

**Havering Community Infrastructure Levy
Draft Charging Schedule Examination**

**Examiners Question
Draft Residential Charges Zones A and B**

EQ2

1. I note that Quod in its representation on behalf of Portland Capital (CIL-SD14), questions the difference in the proposed charges for residential development between Zones A and B in the submitted DCS and points out that in the Preliminary DCS there was only a £20 difference (£70 and £50) between the two zones (the current uplift being 79% and 10% respectively).
2. The Council's response to this in document CIL-CD03 refers to the residential sales values being higher in Zone A, and states that the 79% uplift from the PDCS is a misleading measure. I would appreciate some further explanation of this, and another small matter, as I set out below.
3. Figure 2.14.1 on page 8 of document CIL-CD07 shows sales values across the Borough (in £s per square foot). Zone B appears to be represented by the figure £320, whilst Zone A has a number of different values ranging from £350 to £475. Whilst this is simplistic, £400 is perhaps indicative of values generally in Zone A. Since scheme costs (base build costs plus the various other costs dealt with in paragraphs from 4.13 to 4.29) are taken to be uniform across the Borough, it is the sales values that lead to the Completed Development Value figure which is therefore the variable leading to Residual Land Value; and it is this that leads to questioning of a 79% uplift between the recommended levy rate in the PDCS and the current one in Zone A. At its simplest, £400 is a 25% uplift on £320, or (the highest value) £475 is a 48% uplift on £320. Please explain what is misleading and or where the above is a misunderstanding of the relationship. Perhaps the PDCS Zone A figure was set rather conservatively? I see from Table 4.3 in the February 2015 Viability Appraisal Assessment (CIL-CD03) that Residential Values across the Borough ranged from £250 to £400psf.
4. It is clear that, in setting the CIL rates, a buffer or margin below the maximum CIL rate has been allowed. This buffer appears in some instances to be quite a wide margin, but I cannot see that it has been expressed as a particular value in the documents. Has a minimum buffer been used that is exceeded at some levels of viability?
5. On page 26 of document CIL-CD07, Table 4.39.1 is a Summary of Benchmark Land Values. The first row of this table shows that Industrial use has a Benchmark per gross hectare of £650,000 (BMLV1). However, in Figure 5.5.1: Sample format of residential results, BMVL1 is shown as £750,000 and this figure is used throughout the four Appendices to the document. Is the £650,000 in Table 4.39.1 a typing error, or is the

£750,000 wrong? Is there a material difference in the outputs if the figure used in the analyses in the Appendices is incorrect?

Please let me have a reply by Tuesday 8 January 2019

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Examiner