

Date: 8th September 2014
Your Ref.
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Mr Philip Staddon,
c/o Mr Ian Kemp
49 All Saints Place
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Dear Mr Staddon

RE: DACORUM CIL EXAMINATION QUESTIONS

I am writing in response to your recent request, of the 18th August 2014, regards additional information on the evidence submitted on the Dacorum CIL Draft Charging Schedule. The Council would comment as follows:

Status of Viability Evidence

In September 2011 nine of the ten Hertfordshire local authorities commissioned Lambert Smith Hampton (LSH) to undertake a joint CIL viability assessment. The purpose of the work was to provide an overall CIL viability model for the commissioning authorities to test the effects of potential CIL charges on development viability. It was intended that the work would form a broad brush study for the majority of Hertfordshire, from which more detailed CIL viability work could be undertaken by the local authorities separately in order for each of the nine authorities to make individual and Borough specific judgements on their CIL rates.

The Council considered that a more detailed viability study was required to both inform and support its CIL rates for a number of reasons. Firstly, Dacorum is a varied borough in terms of its types of settlement, the types of development that typically come forward, and the range of land/property values. A more thorough examination of the issues underpinning a CIL charge was needed to fully appreciate the diversity of Dacorum, the scale of development envisaged in each area of the Core Strategy and what CIL rate different areas could support,



particularly for residential development. Secondly, the Council's Core Strategy (at an advanced stage but not then adopted) proposed a number of strategic housing sites¹, which required individual analysis with consideration of on-site infrastructure requirements (proposed to be delivered via S106) to determine what level of CIL charge they could support.

The Council appointed BNP Paribas Real Estate (BNPPRE) in August 2012 to undertake a more detailed viability assessment, taking into account the requirements outlined above, to inform and support CIL charging rates. The Council were aware that BNPPRE used a slightly different approach to that used by LSH but did not consider it to be problematic given that both approaches were widely used by the development industry. Further viability work has been undertaken by BNPPRE, at the appointment of the Council, to further inform the proposed CIL charges:

- Dacorum CIL Viability Report, July 2013 (CD/3) (update to initial viability report following consultation on the PDCS)
- Dacorum CIL Strategic Sites testing, October 2013 (CD/4) (additional testing of strategic sites to consider whether they can support a CIL charge and meet required S106 obligations and on-site infrastructure)
- Dacorum CIL Additional viability note in relation to retail, April 2014 (CD/11) (a note to address concerns raised regarding the proposed CIL rate for retail development during the Draft Charging Schedule Consultation).

The Council consider the study by LSH to be background evidence which provides a general understanding of development viability across nine of the ten Hertfordshire districts.

The Council consider the studies by BNPPRE to be the viability evidence underpinning the Council's CIL rates. These studies comprise a detailed analysis of Dacorum Borough and the usual types of development that have and are expected to come forward in the Borough over the life of the Charging Schedule as well as the development planned on the strategic housing sites.

Market Areas

The market areas are defined as a result of research undertaken by BNPPRE on relative house prices within the Borough as set out at paragraphs 4.2 and 4.3 of the BNPPRE Updated Viability Study (CD/3) The Council have produced EXAM 1 which shows the broad locations of the seven 'market areas' identified in this study and against which the Council has identified the expected scale of new residential development in its Housing Information Paper (EXAM.2)

The Council has produced document EXAM 2 which should provide a detailed breakdown of the scale of new residential development within the Borough by settlement, 'market area' and in relations to specific sites or locations identified

¹ Referred to as 'Local Allocations' and 'Strategic Sites' in the Core Strategy.

within the Core Strategy. All figures are considered against the full housing programme within the Core Strategy 2006-2031 (CD/12).

Viability

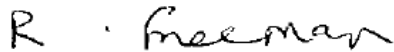
BNPPRE have produced EXAM 3 in response to questions 4, 5 and 6 of the Examiners note. On the subject of viability appraisals (Q7) for retirement housing schemes these are included at the last two pages of Appendix 2 (CD/3a)

Site Type 6 has been remodelled in these assessments to demonstrate the impact of CIL on retirement housing.

In addition to the requested information, the Council we have also included our response to comments raised during consultation on the Modifications within EXAM 4.

Please do not hesitate to contact me if you have any queries.

Yours sincerely



Robert Freeman
Strategic Planning and Regeneration (Infrastructure) Officer
Strategic Planning and Regeneration

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EXAM 1 – Map of Housing Market Areas

EXAM 2 – Housing Information Paper (September 2014)

EXAM 3 – BNP Paribas Real Estate Note on CIL Rates (September 2014)

EXAM 4 – Response to comments on the Modifications (August 2014)