

LONDON BOROUGH OF TOWER HAMLETS COMMUNITY INFRASTRUCTURE LEVY SCHEDULE EXAMINATION

Main Issues and Questions for the Examination

Main Issues for consideration by the Examiner

- 1 *Is the charging schedule supported by background documents containing appropriate available infrastructure planning and economic viability evidence?*
- 2 *Are the charging rates informed by and consistent with the evidence?*
- 3 *Does the evidence demonstrate that the proposed charge rates would not put the overall development of the area at risk?*

Questions for the Examination

Hearings Session 1 – General Matters

- 1 Is the evidence on infrastructure costs adequate to enable an appropriate balance to be struck?
- 2 Are the land value assumptions appropriate?
 - Are site purchase cost assumptions appropriate? Should market value, as opposed to existing use value, be used to assess viability?
 - Are the four benchmark values realistic and appropriate? Do they adequately reflect actual property market evidence?
 - Is it appropriate to assume lower rents and higher yields for existing space than for new floorspace?
- 3 Is the discount/buffer used in determining the CIL rates appropriate?
 - What evidence is there to justify the 25% buffer (35% for student accommodation)?
 - Has a double buffer been applied to the Mayoral CIL rate (ie in setting the Mayoral rate and again in setting the Tower Hamlets rate?)
- 4 Are the assumptions regarding ongoing s106 payments realistic?
- 5 Are the build and other development costs used in the viability appraisals realistic?
- 6 Is it of significance that the phasing of CIL payments assumed in the appraisals is different from that which has been suggested will be actually applied?

- 7 What is the justification for basing the maximum CIL Levels on CUV2 for other retail and hotels but CUV3 for supermarkets/superstores/retail warehousing?
- 8 Are there errors in the viability assessments which undermine their relevance as appropriate available evidence?

Hearing Session 2 – Strategic Sites, Residential Development Rates and Office Development Rates

- 9 What would the likely effect of the proposed CIL rates be on (a) Opportunity Areas; (b) Strategic Sites; and (c) delivery of the Whitechapel Masterplan?
 - Do the scenarios tested adequately represent development likely to occur on Strategic Sites, Opportunity Areas and as part of the Whitechapel Masterplan?
 - Are the assessments of Strategic Sites sufficiently specific?
 - Are the assumptions regarding ongoing s106 payments for strategic sites realistic?
 - Is it realistic to expect Strategic Sites to be developed with post-CIL IRRs of around 13%?
 - Does the evidence on CIL as a percentage of total Strategic Site Development Costs indicate that CIL would not put the overall development of the area at risk?
 - Does the viability assessment of the tested strategic sites indicate that the overall development of the area would not be put at risk by CIL?

If you consider that a change to the schedule is necessary what rate/zone boundary would be appropriate?

- 10 Are the residential charging rates and zone boundaries informed by and consistent with the available evidence?
 - What would the likely effect of the proposed CIL rates be on the provision of affordable housing and achieving the Core Strategy target of 50% affordable homes? Is the use of a 35% affordable housing requirement in the viability assessments appropriate and compliant with Core Strategy policy SP02? Do the rates take appropriate account of cross-subsidy of affordable housing by private sales?
 - Do the rates take adequate account of difficulties in offsetting existing floorspace in major regeneration schemes where occupancy tests may not be met?
 - Are Cubit Town (E14 3) and the south of Pepper Street areas in the appropriate zones?
 - Does the evidence on CIL as a percentage of total residential scheme value indicate that CIL would not put the overall development of the area at risk?

If you consider that a change to the schedule is necessary what rate/zone boundary would be appropriate?

- 11 Are the office charging rates and zone boundaries informed by and consistent with the available evidence?
- Is the “sharing” of the maximum viable CIL level for office development in North Docklands between Tower Hamlets CIL and the Crossrail s106 “top up” appropriate and does it accord with the *Use of Planning Obligations in the Funding of Crossrail and the Mayoral Community Infrastructure Levy SPG (April 2013)*? What would be the likely effect on office development in North Docklands and on Crossrail?
 - Is the Thomas More Square area in the appropriate zone?

If you consider that a change to the schedule is necessary what rate/zone boundary would be appropriate?

Hearing Session 3 – Retail, Hotel and Student Housing Development Rates

- 12 Are the retail charging rates and zone boundaries informed by and consistent with the available evidence?
- Is the differentiation of rates by use and location supported by the evidence?
 - Is there evidence to justify supermarkets/superstores/retail warehouses as being a different use to other retail?

If you consider that a change to the schedule is necessary what rate/zone boundary would be appropriate?

- 13 Is the hotel charging rate informed by and consistent with the available evidence?
- Has a sufficient number/range of appraisals been undertaken?
 - Do the appraisals (and thus the rates) take appropriate account of the budget hotel sector?
 - Is there evidence to justify variations in the hotel rate in different zones of the borough?

If you consider that a change to the schedule is necessary what rate/zone boundary would be appropriate?

- 14 Is the Student Housing rate informed by and consistent with the available evidence?
- Is a single rate for student housing across the borough appropriate and supported by the evidence?
 - Is a single rate for both university-funded and market-led student housing appropriate and justified by the evidence?
 - Should the schedule make clear that student housing developed for a university by the university are exempt from CIL, or is it appropriate to rely on the general exemption for developers with charitable status?
 - Has appropriate account been taken of affordable housing requirements in the student housing rate?

If you consider that a change to the schedule is necessary what rate/zone boundary would be appropriate?

Written Statements from representors to be submitted by 22 April 2014

Written Statements (including any responses to the above) from the Council to be submitted by 6 May 2014