Examination note on differential residential rates (June 2017)

1. Introduction

1.1 Based on what the Council considers to be appropriate available evidence, the Draft Charging Schedule proposes differential rates for residential development in Maidstone Borough. As set out in Table 3 of the Charging Schedule (SUB 001), these rates are £93 sqm within the Urban Boundary, £99 sqm outside of the Urban Boundary and £77 sqm at Site H1 (11) Springfield.

1.2 These proposed rates reflect the Council's viability evidence, and their geography is consistent with policies in the Maidstone Borough Local Plan (MBLP) 2011-2031. The Council considers that there are substantial and clear-cut differences between viability within the urban area and viability within the rural areas, and this is also reflected within the affordable housing policies in the MBLP which require 40% affordable in the rural areas and 30% affordable within the urban area.

1.3 During the examination hearings on 14 June, this matter was discussed and the Examiner has requested that the Council provide some analysis of the implications of aligning the urban and rural rates, based on the existing evidence. This note, together with the appended Peter Brett Associates (PBA) Technical Note, therefore uses the existing viability and infrastructure evidence, as submitted to the examination, to assess the implications of aligning the rates at the low point of £93 sqm, at the mid-point of £96 sqm and at the high point of £99 sqm.

2. Analysis of aligning the rates

2.1 To assist the Examiner, PBA have provided a Technical Note to establish whether the findings within the existing evidence base, as set out in SUB007, could provide justification for a common rate between the two value areas. The Technical Note is appended to this submission and considers the implications for headroom and the level of buffer applied to the CIL rates and concludes that aligning the rates, at either £96 sqm or £99 sqm, can indeed be justified based on the evidence set out in SUB007.

2.2 To provide further context, the Council has also considered the implications of aligning the rates for the projected levels of CIL receipts (gross) and CIL income (net) generated from MBLP development, again based on existing evidence. Table 1 demonstrates that a common rate of £99 sqm would result in an uplift in projected CIL receipts which would support the delivery of the infrastructure necessary to support planned growth. A common rate of £96 sqm would have an almost neutral effect on CIL receipts. As set out in the Council's written submissions to Main Issue 3, the implications of a common rate of £93 sqm would result in lower CIL receipts and a larger funding gap, which would be highly undesirable given the evidenced need to provide a range of critical and essential infrastructure to support growth.

Table 1 – Implications for projected CIL receipts and income and comparison with proposed rates

Residential rates	CIL receipts	Change from submitted rates	CIL income	Change from submitted rates
Both £93	£24.56m	-£680k	£19.33m	-£520k
Both £96	£25.32m	+£80K	£19.92m	+£70k
Both £99	£26.08m	+£840k	£20.52m	+£670k

3. Conclusions

3.1 As set out in the Council's written and verbal submissions, the Council considers that there are substantial and clear cut differences in development viability between the urban and rural areas, and this is reflected in the MBLP and the CIL, based on appropriate available evidence.

3.2 This note, together with the appended PBA Technical Note, however provide the information requested by the Examiner, to demonstrate that aligning the main residential rates at either £96 sqm or £99 sqm can be justified by the evidence provided in SUB007 and, in the case of £99 sqm would provide additional infrastructure funding to support the delivery of the MBLP, whilst ensuring that CIL rates are not set within the margins of viability.