



Community Infrastructure Levy (CIL) – Housing Information Paper

September 2014

1.0 Introduction

- 1.1 The purpose of this document is to provide background information on the housing levels to be provided in the Borough over the life of the Core Strategy (CD/12), how these have informed our consideration of infrastructure needs and our progress thus far in terms of housing delivery.
- 1.2 The document will look at the remaining housing supply and where new housing is likely to be delivered within the Borough. This document considers the potential effects of the imposition of CIL on the economic viability on these developments as required under Regulation 14 of the Community Infrastructure Levy Regulations 2010 (as amended) and attempts to quantify the impact in order to assist the Examiner in their assessment. As set out in paragraphs 173 -177 of the National Planning Policy Framework, the sites and scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened.
- 1.3 This information should be read alongside the document “Community Infrastructure Levy (CIL) – Bridging the Infrastructure Funding Gap” (CD/13) which provides information on the likely CIL income that will be generated from remaining residential development proposed under the Core Strategy.

2.0 The Provision and Distribution of New Homes

- 2.1 The Council expects the number of new homes to be delivered within the Borough over the plan period (2006-2031) to be around 11,320 as set out in Table 1 below. This figure exceeds the housing target of 430 a year identified in Policy CS17 of the Core Strategy as it assumes a number of windfall sites to be delivered over the whole of the plan period.
- 2.2 This 11,320 figure (referred to in the Core Strategy as the ‘housing programme’) has been used to assess the totality of infrastructure needs arising from the Core Strategy.

Table 1 – Dwelling distribution 2006-2031.

Place	Number of Dwellings indicated in each Local Objective
Hemel Hempstead	8,800 (78%)
- Town Centre	1,800 (16%)
- East Hemel	1,000 (9%)
- Rest of Town	6,000 (53%)
Berkhamsted	1,180 (10%)
Tring	480 (4%)
Bovingdon	130 (1%)
Kings Langley	110 (1%)
Markyate	200 (2%)
Countryside	420 (4%)
Total	11,320 (100%)

- 2.3 The distribution of development in Table 1 is reflective of the settlement hierarchy in the Core Strategy where Hemel Hempstead, as the main centre for development and change, is defined as an area where development will be concentrated. The market towns of Berkhamsted and Tring and the large villages of Bovington, Kings Langley and Markyate are areas of limited opportunity, whilst the rest of the borough contains areas of development restraint. The bulk of the new housing is to be provided within the key settlements of Hemel Hempstead (78%) and Berkhamsted (10%) with lower levels being provided elsewhere
- 2.4 Due to both national and local policy constraints pertaining to the countryside (i.e. Green Belt, Rural Area and Chilterns Area of Outstanding Natural Beauty), the Council is only expecting a limited number of new homes to be constructed within this area).
- 2.5 Within and adjacent to the main settlements the Council has allocated two Strategic Sites¹ and six Local Allocations² where significant levels of new housing are to be provided.

Table 2 Strategic Sites and Local Allocations

Place	Location	Number of Homes ³
Strategic Sites		
Berkhamsted	Durrants Lane/Shootersway	180 (1.6%)
Markyate	Hicks Road	90 (0.8%)
Sub-total		270 (2.4%)
Local Allocations		
Hemel Hempstead	Marchmont Farm	300 (2.7%)
	Old Town	80 (0.7%)
	West Hemel Hempstead	900 (8%)
Berkhamsted	Hanburys, Shootersway	60 (0.5%)
Tring	Icknield Way	150 (1.3%)
Bovington	Chesham Road/Molyneaux Avenue	60 (0.5%)
Sub-total		1550 (13.7%)
Total		1820 (16.1%)

- 2.6 A more detailed breakdown of anticipated housing within the main settlements is included in the paper CIL – Bridging the Infrastructure Funding Gap (CD/13). This was provided to the infrastructure providers as part of the Infrastructure Delivery Plan (IDP) process and is based upon information in the housing trajectory (2011) for the Borough.

¹ Strategic Sites are key housing sites within the existing urban area that can be delivered at any time.

² Local Allocations are areas currently within the Green Belt designated for housing to be delivered from 2021; the boundaries of the sites will be defined in the Site Allocations DPD.

³ As set out in the Core Strategy 2006-2031(CD/12)

3.0 Affordable Housing

3.1 The Council expects to deliver around 35% affordable housing from most housing sites in the Borough in accordance with Policy CS19 of the Core Strategy. The exceptions are Strategic Sites and Local Allocations where the affordable housing requirements are set out within the Place Strategies and individual site master plans. These sites normally have a requirement for 40% affordable housing on site⁴.

3.2 The Council expects the majority of dwellings within the rural areas of the Borough to be affordable housing in accordance with Policies CS6, CS7, CS19 and CS20 of the Core Strategy. These would qualify for an exemption from paying a CIL charge and so would be unaffected by the introduction of the CIL Charging Schedule.

4.0 Progress

4.1 The Council has already made significant progress towards the delivery of the new homes identified in its Core Strategy with a total of 2,779 homes having been completed since 2006 (as at 1st April 2013). The progress on delivering new homes is set out in Table 3.

Table 3 Progress on Housing Delivery

	Hemel Hempstead	Berkhamsted	Tring	Bovingdon	Kings Langley	Markyate	Rest of Dacorum	Total
Target	8,800 (78%)	1,180 (10%)	480 (4%)	130 (1%)	110 (1%)	200 (2%)	420 (4%)	11,320 (100%)
Completed 2006-2013	2,008 (18%)	470 (4%)	105 (0.9%)	19 (0.2%)	39 (0.3%)	35 (0.3%)	103 (0.9%)	2,779 (25%)
Remainder 2014-2031	6,792 (60%)	710 (6%)	375 (3%)	111 (1%)	71 (0.6%)	165 (1.5%)	317 (3%)	8,541 (75%)

Note: the % figures refer to the proportion of the total housing programme of 11,320

4.2 Table 3 demonstrates that the Council is making good progress towards the delivery of housing within the plan period. A quarter of the housing expected to be delivered in the plan period has already been completed and a number of large sites have secured planning permission. The Council has also secured a number of residential planning permissions through its affordable housing new build programme (<http://www.dacorum.gov.uk/home/housing/new-council-homes>) which is expected to continue until at least 2020.

5.0 Viability Testing

⁴ Lower levels are required in relation to the Strategic Site at Hicks Road, Markyate (25%).

5.1 The CIL Viability Study (July 2013) (CD/3, CD/3a, CD/3b and Cd/3c) assessed the viability of residential development according to a series of defined market areas. Table 4 shows the number of dwellings expected in each of the market areas according to the sites in the housing trajectory (2011)ⁱ. Some of the dwellings in the housing trajectory cannot be allocated to a specific market area and are listed in table 4 as 'other sites'. These are an accumulation of small sites⁵ and conversions/ changes of use in Hemel Hempstead and the countryside, which for the purposes of the housing trajectory are grouped together. The sites have planning permission, but are yet to be delivered. Such sites also exist in other settlements, but they have been allocated to the relevant market area; this can't be done for site in Hemel Hempstead as it is covered by 3 market areas.

Table 4 – Housing Supply by Market Area

Market Area	Location	Number of Dwellings	Percentage of the total Housing Supply	CIL liable*
1	Berkhamsted, Potten End and Little Gaddesden	486	4.3%	142
2	Tring, Wigginton, Long Marston, Flamstead, Great Gaddesden and Gaddesden Row	385	3.4%	224
3	Hemel Hempstead (Hemel Central, Adeyfield, Bennetts End, Gadebridge and Apsley)	3047	26.9%	1621
4	Hemel Hempstead (Highfield, Grovehill and Woodhall Farm)	1338 ⁶	11.8%	343
5	Hemel Hempstead (Station, Boxmoor, Chaulden, Felden and Leverstock Green)	1342 ⁷	11.9%	1228
6	Markyate	146	1.3%	9
7	Kings Langley, Chipperfield and Bovingdon	148	1.3%	122
	Other sites	196	1.7%	0
		7088	62.6% ⁸	

* Refers to development expected to be determined following the introduction of CIL excluding that which is exempt under the Draft CIL Charging Schedule.

5.2 The number of dwellings included in Table 4 (7,088) is less than the number left to build (8,541) to meet the housing programme in the Core Strategy. This is largely due to the

⁵ Small sites are new build developments of 4 units or less

⁶ This total includes sites at Marchmont Farm, land at N.E Hemel Hempstead (Subject to an existing planning permission) and Spencer's Park (subject to a zero CIL charge).

⁷ This total includes land to the West of Hemel Hempstead which is subject to a zero CIL charge.

⁸ The Housing Trajectory assumes the delivery of a number of windfall sites over a short timescale by settlement rather than market area and does not include the delivery of windfall sites over the duration of the Core Strategy.

windfall⁹ assumptions included in the housing trajectory but which is not attributable to any particular location. The housing trajectory underpinning the Core Strategy's housing target assumes a windfall of 90 units a year, from year 6, which is based on historic trends since 2001/02.

- 5.3 The Council's viability evidence suggests that a charge of £100 per square metre would put development at risk within the northern wards of Hemel Hempstead (Highfield, Grovehill and Woodhall Farm) with the charges being at the margins of scheme viability. The housing trajectory (2011) indicates that a modest level of infill development is expected within this part of Hemel Hempstead over the plan period. Table 4 shows that 343 CIL liable dwellings are anticipated over the plan period within this area. However, 300 of these will be delivered on the Local Allocation at Marchmont Farm which has been subject to viability testing as discussed below. The remaining 43 units anticipated in these wards would amount to less than 0.4% of the overall housing expected to be delivered under the Core Strategy (0.5% of the remaining housing for the plan period).
- 5.4 Document CD/3 initially proposed that the northern wards of Hemel Hempstead are charged at a rate of £70 per square metre. Using the methodology within Community Infrastructure Levy (CIL) – Bridging the Infrastructure Funding Gap (CD/13) this would result in a loss in CIL income from this neighbourhood of some £664,740. The Council does not consider that placing such a nominal proportion of the housing land supply at risk significantly undermines the delivery of the Core Strategy in accordance with the CIL Regulations and NPPF, particularly over a short time period. The Council contends that such schemes may be viable over the life of the Core Strategy and given the upward turn in the economy that has occurred since the CIL viability testing took place.
- 5.5 The Council has tested the Strategic Sites and Local Allocations from the Core Strategy through its viability report on Strategic Site Testing (CD/4). The report identifies that all of the sites tested would be capable of sustaining the CIL at the levels identified in the Draft Charging Schedule over the plan period. These sites contribute some 16% of the housing identified within the Core Strategy and some 21% of the remaining housing expected to be delivered as set out in Table 2.
- 5.6 The Strategic Sites identified in Table 2 are to be delivered in the short term. Planning permission has already been granted for the development of the Strategic Site at Hicks Road, Markyate and as such it would not be liable for CIL. Planning permission is also expected to be secured for the development of the site at Durrants Lane/Shootersway, Berkhamsted prior to the implementation of CIL. In the event that planning permission is not granted for the development of this site, the imposition of CIL would not undermine the viability of the site as demonstrated by the Strategic Sites Viability Assessment of BNP Paribas Real Estate (CD/4).
- 5.7 The provision of residential development within the town centre of Hemel Hempstead has been subject to site specific viability testing and found to be capable of supporting

⁹ Windfalls are housing sites that come forward for development after receiving planning permission, but have not been formally identified as having development potential. Sites of fewer than 5 units are always considered as windfall.

the proposed CIL charge (CD/4). The town centre is expected to deliver some 1,800 homes representing some 16% of the overall housing supply.

- 5.8 The Local Allocations within the Core Strategy are expected to be delivered from 2021 with the exception of LA5, which is discussed below. All of these sites would be capable of paying the CIL charges set out in the Draft Charging Schedule by this date¹⁰.
- 5.9 The viability testing of the strategic sites found that development of the land at Icknield Way, Tring (LA5) would not be viable in the short term and BNP Paribas Real Estate recommended a lower charge for the site than that proposed in the DCS. Their recommendation was for a charge of £140/sqm for this site as opposed to the £150/sqm proposed in the DCS. The Council estimates that this lower charge would reduce the CIL income for this site by around £68,400. The lower charge has, been rejected because, although the draft Site Allocations DPD proposes that the site can be delivered prior to 2021, it also allows for an increased provision of dwellings on the site (180-200 as opposed to the 150 units tested) which should improve its economic viability. Furthermore, the Council consider the need for new infrastructure within the town to be the priority and given the contribution that this site makes to the overall supply of housing within this settlement over the plan period (31%). It is noted that no objection has been raised to this level of charge by the landowner, Cala Homes.

6.0 Review of the CIL Charging Schedule

- 6.1 The Council is committed to conduct a partial review of the Core Strategy, following completion of the Site Allocations and Development Management DPDs. This will take the form of a new single Local Plan for the Dacorum. Through the partial review, the Council will consider:
- (a) household projections and anticipated housing need;
 - (b) the impact of any rise in housing numbers on infrastructure needs;
 - (c) the role and function of the Green Belt affecting Dacorum, including long term boundaries and the potential to identify safeguarded land beyond 2031; and
 - (d) the role that effective co-operation with local planning authorities could play in meeting any housing needs arising from Dacorum. This element will include St Albans district and relevant areas lying beyond the Green Belt.
- 6.2 The Council will review the CIL Charging Schedule in line with the outcome of this partial review. Consideration will also be given to the need for a review in the event of a material change in circumstances that affects either the viability of development or overall infrastructure needs. This could include significant changes to:
- the national or regional economy; or
 - the infrastructure needed to support growth; or
 - government policy.

¹⁰ BNP Paribas Real Estate included a growth scenario in their CIL viability sensitivity testing.

ⁱ The figures in Table 4 are based on the housing trajectory published in December 2011. The reason for this is to provide consistency with other elements of the CIL evidence base. The same information, although split by slightly different areas, was provided to infrastructure providers to feed into their conclusions for the Infrastructure Delivery Plan. It was also used to underpin the CIL income projections. Although it is based on the 2011 housing trajectory, there are slight differences. The housing trajectory included allowances for gypsy and traveller pitches, rural exception sites and windfall development, which were excluded for the CIL work. Sites that had been completed were removed and different assumptions were used about housing levels in the town centre to reflect the evidence at that time.

Officers can provide information about the levels of development anticipated in each of the market areas according to the most recent housing trajectory if required. It is not thought likely that the information using the most recent housing trajectory would vary significantly from that in Table 4. The overall housing target and the distribution by settlement will be similar to that indicated above, however the distribution within Hemel Hempstead may have changed slightly as the most recent trajectory reflects a more recent position regarding sites with planning permission and those that have been delivered. The windfall assumptions underpinning the two housing trajectories are different to reflect clarifications in government guidance. Key changes are that the most recent trajectory makes no allowance for windfall on garden land, and that it does make an allowance for office to residential conversions permissible under the recent Permitted Development rules.