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From: [redacted]
Sent: 31 January 2024 16:21
To: localplan@york.gov.uk
Cc: [redacted]
Subject: CIL Revised Draft Charging Schedule
Attachments: 20240131 CIL Draft Schedule Consultation Response.pdf

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Good afternoon

Please find the comments from the Chamber of Commerce and York and North Yorkshire Property Forum on the Revised Draft Charging Schedule, on behalf of the group. Further contact if needed will be myself or Eamonn Keogh, who is cc'ed in this email.

As expressed in the response, though we recognise the need for developers to contribute, the level of charging is concerning and needs to be readdressed.

Kind regards

[redacted]

[redacted]

Policy & Representation Executive

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The York Property Forum on behalf of the West & North Yorkshire Chamber of Commerce makes representations on the City of York Council's Revised CIL Draft Charging Schedule. The Chamber made representations on consultation of the Draft Charging schedule in March 2023. These representations build on and should be read in conjunction with those previous representations.

We recognise that new property development should pay its fair share of infrastructure needed so that the City and its residents benefit from the fruits of new development. However, we are very concerned at the scale of the charges proposed.

We know that others in the property sector are making more detailed representations, but we would add our voice to those from others who are concerned with the potential negative impact of high CIL rates on much need development in the City.

The CIL is proposed at a time when the UK economy remains challenged with numerous headwinds. Most notably, inflation remains elevated. Inflation failed to fall as quickly as expected in 2023 and, as a result, the Bank of England increase rates by 175 basis points to 5.25% over the course of the year, the highest level for 15 years.

In addition, the UK property market is experiencing a prolonged and highly challenging period, which has been driven by substantial economic and geo-political uncertainty nationally and globally since 2022. This has led to a high inflationary environment against a backdrop of tightening monetary policy and a UK-wide cost of living crisis. Development and investment across a wide range of sectors are facing headwinds, which commenced in mid-2022, continuing throughout 2023 and are expected to prevail into early 2024 and beyond.

The York draft charging schedule envisages charges on Brownfield development which are significantly higher than any authority nearby. In particular, the charges that affect Harrogate for example, are much lower in an area which enjoys many of the same economic & house price advantages as York. Whilst we appreciate more detailed viability work has been undertaken, we struggle to understand how it can be feasible for these significantly higher charges to work. These higher charges could well act to deter developers from entering the York market and so run counter to the city's recently Published York 2032 10-year strategy to promote economic growth.

It is of note that in light of the deteriorating economic backdrop, no CIL charging schedules have been adopted or revised in either Yorkshire and Humber, or the North West of England since Harrogate adopted their CIL Charging Schedule in July 2020.

Another significant factor is that the CIL charging schedule proposes a significant increase in costs on multiple uses form the first time. These are not incremental changes but rather a sudden shift that could deliver a shock to development in the city at a time of continued economic uncertainty.

We are particularly concerned about the £200 levy proposed for residential development. The Residential CIL rate must be considered in the context of the acknowledged poor delivery of housing in the City over a long run period. The Councils own data, demonstrates that in the 10 years 2013/13 to 2021/22, house completion rates fell below the objectively assessed housing need (OAHN) of 790 dwellings per annum in 7 of those years. However, the Council's housing completion data includes student accommodation. If student accommodation is excluded, housing completions fell below the OAHN for 9 of the 10 years.

Furthermore, the Council's Housing trajectory set out in supporting evidence to the Local Plan Examination, shows that a cumulative undersupply of housing will persist until at least 2023/24, and even beyond – i.e. 7+ years into the Plan period. Recently, the Secretary of State allowed an appeal at New Lane, Huntingdon York (application ref: 21/00305/OUTM) which concluded that the Council can only demonstrate a housing land supply of between 2.79 and 3.45 years. At the Appeal Inquiry, the Council did not dispute the fact that it has persistently and significantly under-delivered housing for at least 10 years. The Inspectors conclusion, with which the Secretary of State, concurred was that:

> *390. "….the Council has a very significant shortage of HLS and has done over several years; its delivery of market housing has been* ***astonishingly poor*** *for several years as has its delivery of affordable housing. Furthermore, the future pipeline for affordable housing is very poor…."*

In this context of long-term undersupply of housing, the imperative is clearly to implement the NPPF requirement to significantly boost the supply of housing. Against this background, the proposed £200 psm rate for housing, the highest rate in the Yorkshire region, seems clearly anomalous and could seriously impede the delivery of housing so desperately required to make good more than a decade of undersupply.

York is an important centre for higher education with two renowned universities. In recent years the City's two universities have expanded significantly. However, the supply of student accommodation has not matched the need. Although there have recently been some significant private purpose-built student accommodation (PBSA) schemes, more accommodation is required to meet backlog and future growth. The Draft Charging schedule proposes a significant levy of £150 per square metre on off-campus student accommodation schemes. This is in addition to a proposed affordable housing contribution of c.£7,000 per bed space. We understand other parties have commented on the potential negative impact of the CIL levy on the viability of new PBSA schemes. We will leave the detailed technical comments on this matter to those parties, but the Chamber's concern is that CIL levy should not impede the delivery of much need student accommodation in the City. A highly qualified workforce is essential to the future economic growth of the City and wider region. Anything that dissuades potential students taking a place at the City's Universities is to be avoided.

Brownfield land is typically significantly more expensive to develop with costs of demolition, land remediation, archaeology etc. this is well established, yet CYC propose a higher charge on brownfield residential development and brownfield sheltered/ retirement accommodation than levied on greenfield schemes which we find difficult to comprehend. This preference for greenfield sites runs counter to national policy and all principles of sustainable land use.

It is unfortunate that the Council has not taken to opportunity to rectify inconsistencies between the *CIL Infrastructure Funding Gap Assessment (IFGA)* and *Consultation Information Booklet (CIB)* highlighted in our previous representations. The *(IFGA)* and *(CIB)* documents issued with the Draft Charging Schedule set out to identify the cost of infrastructure required to support new development and where it is to be spent. However, there is a lack of clarity between the documents. For example, the IFGA identifies a cost of £47.3 million required for "Education". However, section 10 of the CIB, states that Infrastructure for the purposes of CIL spend "can" include transport, flood defences, schools, hospitals and other health and social care facilities.

This provides no certainty or clarity, for example, for residential developers as to whether they will be paying CIL and a Section 106 contribution for education; flood alleviation; or health facilities.

The Charging Schedule therefore needs to state clearly what the CIL will be spent on so that developers can make a proper assessment of whether the CIL and S106 costs on a scheme be viable or whether necessary development will be inhibited.

Because the CIL levy is non-negotiable and Section 106 contributions are, a very high CIL charge will likely result in reduced S106 contributions for affordable housing and other facilities such as education and open space and the developers of many brownfield housing sites will have no option but to pursue this line of negotiation in the future.

Therefore, the Chamber's concern is that the scale of the levy sought is likely to result in less development overall and less affordable housing, one of the categories of property most needed in York.

Yours sincerely

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Policy and Representation Executive