

Dartford Community Infrastructure Levy

Overview Report January 2013



DARTFORD
BOROUGH COUNCIL

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1. Introduction

- 1.1 This document, referred to as the Overview Report, has been prepared in support of Dartford Council's Community Infrastructure Levy (CIL). It sits alongside the Viability Assessment¹ and the Infrastructure Development Plan (IDP)² as part of the evidence base. It sets out the considerations the Council has taken into account in determining the appropriate rate at which to set CIL.
- 1.2 Most new development will have some impact on infrastructure³ in the area. In Dartford, many elements of community and physical infrastructure are operating at full or near full capacity. Therefore, to be sustainable, new development needs to be accompanied by the facilities that are needed to support it. CIL provides a means by which development can share the costs of this provision.
- 1.3 CIL is set at a fixed rate and charged per net additional square metre of floorspace. It will apply to most new development. Further details of the proposed CIL rates in Dartford, the types of development to which it will apply and how the charge will be calculated are provided in the [Dartford CIL Draft Charging Schedule](#).
- 1.4 In the past, development contributions towards infrastructure have been secured largely through Section 106 agreements (S106) as part of planning consents. Although limited use of S106 will continue alongside CIL, the Government has restricted how S106 can be used. The Council believes that introducing CIL as the main mechanism to raise funding for strategic infrastructure is essential in Dartford's circumstances. This has a number of benefits:
- The cost of funding infrastructure will be shared across a wider range of development;
 - CIL receipts can be pooled to pay for strategic infrastructure - this will no longer be possible with S106;
 - It will provide certainty for developers - they will know from the outset how much they have to pay;
 - It is a simpler and quicker process for both the Council and developer – it will not delay development;
 - Part of the funds raised can be used by local communities to address the impacts of new development in their neighbourhood.

¹ CIL Economic Viability Assessment for Dartford Borough Council and addendums, GVA

² Dartford's Infrastructure Development Plan, Dartford Borough Council, Updated November 2012

³'Infrastructure' refers to community facilities and physical infrastructure, for example schools, doctors surgeries, roads and water supply and sewerage systems.

2 Consultation

2.1 The outcomes of earlier consultations have been taken into account in preparing the Draft Charging Schedule. The following consultations were undertaken:

- Stakeholder workshop December 2011
- Consultation on Preliminary Draft Charging Schedule April-May 2012
- One to one meetings with key stakeholders

2.2 Consultation on the Preliminary Draft Charging Schedule was carried out by:

- Notifying by email or letter all local planning authorities adjoining the district, Kent County Council, the Greater London Authority, parish /town councils, residents associations, infrastructure providers, businesses, developers, house builders, community organisations and other organisations with an interest in future development in the district;
- Providing information about the consultation on the Council's website and through a local press notice;
- Making the schedule and supporting documents available at Dartford Central Library, the Council's Civic Offices and on the Council's website.

2.3 Twenty two responses were received to the Preliminary Draft Charging Schedule consultation. A [summary of the representations and the Council's response](#) is available on the Council's website. A schedule of the full comments is also available.

2.4 The main issues raised were:

- The proposed rate for large retail development outside the town centre was too high;
- A lower/zero rate should be considered for large/strategic sites or greater flexibility should be provided;
- Development would be unviable at the rates proposed and planned development would be put at risk;
- The proposed rates would be insufficient to fund the infrastructure required;
- Significant support for payment of CIL by instalments;
- Support for an 'exceptional circumstances' policy;
- Concern about whether infrastructure would be delivered at the right time to support development;
- Detailed comments/difference of opinion on the Viability Assessment.

2.5 Following the general consultation and one-to-meetings with stakeholders, the supporting documents and the charging proposals have been reviewed and revised. This Overview Report addresses many of the issues raised through the consultation.

3. How the CIL Rate Has Been Set

- 3.1 In setting the rate of CIL, regard has been had to the Planning Act 2008, Community Infrastructure Regulations 2010 and (Amendment) Regulations 2011 and 2012, Community Infrastructure Levy guidance: charge setting and charging schedules procedures March 2010. The CIL proposals have their basis in the Core Strategy (2011).
- 3.2 The proposed CIL rate has been determined by considering, on the one hand, the cost of required infrastructure and, on the other, the viability of development. The infrastructure requirements are based on the Core Strategy assessment of what is needed to support planned development. Development viability has tested the types of development that are likely to arise in Dartford and taken into account policy requirements set out in the Core Strategy.
- 3.3 The rate set should not put overall development across the Borough at serious risk. Regard has been had to ensuring that strategic objectives set out in the Core Strategy are not undermined. This relates both to the development and the infrastructure that is needed to achieve Core Strategy objectives. The CIL Regulations 2010⁴ require that the charging authority determines an appropriate balance for its local area taking into account:

<p style="text-align: center;">The desirability of CIL to contribute towards the infrastructure costs of planned development, taking into account other potential sources of funding</p> <p style="text-align: center;">VS</p> <p style="text-align: center;">The potential effects (taken as a whole) on the viability of development in the area</p>

4. Infrastructure

- 4.1 To ensure that the CIL rate is reasonable in relation to infrastructure requirements, the cost of providing the necessary infrastructure to support development has been calculated. The calculation is based on the

⁴ CIL 2010 Regulations 14

Infrastructure Delivery Plan (IDP) February 11 version 2 and the IDP - Update of proposed projects November 2012.

- 4.2 The IDP is a supporting document to [Dartford's Core Strategy](#). It sets out the social, physical and green infrastructure needed to support planned development for the period 2006 - 2026. Funds raised through CIL are not expected to fully fund all identified infrastructure but will be one element in a package of funding sources.
- 4.3 In response to consultation comments, cost assumptions, alternative funding sources, timing of projects and identification of projects that are likely to be CIL funded have been reviewed and updated. The [review](#) has taken into account the revised housing trajectory, particularly changes to the five year land supply. Table 1, below, is an indicative list of the schemes that are likely to be funded through CIL. The schemes identified are considered essential to support planned development.

Table 1: Indicative CIL- Funded Infrastructure

Infrastructure Type	Cost	Non-CIL funding	Funding Gap	Indicative CIL Schemes
Recreation and Sport	£20m	£10m	£10m	<ul style="list-style-type: none"> Leisure complex, Dartford town centre
Transport				
Strategic Transport Infrastructure Programme, Kent Thameside, (STIP) Dartford part	£98.04m	£48.49m	£49.55m	<ul style="list-style-type: none"> Dartford town centre improvements Bean Junction St Clements junction Ebbsfleet junction Urban traffic management systems
Green Grid and pedestrian/cycle routes	£4m	£2.74m	£1.26m	<ul style="list-style-type: none"> Pedestrian bridge over the River Darent at Northern Gateway Off site green grid links New elements of strategic cycle network in north of the Borough
Community Infrastructure	£75.54m	£42.8m	£32.74m	<ul style="list-style-type: none"> 3 primary schools 1 secondary school Health facility at Northern Gateway
TOTAL	£197.58 m	£104.03 m	£93.55m	

Table Notes

- The table is not be taken as a definitive list of infrastructure to be funded by CIL.
- Other funding sources include existing S106 obligations, estimates of future on-site delivery by a developer and other public funding sources. These estimates may change. The funding gap shown is the funding required after these sources have been taken into account.

3. Costs are “best” estimates at November 2012, using emerging data on scheme costs, cost ratios and based on past experience.
- 4.4 Schemes and costs are under continuous review with partners to ensure they are up-to-date, represent best value and draw on all potential funding sources.
- 4.5 After taking into account committed and potential sources of funding (see Table 1, note 2 above), Table 1 shows that there is an unmet funding requirement of approximately £93.55 million to finance the infrastructure needed to support planned development.

5. Viability

Viability Assessment

- 5.1 CIL regulations require that the viability of development is taken into account in setting the charge. GVA Grimley were appointed by the Council to give viability advice on potential CIL rates for different uses and locations in the Borough. Following consultation on the Preliminary Draft Charging Schedule, the Viability Assessment has been updated to provide additional information on the viability assumptions and further sensitivity testing of the retail scenarios, large sites and care homes. These additional assessments are set out in [two addendums](#). The further findings have enabled review of the proposed levy rates and potential impacts of CIL on development in the area.
- 5.2 The study is strategic in nature and provides generalised results. It is not intended to determine viability of individual schemes as these may vary according to the specific circumstances of the site. There is not a requirement to assess the viability of individual developments in setting the charge.
- 5.3 The study is based on planned development set out in the Core Strategy. It has assessed a range of future development scenarios appropriate to Dartford in order to test the margin available for CIL. The scenarios are set out at p.9 and 11 of the study and P.5 of the retail addendum. The scenarios take into account Core Strategy policies on affordable housing, housing mix, housing density, green space provision and energy and water efficiency.
- 5.4 The base case for the scenarios assumed that there would no grant available towards affordable housing in mixed housing schemes. Further assessment showed that were grant to become available, viability would improve significantly. An option to use re-cycled grant to support affordable housing on some private developer-led schemes has been identified in discussion with registered providers. Additionally the Council is considering options for the use of Right to Buy receipts. Both provide potential funding sources for affordable housing, which may enable financial support to be

targeted at some schemes where viability is marginal due to specific site circumstances (see para 5.17).

- 5.5 The scenarios tested have resulted in a range of CIL rates at which development would be viable at 2011. Government guidance advises that CIL rates should be set in a way which avoids undue complexity. In recommending CIL rates, the consultants, therefore, amalgamated the scenarios into broader bands of intended uses and locations of development, where this was compatible with viability outcomes.
- 5.6 The consultant's recommendations are provided as 'up to' rates, that is, the maximum charge they recommend for each band. These amalgamated 'up to' rates are distinct from the maximum rate at which CIL is viable, since the bands include a number of development scenarios with a range of viability levels. The recommended CIL rate has been determined with consideration to the nature of future planned development in Dartford. The impact of the proposed rates on the overall viability of development in the Borough is considered below.

Impact on Planned Housing Development

- 5.7 In order to understand which of Dartford's planned housing development will be affected by CIL, an analysis has been undertaken of Dartford's housing sites. Appendix 2 lists the housing sites, not yet completed, which underpin the Core Strategy planned development of 17,300 homes. Much of this capacity has either been completed, has planning consent, or is likely to have planning consent before CIL is implemented. It will not, therefore, be liable to a CIL charge. Of the remaining housing capacity, it is the five year land supply that will primarily be impacted by the current CIL proposals, as the CIL rate will be reviewed within five years. Table 2 below shows that only 18% of the 5 year land supply is likely to be liable to CIL. Consequently, even if CIL had an adverse impact on some of the liable development within the five year supply, it would be unlikely to put overall development at serious risk.

Table 2 : Proportion of housing supply likely to be CIL liable

	Housing supply 2006 to 2026		5 yr land supply 2012 to 2017		
	No. homes	% homes	No. homes	% of devt to 2026	% of devt to 2017
A. Core Strategy planned housing	17,300	100	6003	35	100
B. Completed 2006-2012	2,707	16	0	0	
C. Sites with, or likely to have, planning consent before CIL	9,824	57	4928	34	82

implementation					
TOTAL CIL LIABLE : A	4769	27	1075	7	18
- (B+C)					

* Figure from Dartford's 'Five Year Housing Land Supply for 1 April 2012 to 31 March 2017', factored to remove 20% buffer.

Viability 'Buffer'

- 5.8 Some respondents to the Preliminary Draft consultation commented that the CIL rates proposed had an insufficient viability buffer. This could hinder development if market circumstances changed or if there were adverse site specific circumstances. Appendix 3 draws on data from the Viability Assessment (Appendix D of the GVA Study) to show the impact on development viability under changed circumstances. A 10% increase in build/capital costs and a 5% reduction in sales values were considered in combination in the Viability Study as one of a number of possible scenarios⁵. Appendix 5 considers these changes individually, to help understand their relationship to CIL. The impact of each of these changes is considered with the proposed CIL rate as well as reductions to CIL of 10% and 50% and with a zero CIL rate.
- 5.9 Appendix 3 shows that a 10% increase in capital costs⁶ has a limited impact on the viability of development after applying the proposed CIL rate. Analysis shows that 75% of planned development has planning consent or would remain viable at the proposed CIL rates even with a 10% increase in capital costs.
- 5.10 A 5% reduction in sales values has a more significant effect on viability when combined with the proposed CIL rate. However, for both capital cost increases and sales value reductions, a 10% reduction in the CIL rate would improve the viability outcomes of only 8% of planned development. It is only where the proposed CIL rate is reduced by 50% that there an overall improvement in development viability for these schemes. The potentially large loss of contributions towards infrastructure from this level of reduction has to be weighed against the limited amount of development affected.
- 5.11 The major factor in the viability of development appears to be sales values. A 5% reduction in sales values would render some types of development unviable or marginally viable, irrespective of whether a CIL charge was applied or not. This suggests that within the range of CIL values considered, a reduction in CIL from that proposed would provide limited relief in different market circumstances.

⁵ The Viability study considered a range of scenarios relating to viability impact of incremental improvement or reduction of development costs and values. Appendix D.

⁶ This could be build costs or abnormal site preparation costs

- 5.12 All residential scenarios tested demonstrate that they have viability for a CIL level of at least £100 with a wide range of viability buffer above this threshold. Even in the case where a notional buffer of £10 per sq metre is projected this would equate to approximately £1,000 buffer per home.
- 5.13 Table 1C of Appendix D of the Economic Viability Study: Errata shows the recommended CIL rate as a proportion of Gross Development Value (GDV) for each of the housing scenarios tested. This shows that in all cases, CIL is 9% or under of overall value and explains why the viability of development has such limited sensitivity to a change in the rate of CIL.
- 5.14 The effect of increasing the CIL recommended rate by 25% has been assessed by the consultant.⁷ This demonstrates that increasing the recommended CIL rate would be likely to render some development scenarios unviable, specifically housing schemes of 125 and 500 homes comprising houses and flats. The schemes affected are also those most vulnerable to any changes in circumstance such as an increase in development cost or reduction in sales value. Figure 1 below outlines the effect of different levels of CIL on the funding requirement for infrastructure to support development. The potential increase in contributions towards infrastructure of an increased CIL rate has to be weighed against the risks to the viability of planned development.
- 5.15 The proposed CIL rates have been compared with recent S106 agreements. This found that where comparisons could be made, the CIL contribution would be broadly comparable. The comparisons are for residential development in the urban area. For an average home of 95m² CIL liability would be £9,800.

Table 3 : Recent Examples of S106 Agreements

Scheme (no of private homes)	S106 contribution per home	Notes
103	£9,749	
28	£9,600	
237	£10,675	Very high exceptional costs and reduced affordable housing requirement negotiated
140	£7,290	Renewal of existing planning consent. Reduced affordable housing requirement negotiated
807	£8,000	Additional direct provision of infrastructure not included in contribution, therefore not directly comparable. Exceptional site remediation costs. A reduced affordable housing element is being negotiated.

⁷ Economic Viability Assessment (Errata) Appendix D

Large/Strategic Sites

5.16 In response to the Preliminary CIL consultation, concern was expressed that viability of large strategic sites (circa 1,000 units) would be affected by the proposed CIL rate. The consultants have reviewed the modelling assumptions and carried out further assessment of the viability of this type of housing development. The updated assessment suggests that large sites will be viable at a CIL charge of over £100 per sqm even without grant funding for the affordable housing element of the scheme. Whilst a generous level of additional costs associated with bringing sites of this nature forward has been assumed, the Council recognises that in some cases there may be abnormal costs which affect viability. A number of actions could be considered in these situations:

- Targeting re-cycled provider grant or Council house sale receipts to assist in the provision of affordable housing. The viability assessment demonstrates that there would be a significant improvement in viability if grant were made available.
- Being flexible in negotiating affordable housing requirements. The Council already applies a flexible approach in S106 negotiations, with consideration of different affordable housing tenures or deferment of affordable housing to later phases of a scheme when there is improved viability. Sites of this nature are likely to take a number of years to be built out thus providing the potential for improved viability in later phases of a scheme. This more flexible approach is advocated by the government (see Renegotiation of S106 Planning Obligations, Aug 2012, DCLG).
- Provision of an instalment policy to ease cash flow burdens. (This is proposed in Appendix 4)
- Appropriate phasing of development granted outline permission. The CIL Regulations state that “each phase of development is a separate chargeable development” where outline permission is granted. This will enable the CIL contributions to be spread over a wider period.

5.17 The updated evidence does not support a case, as suggested during consultation, that these sites be charged a different rate to other schemes in zone B. In addition, if the CIL rate was reduced for these developments, this would significantly affect CIL funding and result in insufficient funding to provide the infrastructure necessary to support them. This would negatively impact on the delivery of these sites.

Retail Development

5.18 Issues were raised at the Preliminary consultation stage about the proposed CIL rate for large retail developments outside the town centre. In response to this, the consultants have carried out further testing of

retail development scenarios⁸ both within and outside the town centre. This has provided the Council with an understanding of the impact of CIL on a wide range of retail scenarios of a type which are likely to come forward as part of the retail provision identified in the Dartford Core Strategy.

- 5.19 After considering the additional assessments and the consultant's advice, the Council now proposes a CIL rate of £125 per sq m for retail development of over 500 sq m outside the town centre. The proposed charge is at the lower end of the range of scenarios tested and has taken into account the impact of CIL as a proportion of gross development value and build costs. It is considered that the proposed rate is comparable in impact to that of rates set in other charging areas and is likely to provide sufficient viability buffer for the types of retail schemes planned for Dartford.
- 5.20 The Council has considered whether a differential charge between food and comparison shopping outside the town centre would be appropriate for Dartford. The Core Strategy identifies that future retail development outside the town centre is likely to be focused in and around Bluewater regional shopping centre and the Ebbsfleet Valley. The modelling has taken into account rental values that can be expected in this area, given the proximity of the major attractor of Bluewater and the regenerative developments proposed around Ebbsfleet International Station. Testing of comparison retail scenarios shows that there is a wide range of potential CIL values for this type of development. Testing of a large food store demonstrates that the potential CIL charge for this type of development falls within the range of potential CIL charges identified for retail comparison development. It is, therefore, considered that a single charge at the lower end of this range of values can appropriately be applied to both comparison and food retail outside the town centre.
- 5.21 In the case of Dartford town centre, viability testing of comparison schemes demonstrates that such schemes cannot support a CIL charge. It is, therefore, proposed to retain the zero rate in accordance with the consultant's recommendations.
- 5.22 For food shopping in the town centre, the viability testing shows that there is potential for a CIL charge. On the basis of this further testing, the Council proposes that a rate of £65 per sq m be set for food retail in the town centre. This rate represents approximately 50% of the proposed retail rate outside of the town centre. It is considered that this reduction reflects an appropriate balance between the lower CIL potential identified for food store scenarios tested in the town centre, as compared to those outside the town centre.

⁸ DBC CIL Economic Viability Study: Addendum on Retail November 2012

- 5.23 Viability testing has considered the CIL potential for smaller retail schemes of 300 sq m and below. The results show that there is no scope for a CIL charge either within or outside the town centre. This size of scheme is generally of a convenience⁹ nature, providing for day to day top-up shopping
- 5.24 In terms of planned provision, in addition to the larger scale shopping development proposed, the Core Strategy identifies small local shops providing convenience shopping within the larger housing developments. A number of consented large-scale housing developments include such small scale retail schemes, supporting day to day shopping needs for the planned communities. The size of the retail element is mostly below 500 sq m. This typically provides 2 or 3 small convenience shops. Future provision at the lower scale is likely to be of a similar size and performing the same kind of function.
- 5.25 Taking into account the planning history and pipeline in the Borough and the demonstrated inability of smaller scale schemes to support CIL, it is proposed that a zero rate is set for all retail schemes of 500 sq m and under. It is apparent that, based on Dartford’s planned and past retail development, schemes of this size will, generally speaking, provide a different function to those above the threshold. They are unlikely to be shopping destinations where weekly food shopping needs are met but, rather, will meet day to day shopping needs. This differentiation is in line with the distinctions that have been accepted in other CIL charging areas.

6. Balancing the Judgement

- 6.1 Section 4 of this report identified an estimated infrastructure funding gap of £93.55m. The potential CIL revenue based on proposed CIL rates has been estimated. This has taken into account planned floorspace in the Borough without planning consent and estimated net floorspace losses. Table 5 below shows the potential contribution of CIL in meeting the funding gap.

Table 5 CIL Contribution to Funding Gap

Infrastructure Funding Gap (see Table1)	£ 93.5m
Estimated CIL revenue	£ 40.2m
Outstanding Funding Gap	£ 53.3m

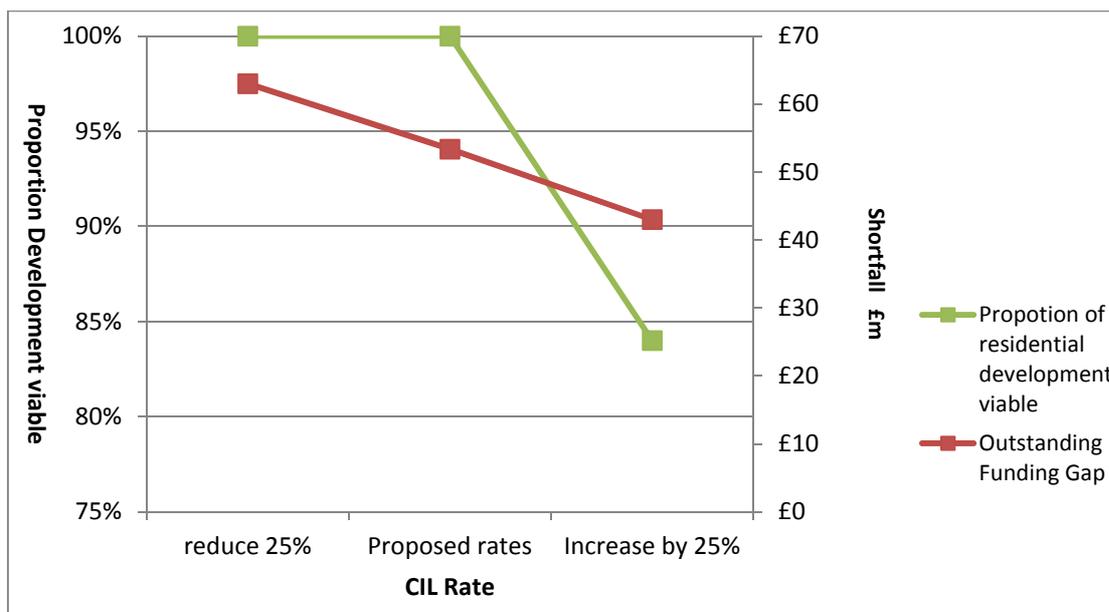
- 6.2 At the proposed rate, CIL will provide an important contribution towards closing the funding gap. A significant contribution is to be made by already committed funding including agreed S106’s contributions and public funding (see Table 1 and Dartford IDP Update of proposed projects November 2012). Substantial additional funding will, however, be required

⁹ Convenience retailing is the provision of everyday essential items (PPS4 Annexe B)

from a range of sources such as New Homes Bonus, Tax Increment Funding, Business Rate Retention and other public funding initiatives.

- 6.3 Maximising the potential contribution from CIL, whilst ensuring that development remains broadly viable in the area, will provide greater certainty that essential infrastructure to support development can be achieved. Uncertainty or failure to deliver the infrastructure could put the delivery of development at risk or result in impacts from developments which are unacceptable.
- 6.4 The analysis in Section 5 above demonstrates that CIL will be applicable to a limited amount of planned development in Dartford, particularly within the next five years. Where it is applicable, the proposed CIL rates will be a marginal factor in the viability of development. Therefore, at the rates proposed, it is unlikely to put development in the area as a whole at risk.
- 6.5 Figure 1, below, shows the relative impact of changes in the CIL rate on the viability of housing development and contribution to infrastructure. The graph shows that at the proposed rate, all development is viable. A 25% reduction in the proposed CIL rate does not change the proportion of viable development but it does result in a lower level of infrastructure funding. With a 25% increase in the proposed CIL rate, there would be an increase of funding towards infrastructure, assuming that the amount of development did not decrease. However, it would also result in a decline in the proportion of viable development. CIL, at the rate proposed, appears to establish an appropriate balance between supporting the delivery of planned development and achieving a level of CIL funding which can help secure the required infrastructure.
- 6.6 Further factors in determining the balance include:
- An across the board CIL reduction of 10% would reduce funding by £5.3m: more than the cost of provision of a Primary School (one form entry) – a significant impact on essential infrastructure;
 - Inability to raise sufficient funding through CIL may impact on delivery of schemes which already have planning consent, since they are reliant on pooling of funding from other schemes to provide necessary infrastructure;
 - Setting CIL at the proposed, rather than a lower level, will provide for a timely adjustment of land prices – this will assist with the viability of development in the longer-term.
- 6.7 After taking all these considerations into account, the Council has considered the consultants findings and “up to” CIL charges. The proposed rates are considered to represent the most appropriate balance between CIL funding making a contribution towards infrastructure costs and the potential effects of the charge on the viability of development in the area. The proposed charges are set out in the Draft Charging Schedule.

Figure 1: Effect of CIL on housing development, viability and infrastructure funding



7 CIL IN OPERATION

Spending CIL contributions

7.1 Receipts raised will be spent on infrastructure needed to support new development in Dartford. The receipts are unlikely to cover the full costs of all the essential infrastructure and other sources of funding will need to be secured. The Council, working with infrastructure providers such as Kent County Council and will prioritise and allocate funds in a way which supports development and is most cost effective. Although the Council will retain overall control over the use and allocation of CIL funds, a co-ordinated approach to the assessment and timing of needs and the programming and funding of works will be implemented, involving KCC and other infrastructure providers, with appropriate planning horizons. The Council will use a small proportion of the money raised to fund the administrative costs of CIL.

7.2 A list of infrastructure to be funded both wholly or in part by CIL (commonly known as the 123 List) will be published once a Charging Schedule is adopted. The 123 List may change over time in response to monitoring

of development delivery and its demands on infrastructure work. An indicative list of potential CIL infrastructure has been provided in the Updated Infrastructure Delivery Plan November 2012.

7.3 The Council will report annually on:

- How much CIL monies have been collected
- How much CIL revenue has been spent and on which projects and other expenditure
- The amount retained at the end of the reporting year

7.4 The effect of CIL will be monitored. Although it is likely that a review of rates would take place in 3 to 5 years from introduction this could be brought forward if monitoring indicates that CIL rates are impeding planned development.

What happens to S106 Agreements?

7.5 Once a CIL charging schedule is adopted (or after April 2014), no more than five developments can make S106 contributions to one piece of infrastructure. In Dartford, development contributions will need to be pooled to provide new facilities such as schools, health facilities and off-site highways improvements. CIL will become the main source of development funding secured through the planning process other than for affordable housing (subject to the outcome of CIL Regulation consultation). CIL and new S106 contributions cannot be used to fund the same piece of infrastructure. Publication of the 123 list (see para 7.2) will ensure that infrastructure cannot be funded by both S106 and CIL. The two funding sources have been differentiated when calculating the potential CIL funding gap.

7.6 On-site provision or improvement of facilities, such as open space, bicycle paths, Fastrack routes, utilities and habitat protection will be required as part of a scheme, as at present. These requirements may be secured through conditions or S106 Agreements and will be in addition to CIL. Appendix 1 of the CIL Charging Schedule provides a list of the infrastructure likely to be required through S106 or condition after the introduction of CIL.

7.7 Dartford has a number of major development sites with S106 obligations requiring site specific infrastructure such as schools. This infrastructure has been excluded from the CIL infrastructure list.

Exemptions and Discretionary Relief

- 7.8 The CIL Regulations allow the following types of development to be exempt or to obtain relief from CIL:
- 1) Where the gross internal area of new build is less than 100m² unless the floorspace involves the creation of a new dwelling (Reg 42).
 - 2) Development on land owned by a charity and where the development is to be used for charitable purposes, subject to conditions. (Reg 43)
 - 3) Where the development includes affordable housing, subject to conditions (Social Housing Relief - Reg 49)
- 7.9 In addition charging authorities may permit **discretionary relief** from CIL. **Discretionary charity relief** may cover the following circumstances:
- 4) Development on land owned by charities where the chargeable development is held as an investment to support the charitable purposes, subject to conditions (Reg 44)
 - 5) Development by charities which are exempt under Reg 43 but where the exemption would constitute State aid, subject to conditions (Regulation 45)
 - 6) **Discretionary relief for exceptional circumstances** may be granted where a development is subject to both a S106 obligation and a CIL charge and where the S106 is of greater value than the charge. The charging authority should be satisfied that payment of the levy would have an unacceptable impact on the economic viability of the development. Relief cannot constitute State aid. (Reg 55)
- 7.10 It is proposed to offer discretionary charity and exceptional circumstances relief. In compliance with CIL Regulations, a statement confirming this will be issued in advance of discretionary relief being made available. It is likely that such relief will be rare and must be given within the Regulation procedure and in accordance with state aid rules.

Payment in Kind

- 7.11 The CIL Regulations allow a charging authority to accept land to be used for infrastructure provision as payment in kind against the CIL charge. Valuation of this land and procedures for this are set out in the Regulations. The Council will consider this form of payment in the appropriate circumstances.

Phasing of Payments

- 7.12 Payment of the charge is due when the development commences and must be made within 60 days of commencement, unless the charging authority introduces alternative arrangements. Dartford Council intends to introduce payment by instalments to assist larger developments, in particular, with cash flow issues. The proposed draft instalment policy is shown at Appendix 4 and is being consulted on alongside the Draft Schedule.
- 7.13 In the case of outline permission which is to be developed in phases, each phase of development is charged separately. A charge does not apply to phases of development where the outline permission has been granted in advance of CIL adoption.

9. Timetable for introducing CIL

Stage	Estimated date
Informal consultation with landowners, developers and statutory agencies on viability assumptions	Completed
Consultation of Preliminary Draft Charging Schedule	Completed
Consultation of Draft Charging Schedule	January 2013
CIL submission	April 2013
CIL Examination	July 2013
Adoption of Charging Schedule	Autumn 2013

APPENDIX 1

Dartford CIL – types of infrastructure that will continue to be required through S106, S278 or condition

Infrastructure

- On- site roads and safety measures; site specific junction or other off-site improvements onto existing road network; parking provision and management; and travel plans
- Fastrack or other public transport provision (on-site provision of “hardware” and/or contribution to service expansion where related to demand directly arising from a site)
- Community facilities (where facility will primarily meet demand directly arising from a large site)
- Health and emergency facilities (where facility will primarily meet demand arising directly from a large site)
- Green Infrastructure – provision and management of on-site (or off- site if providing site mitigation) open space and natural green space, habitat protection (Green Grid)
- Local flood defence and mitigations required to ensure a development meets national requirements
- Site specific utility requirements including infrastructure provision to ensure water quality and supply is protected such as Sustainable Urban Drainage Systems where appropriate
- Other requirements related to sites such as local employment schemes
- Any other site specific measures (not identified above) to ensure that the site is acceptable in planning terms

Appendix 2 Status of planned development

SITE	INDICATIVE CAPACITY UP TO 2026	PLANNING STATUS	Potential number of units to be delivered within 5 years
Ebbsfleet	1150	Consent	250
The Bridge	1265	Consent	700
Ingress Park - Eastern Extension	417	Consent	371
298-300 Lowfield Street	11	Consent	11
Craylands Lane	110	Consent	110
Greenwood	13	Consent	13
Hedge Place Road	58	None	58
Former Rolex Site	14	Consent	14
Colyers Arms, 1 Station Rd, Southfleet	8	Consent	8
Powder Mill Lane	52	Consent	52
Birchwood Road, (DBC)	5	Consent	5
28 Spital Street	6	Consent	6
Land to the rear of 67 to 97 Station Rd, Longfield	9	Consent	9
The Coledart Centre, King Edward Ave	69	Outline Consent	69
Lowfield Street (North site)	200	Approved subject to S106	200
Northern Gateway East (GSK) and Millpond	1000	Approved subject to S106	700
Station Approach	155	None	155
Swanscombe Peninsula	800	None	250
Fantaseas	150	Outline Consent	150
Eastern Quarry (EQ2)	3300	Outline Consent	795
Stone House Hospital	230	Consent	230
St James Lane Pit (Stone Pit 2)	795	Application	500
Darenth Mill, Darenth Road	23	Consent	23
Axton Chase	146	Consent	146

Leyton House, Wilmington	6	Consent	6
Former Arjo Wiggins Site - South site	100	None	100
St Clements Valley	200	Application	200
Former Papermill - north site	230	Partial consent	230
Northfleet West sub Station	1200	Consent subject to S106	450
Milk Depot, Watling Street	24	Outline Consent	24
Rear of Two Brewers	12	Consent	12
Darenth Road	147	Consent	147
St Vincents Filling Station	6	Consent	6
Blue Anchor Pub	9	Consent	9
Rear of 101 - 113 Hawley Rd	12	Consent	12
Martin Drive Site adj to Stone House Hospital	75	None	75
Orchard House	5	Consent	5
Lowfield Street (South site)	200	None	0
Knockhall Road	24	Consent	0
Gilbert Close	15	None	0
Co-op Site	176	None	176*
Thames Europort	350	None	200*
Hook Place Farm (West) Southfleet	8	None	0
Police Station - Instone Road	57	None	0
Stone Lodge	530	None	0
NG East (RBT)	325	None	0
adj. 116 Priory Road	5	None	0
GSK North Site	370	None	200*
"The Tank" off London Road	200	None	200*
Questor Riverside	110	None	0
Land at Beacon Road, Bean	9	None	0
Windfalls	520	None	200+
Total	14911		7014

Note

The table is based upon Dartford 5 Year Housing land supply (1 April 2012 to 31 March 2017)

*Site brought forward from planned delivery in later years and forms part of a 20% buffer of additional sites

+ Windfalls include sites under 5 units excluded from the SHLAA process, dwelling conversions and other unidentified sites, normally on brown-field land that unexpectedly become available.

Appendix 3: Effect on viability of development scenarios of changes in build cost and sales values

Development Scenario	Proposed CIL rates			CIL reduced by 10%			CIL reduced by 50%			No CIL		
	Base costs and sales values	10% increase in capital costs	5% decrease in sales values	Base costs and sales values	10% increase in capital costs	5% decrease in sales values	Base costs and sales values	10% increase in capital costs	5% decrease in sales values	Base costs and sales values	10% increase in capital costs	5% decrease in sales values
1												Green
2												Green
3		Green	Red		Green	Red						Green
4		Green	Red		Green	Red		Green	Amber			Green
5	Green	Amber	Red	Green	Amber	Red		Green	Red		Green	Amber
6	Green	Amber	Red		Green	Red		Green	Red		Green	Amber
8												Green
9												Green
10												Green
11		Green	Amber		Green	Amber		Green	Amber			Green

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- Green Development likely to be viable (residual land value is above benchmark land value)
- Amber Development marginally viable and land may not be brought forward by land owner (residual land value is up to 20% less than the benchmark)
- Red Development is highly unlikely to be viable (residual land value is more than 20% below benchmark land value)

Appendix 4: Draft CIL Instalment Policy for Consultation

The default position is that full payment of CIL must be made within 60 days of commencement of development. However CIL Regulations (as amended) allow a Charging Authority to adopt an Instalments Policy allowing payment to be made over a longer period and in phases.

This draft instalments policy sets out proposals for an Instalments Policy for consultation purposes. Responses to the consultation will be taken into account in preparing the final instalment policy.

1. CIL Liability less than £500,000

Full payment within 60 days of the commencement of development

2. CIL Liability between £500,000 to less than £1,000,000

Instalment 1: 25% of payment within 60 days of commencement date
Instalment 2: 25% of payment within 120 days of commencement date
Instalment 3: 50% of payment within 360 days of commencement date

3. CIL Liability of £1,000,000 or over

Instalment 1: 25% of payment within 60 days of commencement
Instalment 2: 25% of payment within 120 days of commencement date
Instalment 3: 25% within 360 days of commencement date
Instalment 4: 25% within 540 days of commencement