Leeds City Centre are £250 per sq ft Zone A and are achievable along Briggate and in the Victoria Quarter. Rental values drop off in the Core and Merrion Centre and are typically £180-£200 per sq ft Zone A and circa £150 per sq ft Zone A respectively.

It is believed that Land Securities are trying to mirror the rental tone of Briggate in its Trinity Leeds scheme, although details are being kept confidential.

In the out of town market, Zone A rents at the White Rose centre are in the region of £300 per sq ft and at Birstall Shopping Park, rents are typically £40 per sq ft overall.
Incentives

Incentives in the retail sector are normally structured as either a rent free period or capital contribution towards the fit-out of the unit.

Rent free periods could range from 18 months to five years depending on the circumstances but are typically 18-24 months in duration.

Yields

Prime City Centre retail yields are in the order of 7%, with prime out of town yields and retail warehouses typically being 8%.

Food Retail

The grocery sector operates on a national basis (excluding London) and has proved to be one of the most active sectors during the economic and property market downturn. Broadly speaking, development and investment activity has remained strong and rental values and yields have remained stable.

The big four grocers (Tesco, Sainsbury's, Morrisons and ASDA) have a collective market share of approximately 75% and collectively operate in all of the major formats of convenience, supermarket, superstore and hypermarkets.

Grocers are oligopolistic meaning that due to the limited number of suppliers of a product, the actions of one supplier can have a significant impact on prices and it competitors. Grocers have pursued an almost cannibalistic approach to increasing their market share, and therefore company profits, by infilling their geographic coverage. Grocers are increasingly looking to smaller format stores to achieve this geographic infilling. The latest formats to emerge are Little Waitrose and Morrisons Local.

A movement towards smaller format stores, such as Little Waitrose, Morrisons Local and the more established Sainsbury's Local and Tesco Metro, links in with an increasing trend for shoppers to 'top-up' their grocery supplies on a more regular basis and reduce the number of 'big shops' undertaken.

Furthermore, announcements by Tesco that it was reducing its development pipeline and decreasing the size of its new stores may lead to a greater degree of caution being applied by developers and investors, which may in turn impact on appraisal inputs.

Rental Values

Rental values for larger format stores (supermarkets, superstores and hypermarkets) are in the region of £17-£20 psf. Rental values for smaller format stores (convenience) are typically £12.00-£15.00 psf.

Yields

Larger format stores (supermarkets, superstores and hypermarkets) typically achieve investment yields of 5%+ depending on the format of the store, the covenant strength and lease length. Smaller format stores (convenience) typically achieve yields of 6%+.

Incentives

Incentives in the food retail sector are often structured in a complex manner and may form an integral part of the shop's construction/fit-out. Rent free allowances may be in the order of 12 months.

Student Residential

Supply

Nationally, the student accommodation sector is defined by demand outpacing supply. However, in some regional Cities the market is reaching saturation as demand and supply balance, which could impact on rental growth and occupancy levels.

According to HESA data, the private rented sector retains the largest share of the student accommodation market at just over 29%. This is followed by students living in their family home (circa 19%), those living in university halls of residence (18.4%) and those living in their own residence (circa 17%).
Private halls of residence only accounted for 4.8% of all student accommodation in 2010/2011.

Between January and August 2012, planning applications have been submitted for a total of 27,000 beds for student accommodation, 72% of which are from the private sector.

Constraints relating to planning policy and funding may impact on the development pipeline.

Demand

The total number of university students in the UK exceeded 2.5 million for the first time in the 2010/2011 academic year. However, the introduction of higher student fees in September 2012 has resulted in a 7.7% decrease in applications as of June 2012 compared to June 2011. It is deemed too soon to determine the longer term impact that increased student fees will have on student numbers.

Accommodation contracts with students are usually based on 42 weeks.

Rents

Typically, high demand for purpose built student accommodation is maintaining upward rental growth.

Rental growth has remained positive as demand significantly outweighs supply. Rental growth is been driven by the widespread use of RPI inflation linked annual uplifts. RPI inflation was 2.9% in august, down from 3.2% in July.

The national average weekly rent is just under £70.

Rents in Leeds have risen 5% since last year according to research by accommodationforstudents. Com. The average weekly rent in Leeds is £72.

Yields

Investor appetite for student residential continues to grow. The sector can offer investors long leases with relatively secure covenants, supported by multiple guarantors.

It is difficult to analyse investment deals in the student residential sector as it remains less transparent than other sectors. Location, competition and quality are fundamental attributes in applying a yield, in addition to lease length and covenant strength. Typically, yields of 5.5% to 7.5% have been achieved in deals completed in the last 18 months.

In Leeds, there were two notable deals in 2011. The 241 room Broadcasting Tower was acquired by AHLI United Bank in January 2011 for £14.9m, representing a yield of 6.4%. In December 2011, Rockspring acquired the 717 bedroom Leodis scheme for £29.1m, reflecting a yield of 6.5%. In June 2012, Liberty Dock at Clarence Dock was subject to a sale and leaseback in which Liberty Living has a 15 year nomination agreement with the University of Leeds.

Hotels

The hotel sector has been impacted negatively by the recession and the deterioration in property market conditions. Although the sector may have witnessed an improvement in some areas, it is recognised that the regional hotel market remains difficult. However, Leeds benefits from being a major City and the commercial centre of Yorkshire. Corporate and leisure demand is therefore inherently stronger than many regional locations.

An additional pressure currently being exerted on the sector is Travelodge's Company Voluntary Arrangement (CVA) which it has entered into following approval from the majority of its landlords. The CVA will enable Travelodge to exit a number of its properties and reduce its rental liability on a number of others.

The uncertainty created by the Travelodge CVA has led to a greater amount of caution being applied in the assessment of development viability and investment activity as there are less tenanted hotel operators active in the market. It is therefore prudent to apply a greater degree of caution to the assessment of the viability of hotel development at this time.

Supply

Leeds is well serviced by a number of hotels varying from budget to four-star. The majority of the existing supply is split quite evenly between these types. There is also a small supply of apartment accommodation.

The City Centre has the greatest concentration of hotels which exists to serve corporate and leisure users.

Occupancy Levels

Data prepared by AM:PM indicates that the average occupancy level in Leeds during 2011 was 72%. This compares to an average in England of 70% and a regional UK average of 71%.

Longer-term data sourced from STR Global demonstrates that Leeds' 2011 average occupancy level was the highest recorded in a seven year period (2005-2011 inclusive). During that seven year period, occupancy levels reached their lowest point in 2009 with an average of 64.4%.

Room Rates

AM:PM data for Leeds indicates an average room rate of £58 during 2011. This compares to an average in England of £60 and a regional UK average of £61.

For the purposes of modelling hotel development, indicative assumptions would be an annual room rental rate of £3,500 and a yield of 6.5%. This assumes a scheme in a good location and a budget operator as tenant.

Care Homes

The care home sector is perceived by many to be one of the few sectors which have continued to function and benefit from development and investment activity during the economic and property market crisis.

It is recognised that the UK has an increasing and ageing population and it is indeed correct that a number of new care homes have been built of late.

However, GVA consultants who specialise in the healthcare sector inform that development funding is scarce and development and investment activity is currently only facilitated in circumstances where the best schemes combine with the best locations and the best covenants. Furthermore, the greatest amount of activity is focused in the south of England.

That said, Leeds is a major regional City and the commercial centre of Yorkshire. It benefits from a larger and more prosperous population than other regional locations. There are also a number of affluent residential pockets in the City which are commensurate with care home demand.

For the purposes of modelling care home development, indicative assumptions would be a rental value of £5,500-£6,000 per bed space per annum and a yield of 7-8%. Operator incentives would amount to a six month rent free period.

Drinking Establishments/Pubs

The licensed property market, inline with other consumer-led markets, continues to experience fluctuating trading conditions and transactional activity due to general economic conditions and difficulties associated with obtaining finance.
In the private free house sector, values remain below peak levels which in dissuades vendors from disposing of property assets. In the corporate sector, many have continued to progress their estate rationalisation/ disposal strategies.

The consensus is that the pub market remains oversupplied and a significant number of disposals are required (up to 3,000 pubs per annum for the next two to three years according to one commentator) in order to create a sustainable sector. That said, some managed pub companies have sought to expand their portfolios and take advantage of market opportunities.

There has been a marked shift in trade which has seen food-led overtake wet-led pubs in the marketplace. Pub-dining is proving to be an affordable alternative to restaurant dining.

There have been encouraging signs in the high street bar sector. Operators have taken advantage of the general trend of traditional high street retail shifting to modern purpose built schemes, thereby leaving opportunities for bars to be established.

For the purposes of modelling A4 use, indicative assumptions would be a rent of £20-25 psf for prime City Centre units and £12 psf for out of town units. A yield of 8-9% could be applied, depending on the quality of the covenant. A reasonable rent free allowance would be 12 months. These assumptions are consistent with those used for A3 use on the basis that A3 and A4 operators are likely to compete for similar premises.

Restaurants

Even though consumer confidence is fragile and spending patterns have been cautious, eating out remains the UK's No.1 leisure activity. Many are prepared to restrict spending in other areas in order to maintain their ability to dine out.

Competition to the traditional restaurant sector is emerging from many areas (for instance the 'dine in deals') and consumers have an increasing amount of choice. Consumers can also take advantage of the increasing amount of deals available, many of which are facilitated through social media.

Leeds City Centre has a diverse restaurant offer, with a particular pocket of restaurants around Greek Street, Park Row, City Square and, to a lesser extent, Briggate and Boar Lane. There is good representation from a number of national chains and a respectable number of independent restaurants.

For the purposes of modelling A3 use, indicative assumptions would be a rent of £20-25 psf for prime City Centre units and £12 psf for out of town units. A yield of 8-9% could be applied, depending on the quality of the covenant. A reasonable rent free allowance would be 12 months.

Appendix VI

Stakeholder Representations

Title	First Name	Last Name	Position	Organisation	Address	Email	Phone Number	Stakeholder Type	Summary of Comments	GVA / Council Response

Mr	Richard	Serra	Director	Savills	City point, Leeds, 29 King Street, Leeds, LS1 2HL			Leeds Property Forum	• Concerned over the duration of the consultation process, and ability to provide meaningful comments.
									• Welcomes the use of the Affordable Housing Economic Viability Assessment (2010).
									• Acknowledges relations ship between CIL rates and emerging plan policies and would like further understanding of how the Council intends to deal with the interplay between CIL rates and emerging policy documents to ensure soundness.
									• Wish to understand how the Council proposes to deal with the interrelationship between CIL and S.106 and in particular the Regulation 123 list. Would like to see the Regulation 123 list published before adopting the Charging Schedule to give certainty to the property industry that there will be no scope for double counting and that strategic sites will not be shackled by infrastructure on the Regulation 123 list.
									• Given the EVS demonstrates that CIL may only be feasible on housing development within the Golden Triangle and some parts of the Outer Area, how will the Council reconcile this with application of other policies within the Core Strategy to allow a more widespread application whilst still meeting its Core Strategy Objectives.
									• Supports the EVS conclusion that CIL will not be feasible on brownfield sites and would like to comment further on the definition of brownfield when defined.
									• Want to comment on any proposed levy on student accommodation.
									• The feasibility of applying CIL to office development within the City Core, allowing for flexibility on other Core Strategy policies, requires further assessment. As does its application to prime out-of-ton, city centre comparison and large format convenience. Reserving judgment.
									• Raise the following issues in relation to exemptions and relief's:
									    ○ Provision for discretionary charitable relief on investment activities (reg 44);
									    ○ Discretionary relief for exceptional circumstances (reg 55);
									    ○ Provision for payment by installments (reg 70).
									• Reserve the right to make comments on the methodology and assumptions made.
									• Specific Comments
									• The average size of a studio flat in the City Centre is nearer 350sqft.
									• Average size of a 1 bed flat is nearer 450sqft.
									• Construction costs for large residential schemes
										•

									(50units +) is nearer £150/sqft • Professional fees for city centre residential development should be lower than 15% but higher the 6% for other areas. • Developers profit should be 20% of gross development value or a distinction made between greenfield and brownfield development. • It would be helpful to understand the low, medium and high value residential sub areas within the outer area of Leeds. Preferably by having these mapped. • Residential land values in the Golden Triangle should be averages rather than maximums. • £200 ITZA is a more appropriate prime headline rent for prime City Centre retail. • 18 months is a more appropriate rent free incentive for out of town / retail warehouse development. • Two yields should be adopted for prime City Centre and out of town A3-A5 uses with 7.0-8.0% for A3 uses. • 10% contingency should be adopted for build costs on all development outside the City Centre. • Letting agents fees normally 7.5% on a joint agency basis or 10% on a sole agency basis. • 2,500 sqft would be a more appropriate average for a traditional non-food retail unit. • Average size for a financial and professional services unit appears high, 3,500sqft would be more appropriate. • 50,000sqft for city centre comparison retail suggests a department store rather than a typical unit? • Construction costs for offices should be between £1,300-£1,400/m2. • Appropriate sensitivity analysis should be carried out on the EVS.	
	Ben	Aspinall	Director	Aspinall Verdi	Suite 21, 30-38 Dock Street, Leeds, LS10 1JF	ben@aspinallverdi.co.uk	0113 243 6644		• See's CIL as a tax on development and questions who is responsible for paying it i.e. the developer out of profit or the landowner out of price. • Any CIL on brownfield sites will impact on the timing and rate of development, having a direct effect on economic development, jobs and growth. • Better opportunities to apply CIL to Greenfield sites, once released for development. • Economic viability associated with CIL should not be allowed to undermine the city centre first planning principles. • Opportunities to use CIL revenue from areas/wards with large amounts of Greenfield development to support social and economic infrastructure throughout the district. • Substantially urban areas / wards should have a nil or normal CIL rate so as to not stymie redevelopment.	•

	Mike	Hartley		Rushbond		Mike.hartley@rushbond.co.uk		Developer	• Concerned about the limited timeframe to respond • Implementation of the levy will have a very detrimental effect on the confidence within the Leeds commercial property market and the ability to progress development, particularly as there is no opportunity to challenge dependant on the viability of a particular development. • The levy seems to be initially a response to tax profit on residential land but has now been applied to commercial uses. • Almost impossible to have a single specimen appraisal for each sector / area of the market as a valuation basis for similar development. • A separate assessment for new build / refurbishment should be provided. • Specific questions: 1. Is CIL payable on a refurbishment when there is no change of use? 2. If there is a change of use is CIL payable on the total floor area of the refurbished building and is there a separate gross to net ratio for refurbished properties as opposed to new build? 3. If a developer seeks to extend a refurbished property presumably CIL is only payable on the additional space? 4. Is there any special contingencies for listed buildings as the build costs are usually substantially higher? 5. Will there be a plan showing where the prime city centre office areas are? 6. The assumptions for prime out of town office yields is inappropriate, only applying to pre-lets with major space requirements and not speculative build. 7. In terms of the profit on residential projects, 18 % is too low as any fund would expect a minimum of 25% profit. This has been accepted by York Council in their assessment. 8. In terms of funding, particularly for city centre residential properties, the funds will only assess market value on the basis of rental market not long leasehold sale (or a reduction of 20-30% of the sale value is applied). This is not taken into account in the model. • As intimated in your report, the fragile state of the property market and difficult economic circumstances means this seems to be the wrong time to bring in a new raft of charges / tax on development, especially as CIL is fixed for a minimum of 3 years. • Why, unlike affordable housing, S106, highway contributions will the Council not allow a challenge to the level of charge based on the viability of a	• The Council and GVA are acutely aware of current market conditions and the potential for CIL to stymie development and will consider this extremely carefully when / if setting CIL rates. • The Council has to work within the Regulations currently in place and this guidance must form the basis of our assessments. • The CIL assessment is only meant as a strategic exercise and not be scheme specific. All the assessment is seeking to do is identify those sectors which could be viable for CIL. The Council / GVA will need to consider a raft of qualitative and quantitative arguments that can be factored into a technical appraisal when considering what the CIL rates should be. • In terms of refurbishment CIL does not apply unless it results in 100sqm or nore of net new space. However the Government are considering imposing the charge on whole scale refurbishment. • If the Council elect to charge on City Centre Offices, a charging plan will need to be published alongside a the charging schedule. • Assumptions are based on market evidence and have been discussed with a range of commercial agents. We also recognize the importance of getting feedback from developers through this process. • Larger margins required by funds will be considered in sensitivity testing. • Not taking into account long leaseholds at this stage as the City Centre appraisals are showing a distinct lack of viability and this would obviously compound viability issues.

									particular project, if it does not fit within the template of the model appraisal. •	• There are no timescales for when a Council can review CIL rates. The only burden being the requirement to go through the whole process again. • The lack of opportunity to negotiate CIL rates on a site by site viability basis is set by the Regulations and not the Council. The Council will consider not imposing the Levy, in exceptional circumstances, where S106 obligations exceed the cost of the Levy.
	Tim	Reeve		Advent Developments		tim.reeve@adventdevelopments.co.uk	07814904076	Developer	• The CIL process should be delayed until the property market improves. • Funding is in short supply and when available, banks will only fund a limited number of high quality projects with 25% minimum profitability and charge handsomely for this lending. • Bank costs are not limited to interest but include valuation fees, legal DD fee, monitoring surveyors fees as well as funding fees ranging from 2-5% of the loan. • Banks also expect a cost overrun guarantee posing further risk and cost on the developer. • In addition developers are expected to pay local authorities fees for affordable housing analysis and appraisal as well as legal agreements (S278, S62, S106 etc). • Proposed fees applied within GVA's model are unrealistically low particularly at 6% for residential projects. • Costs associated with assessing homes for the Code for Sustainable Homes are missed / underestimated.	•
	Sonja	Swift	Senior Planner	Commercial Development Projects Limited		sswift@marshallcdp.com	01422 376821		• Generally supportive of cost assumptions. • Referred back to comments already made on policies EN1 and EN2 in the emerging Core Strategy.	•
Mr	Richard	Serra	Director	Savills	City point, Leeds, 29 King Street, Leeds, LS1 2HL			Home Builders Federation	• Concerned over the duration of the consultation process, and ability to provide meaningful comments. • Welcomes the use of the Affordable Housing Economic Viability Assessment (2010). • Acknowledges relations ship between CIL rates and emerging plan policies and would like further understanding of how the Council intends to deal with the interplay between CIL rates and emerging policy documents to ensure soundness. • Wish to understand how the Council proposes to deal with the interrelationship between CIL and S.106	•

									and in particular the Regulation 123 list. Would like to see the Regulation 123 list published before adopting the Charging Schedule to give certainty to the property industry that there will be no scope for double counting and that strategic sites will not be shackled by infrastructure on the Regulation 123 list.
									• Given the EVS demonstrates that CIL may only be feasible on housing development within the Golden Triangle and some parts of the Outer Area, how will the Council reconcile this with application of other policies within the Core Strategy to allow a more widespread application whilst still meeting its Core Strategy Objectives.
									• Supports the EVS conclusion that CIL will not be feasible on brownfield sites and would like to comment further on the definition of brownfield when defined.
									• Want to comment on any proposed levy on student accommodation.
									• The feasibility of applying CIL to office development within the City Core, allowing for flexibility on other Core Strategy policies, requires further assessment. As does its application to prime out-of-ton, city centre comparison and large format convenience. Reserving judgment.
									• Raise the following issues in relation to exemptions and relief's:
									  ○ Provision for discretionary charitable relief on investment activities (reg 44);
									  ○ Discretionary relief for exceptional circumstances (reg 55);
									  ○ Provision for payment by installments (reg 70).
									• Reserve the right to make comments on the methodology and assumptions made.
									• Specific Comments
									• The average size of a studio flat in the City Centre is nearer 350sqft.
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									• £200 ITZA is a more appropriate prime headline rent for prime City Centre retail.	

									• 18 months is a more appropriate rent free incentive for out of town / retail warehouse development. • Two yields should be adopted for prime City Centre and out of town A3-A5 uses with 7.0-8.0% for A3 uses. • 10% contingency should be adopted for build costs on all development outside the City Centre. • Letting agents fees normally 7.5% on a joint agency basis or 10% on a sole agency basis. • 2,500 sqft would be a more appropriate average for a traditional non-food retail unit. • Average size for a financial and professional services unit appears high, 3,500sqft would be more appropriate. • 50,000sqft for city centre comparison retail suggests a department store rather than a typical unit? • Construction costs for offices should be between £1,300-£1,400/m2. • Appropriate sensitivity analysis should be carried out on the EVS.	

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