

ECC Community Infrastructure Levy Partial Review

Written Response from the Progressive Group of Councillors.

Councillors: Diana Moore, Kevin Mitchell, Carol Bennett, Micheal Mitchell, Jemima Moore, Tess Read, Catherine Rees, Amy Sparling.

The principle of a rate for “Co-living” and an increased rate for Purpose Built Student Accommodation (PBSA) is welcomed.

Based on a review of the viability assessment and community needs the Progressive Group is making the following recommendations for amendments to the proposed charging schedule:

1. “Co-living” and PBSA should both be charged at the same rate (£150 p/msq).
2. Rather than the laissez-faire approach to “Co-living” recommended in the viability assessment statement, encouraged by a low rate, a strategic and managed approach using the Community Infrastructure Levy (CIL) and planning policy together must be adopted, and “Co-living” must be clearly defined in planning policy.
3. Policy H5 has not led to any significant change of class use away from HMOs and has led to an overconcentration of PBSA in particular areas within and adjoining the city centre. “Co-living” will further add to this imbalancing effect in some areas. Therefore a lower rate for “Co-living” compared to PBSA is not justified.
4. The Article 4 Direction area (subject to any future changes) should be defined as a CIL charging and planning zone within which “Co-living” and PBSA should attract an uplift in the CIL rate to limit the number of Houses in Multiple Occupation (HMOs), PBSA and “Co-living” developments in the zone to achieve the planning policy of ‘balanced communities’. A review of the rate for Sui Generis class use (current zero) rated should be considered to align with this policy.
5. The low CIL rate for “Co-living” will incentivise viable and profitable, but unaffordable to rent, developments which will further exacerbate the City’s lack of affordable housing.
6. Flatted residential should make a CIL contribution.
7. Because of the unaffordability crisis in the city the Council must increase the proportion of affordable units through planning policy and using the CIL rate as a tool. Lower rates for a higher proportion of affordable housing should be considered. Based on the national guidance the Council must set out a local definition of “affordable”.
8. The rates for Build to Rent and Flatted development should be reviewed (upward), with a view to a reduction in the levy if more than 20% of units are affordable or social housing.
9. With denser housing, with Flatted and Build to Rent as a key policy of the Liveable Exeter Strategy, sufficient levy should be charged to ensure the necessary community infrastructure can be provided to meet the new Plan’s policies.
10. A lower CIL rate for developers who bring forward net zero developments (with evidence), reflecting the current challenges to viability that net zero development can sometimes present, would incentivise and enable this form of development necessary to meet the Council’s own stated policy of net zero by 2030 and the Climate Change Act and other legal requirements.
11. We would request that the Inspector hears evidence rather than just receive written submissions.

Reasons:

a) **The introduction of a CIL charge for the development of so called “Co-living”, a Build to Rent special type of accommodation is welcome** as it currently contributes nothing, on the basis it is (sui generis) to the Community Infrastructure, and should do so because of the additional burdens that increased levels of accommodation density will place on the local and wider community and services. It should be noted however, that there is no national or local policy for “Co-living”. We have seen it presented in Exeter as Build to Rent, but with key features of PBSA, including small shared amenity spaces, small accommodation units, not meeting national technical space standards and for transient occupation. Consequently “Co-living” developments are identical in class, use, and style to PBSA while available to anyone.

It should be noted that the Strategic Housing Needs Assessment muddles “Co-living” and “Co-Housing” - the latter has a defined meaning determined by the Co-Housing movement. So it is Co-Living that we refer to in this response.

b) **The increase in the rate for the CIL for Purpose Built Student Accommodation is welcome.**

c) The Three Dragons report makes the point that the purpose built student accommodation (PBSA) charging rate was set at a time when this form of development was relatively untested, this point is also made in the strategic housing needs assessment produced for the Local Plan. *The Planning Authority should learn from the difficulties that high numbers of high density accommodation developments in particular neighbourhoods can and has caused. So, rather than the laissez-fair approach to “Co-living” recommended in the viability assessment statement, a strategic and managed approach using the CIL levy and planning policy together must be adopted.* Indeed the recommended approach is already undermined by the current number of “Co-living” applications, *because of the viability and profitability of these types of developments as identified in the report.*

d) The current CIL Charging Policy, with discounted rates for purpose built student accommodation (PBSA), has incentivised PBSA development. The incentivisation of PBSA, through lower rates compared to other class uses, has led to a proliferation of PBSA in city centre communities which will continue, in the form of “Co-living” in these areas for use by students and non students together, if not managed through the CIL and other planning controls. Page 28 of the viability assessment says “Co-living” style developments are like purpose built student accommodation blocks, and the viability assessment demonstrates that such developments can well afford to contribute towards the community infrastructure levy. **Therefore, the CIL charging rates for “Co-living” must be comparable to the new PBSA rates (£150).** The Student Accommodation SPG also sets out the basis for such an approach - see italics/underline, which does not wholly limit PBSA for student use only: “3.3 New purpose-built student accommodation is normally in the form of cluster flats that share communal kitchen/lounge facilities or studios. These are usually limited to occupation by students only and may have lower standards of residential amenity than properties designed for longer-term occupation”
https://exeter.gov.uk/media/1746/final_spg_student_accommodation.pdf

e) Learning from the experience of PBSA developments, there is risk of “luxury-style” and unaffordable developments, an over-concentration of one type of accommodation designed for transient communities

in small neighbourhood areas - when the goal of the current plan is to create balanced communities in areas where there are many HMOs and PBSA already. [see Exec summary point 4 page 5]. The report says that a review of the Core Strategy adopted in 2012 identifies the policies that have been reviewed. Policy H5 of the adopted local plan to create balanced communities, which has not been addressed and should be reviewed as it relates specifically to class uses. H5 of the adopted Exeter Local Plan states:

“H5: THE CONVERSION OF DWELLINGS TO FLATS, SELF-CONTAINED BEDSITTERS OR HOUSES IN MULTIPLE OCCUPATION AND THE DEVELOPMENT OF SPECIAL NEEDS OR STUDENT HOUSING WILL BE PERMITTED PROVIDED THAT:

....

(b) THE PROPOSAL WILL NOT CREATE AN OVER CONCENTRATION OF THE USE IN ANY ONE AREA OF THE CITY WHICH WOULD CHANGE THE CHARACTER OF THE NEIGHBOURHOOD OR CREATE AN IMBALANCE IN THE LOCAL COMMUNITY;”

This policy is significant, informing the the supplementary planning document for purpose built accommodation and works in tandem with “the "Article 4 Direction" that restricts home owners 'Permitted Development' rights to use their property as houses in multiple occupation (HMOs) within Class C4 of the Use Classes Order for the occupation by students of other 'transient people' “ (sic).

Large HMO's are classified as sui generis so consideration should be given to reviewing this rate (currently zero) to align rates and planning polices. The introduction of a Sui Generis charge would not apply to the exceptions.

However, policy H5 has not led to any significant change of class use away from HMOs and has led to an overconcentration of PBSA in particular areas within and adjoining the city centre and in the Article 4 direction area. “Co-living” will further add to this imbalancing effect in some areas. Therefore a lower rate for “Co-living” compared to PBSA is not justified.

f) There are further issues around zoning - which is covered in the report and a very small area is recommended. However, **we would recommend the Article 4 area is a CIL charging zone (subject to any future changes) within which “Co-living” and PBSA should attract an uplift in the CIL rate to limit the number of HMOS, PBSA and “Co-living” developments in the zone.** The CIL and planning policy must clearly connect and the report demonstrates the viability and profitability of such developments.

g) The CIL proposals for a low “Co-living” rate could lead to an oversupply of single room accommodation, which while needed in the short term will have long term consequences. The Housing needs assessment says: “... the number of 'Other' households headed by someone aged 15-24 years is projected to rise by 690 households in the same timeframe, with a rise of 50 households for those aged 25-34 years.” With the CIL likely to be in place for a number of years an oversupply of “Co-living” could mean that young people are prevented from not only from living in, but also establishing relationship and setting up homes within the city. If “Co-living” is to work it needs to be founded on proper policy, a sound funding infrastructure, and be affordable.

Furthermore, the rent per month for build to rent is expected to be £1,250. Page 17 suggests that “Co-living”, a specialist form of build to rent, will have ‘bed spaces’ turnover one or 2 times a year and therefore the rent is set at 48 weeks. The market value suggests that PBSA for cost of room, ensuite is £164 a week and for “Co-living”, £237 which makes the rent for a “Co-living” place £11,883 pa. **So the Council does not need to offer additional incentives to build profitable but unaffordable developments which will further exacerbate the City’s lack of affordable housing.**

h) P9 of the document points out that the council follows national guidance on Build to Rent seeking 20% of units as discount market rent (defined as affordable) i.e. 80% of market rent. **Because of the unaffordability crisis in the city the Council must increase the proportion of affordable units through planning policy and using the CIL rate as a tool and based on the national guidance set out a local definition of “affordable”.** Otherwise we get both reduced levels of community infrastructure but we also get reduced levels of affordable housing. That is not considered by the review but the affordability crisis must be considered by council, and planning policy combined with the community infrastructure levy is key to this. **The rates for Build to Rent and Flatted development should be reviewed (upward), with a view to a reduction in the levy if more than 20% of units are affordable or social housing.**

i) **Build to rent and flats** discussed on page 26 and 27 suggests that the taller and larger schemes are less viable than medium-sized ones. As a result, the CIL rate is skewed to support taller, denser flats, but without the corresponding investment in the community infrastructure that makes high density living, Livable. Nor does it relate to local planning policy which currently emphasises Exeter as a ‘low rise’ city and the emerging plan Liveable Exeter Principles, which promote denser development, but doesn’t say must be tall. What consideration will be given to the local plan as a result of this finding? **With denser housing, through Flatted and Build to Rent as a key policy of the Liveable Exeter Strategy, a levy and sufficient levy should be charged to ensure the necessary community infrastructure and affordable can be provided to meet the new Plan’s policies.**

j) There is reference in the report to net zero carbon emission development on P29. This points out that future changes to building regulations to move towards carbon net zero development have been indicated for 2025 whilst it is unclear as to how these will be brought forward. **A lower CIL rate for developers who bring forward net zero developments, reflecting the current challenges to viability that net zero development can sometimes present, would incentivise and enable this form of development necessary to meet the Council’s own stated policy of net zero by 2030 and the Climate Change Act requirements.** This point was, after all, in the procurement brief for the review of the CIL.

k) The review says that connection to district heating isn't taken into account because there is none in the city. If this is not accounted for then developers will not make any financial contribution to it, arguing it's not viable. As both the current and emerging Local Plan is advocating a Fabric First approach, which if built to Passivhouse standards, means that no external heating is likely to be required and certainly not on the scale of a district heating system, then a wholesale local plan policy commitment to the connection of NEW developments (rather than harder to heat existing buildings) to large scale district heating should be abandoned or dealt with through the S106 process.