Greater Cambridge Draft Community Infrastructure Levy Public Consultation – Axis Land Partnerships

Question 1: Who are you responding on behalf of? Developer/landowner

Question 2: Do you wish to participate in the CIL examination? Comment – No.

Question 3: Do you agree that the Council should introduce CIL?
Comment – The implication of introducing CIL is that developers would seek a reduction in affordable housing in order to pay for CIL alongside existing Section 106 contributions.

Question 4: Do you agree that the Council has demonstrated a funding gap?
Comment – Yes.

Question 5: Do you agree that the Council has used appropriate evidence to inform the proposed rates?
Object – Axis is concerned about a number of the inputs and assumptions within the BNP Paribas CIL Viability Assessment which has informed the proposed rates as follows:

- Benchmark Land Values – the viability assessment applies a BLV of circa £150,000 per gross acre for smaller sites, which may not meet landowner expectations. We would expect BNP Paribas to test a range of say £150,000-£200,000 per gross acre for smaller sites.

- Affordable housing values – The capital values which are adopted for the affordable housing tenures are not clear within the report. These need to be set out please, as the blended capital value for affordable rent of £293psf is considered to be too high, especially when it is compared to the private values. With private values at £372psf, the affordable rent would be close to 80% of private values.

- External works – although base build costs appear to be reasonable, the application of 10% external works for flats and 15% for houses on base build costs is low in the current market and would not account for any site abnormal development costs, such as earthworks, piling, significant utilities requirement etc. We would suggest that external works are set at a minimum of 20% for all types of housing.

- Professional fees – 7% has been applied in all scenarios, which appears to be a little light and should be at least 8%-10% for schemes of a few hundred homes, in order to take account of planning costs and fees.

- Biodiversity Net Gain – the costs of BNG can vary significantly depending on the land available on-site and the nature of ecology to enhance. 1.4% of base build costs may not be a sufficient sum, especially if off-site credits are required to deliver 20% net gain in biodiversity. According to Biodiversity Units UK, credits in the south of England range from circa £25,000 to £203,000 per credit.

- Sales Rate – The report needs to clarify whether the sales rate of 6 sales per month is for all tenures, or just private units. It should be the case that no more than 3 private sales per month per outlet is applied to the appraisals.

- Developer's profit – A profit margin of 17.50% on GDV for private residential is inadequate and this should be a minimum of 20% on GDV. With the affordable at 6% affordable, this would still be circa 17.50% on GDV as a whole, which is in the middle of the PPG range for profit in relation to viability assessments.

Question 6: Do you agree that the Council has struck an appropriate balance between additional investment to support development and the potential effect on the viability of developments?

No comment.

Question 7: Do you agree that it is clear how CIL will operate alongside Section 106 Planning Obligations?
No comment.

Question 8: Do you agree that the draft instalment policy strikes the right balance between income and developer cashflow?
Comment – More information is required on how CIL instalment payments can be made on developments, where there are a number of phases.

Question 9: Do you agree that the Council has met all regulatory requirements?
Comment – Axis would need to review the subsequent changes to the viability assessment following our comments before we could seek to confirm this.

Question 10: Do you have any comments on how you feel the neighbourhood portion should be distributed?
No comment.