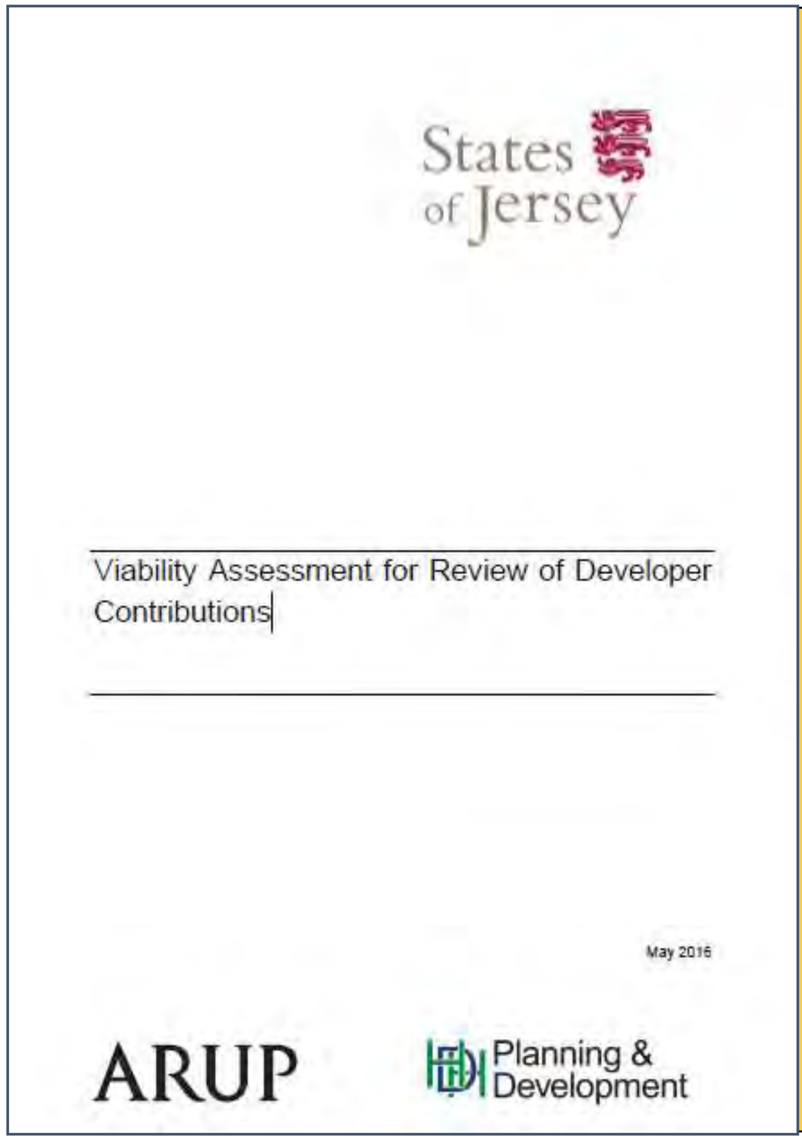
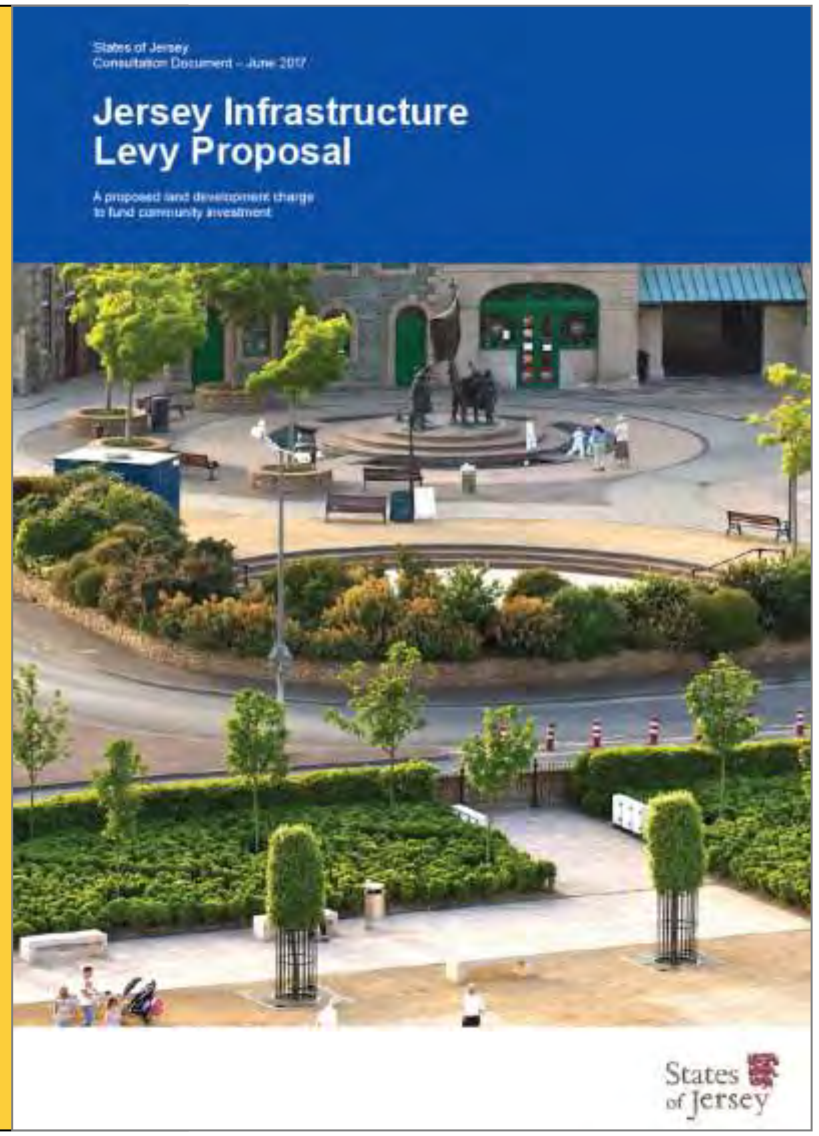




Jersey Infrastructure levy

Minister’s response to consultation

October 2017

Contents

Executive summary

Following extensive pre-consultation with stakeholders, beginning in October 2016, the Minister for the Environment published a draft policy document proposing the introduction of a broad, low and fair development charge called the Jersey Infrastructure Levy (JIL) on 23 June 2017. The consultation period was extended until 11 September at the request of the development industry. A total of 35 individual survey responses were submitted with over 300 comments made on key areas of the proposal and a further eight substantive submissions were made by groups and organisations.

All of the comments received have been included in this report and, where specific comments have been made, they have been responded to directly. The comments can be summarised by category and are set out as follows:

The principle of the levy

The principle of the Jersey Infrastructure Levy is that developers who benefit from the increase in land value that comes from development permission, make a contribution to the impact of that development on the local community.

Consultees were broadly equally split on their support for the principle of introducing a levy to Jersey with those comments received from the development industry being more negative and those from members of the public or interested groups being more positive. This is not surprising and is as expected given that the levy would benefit the community whilst being paid for from the development of land.

The main case made against the levy is that it is a new tax; that it is unfairly targeted on the development industry; and that it will lead to increased prices for development (purchase and rental).

The Minster for the Environment is not disputing that the levy is a new form of tax, but is one that is designed to come from the development of land directly in order to deliver some community benefit.

The levy is targeted at the development of land because it is believed that it is right for a small proportion of the increase in land value arising from the grant of planning consent to be shared with the community, rather than going solely to the landowner. It is also considered right that funds derived from the development of land are used to offset some of the impact of that development upon the community, to make them better places to live, work and visit.

Viability

The viability work that has been undertaken adopts a cautious and conservative approach in its assumptions and demonstrates that the introduction of a levy would work in Jersey and that supply and developer profits can still be maintained. It also shows that the introduction of a modest levy would represent a small percentage of the final Gross Development Value, and no evidence has been provided to demonstrate that this would add directly to end development prices, which are determined by market forces. This conclusion is supported by recent work (2017) to review the operation of the Community Infrastructure Levy in the UK and earlier work undertaken here in Jersey by Oxera to review environmental land taxes in 2008.

Further economic advice will be sought from the Economics Unit to test and amend if necessary, a more detailed levy proposal, should there be any evidence be forthcoming that the levy could lead to higher prices and/or reduced supply.

Levy rates

The Minister's draft policy document proposed a charge of £85 per square metre on new developments that create over 75 square metres of new floor space - roughly the size of a two-bedroom apartment. This would be applied to the development of net new retail, office and residential floorspace.

The responses to the proposed levy rates followed a similar pattern to the response to the principle of introducing a levy, with the development industry offering objections and the community offering support. Only one response (made by Lichfields on behalf of the Jersey Construction Council) provided any evidence to challenge the proposed levy rates. Whilst this evidence supported a number of general points it provided no new Jersey-specific data to challenge the assumptions made: The Lichfields analysis in fact shows that most development is not viable if their assumptions are used and this is clearly not the case in Jersey, as development is coming forward across the Island, and particularly in St Helier, so in the view of the HDH consultant this undermines their case. The full response to the Lichfields report is detailed in section 12.6 of this report.

Exemptions

The Minister's proposed policy stated that affordable housing and public developments, such as government offices, would be exempt from the charge.

Comments about proposed exemptions were mixed suggesting that exemptions were too narrow or that there should be no exemptions at all. None of the alternative suggestions received were evidenced and were based on speculation or unsupported assertions.

Use of the levy

The consultation document published by the Minister indicated that a levy could fund:

- new and improved streets, safe play spaces and recreational facilities, parks, tree planting and community gardens, such as the Millennium Town Park and the Weighbridge
- improvements to public transport services and facilities, like more bus shelters and improved services
- pedestrian improvement schemes and new footpaths, such as improvement to town streets already completed in Conway Street and Broad Street
- new cycle routes, such as the Eastern Cycle Network or the St Peter's Valley Cycle Path
- improvements to make local areas more resilient to climate change, by introducing sustainable urban drainage schemes to help manage surface water; more tree planting to provide shade and cooling; and better flood defences

Regulations would set out how these projects are identified and prioritised and a list will be published. It was also proposed that 10% of JIL funds raised from development in a parish would be used for local community improvements, to be administered by the parish.

There was an even spread of views on what the levy could be spent on, with some making alternative suggestions to those already identified: these views will be considered in more detail should the principle of introducing the levy be supported.

The proposed allocation of 10% of any levy funds to the parishes, derived from development within that parish, generated mixed views with some of those who supported it some suggesting a higher share. Many comments identified the need for an audited and managed process to spending the levy: this would be addressed as part of future regulations should the principle of introducing the levy be supported.

Planning Obligation Agreements

The development industry expressed concern about being asked to contribute for the same infrastructure twice, through both the levy and the planning obligation agreements (POAs). A review of existing POA charges would be included in the development of a levy, if the principle of its introduction is supported, and restrictions would be put in place, through regulation, to ensure that developers are not charged twice for the same infrastructure.

It is likely that if JIL is introduced, the existing POA requirements would be significantly reduced and simplified to cover only site-specific issues, while the new levy would cover area wide improvements.

Conclusions

The Minister for the Environment has published a draft policy document proposing the introduction of a broad, low and fair development charge called a Jersey Infrastructure Levy and has sought a broad range of views on this.

An extensive and soundly evidenced viability report based on Jersey-specific data has been prepared, in consultation with the Jersey development industry, to support the Minister's proposal to introduce an infrastructure levy to Jersey (Viability assessment for review of developer contributions report): this demonstrates that the introduction of a levy would work in Jersey.

During this formal round of consultation, there has been no further submission of alternative evidence that directly or substantively challenges this supporting work. Whilst it is clear that the development industry does not support the introduction of a levy it has not been able to offer to offer any substantive evidence which demonstrates that a levy would not work in Jersey. On this basis, the Minister is content that the evidence prepared to support the principle of introducing a levy has been thoroughly scrutinised and can be considered robust.

It is also considered reasonable to conclude, in light of this, that the Jersey development industry's opposition to the introduction of JIL is a matter of principle. The principle of the levy, however, is to ensure that developers who benefit from the increase in land value that comes from development permission, make a contribution to the impact of that development on the local community. The Minister believes that this is right and is supported by those community groups who have responded to this consultation.

The Minister is, therefore, of the opinion that the outcome of this consultation provides a sound basis for taking a proposition to the States to seek the Assembly's approval of the principle of introducing an infrastructure levy in Jersey and, if supported, to subsequently develop law, policy and regulation.

Next Steps

The Minister for the Environment will lodge a proposition in the States seeking the Assembly's support for the introduction of a Jersey Infrastructure Levy. The proposition will seek the support of the Assembly in principle.

If the States Assembly supports the introduction of a Jersey Infrastructure Levy, in principle, further work will then begin on the development of legislation, regulation and policy to enable the implementation of the levy. This work would be undertaken during 2018.

New legislation is required for JIL to take effect in Jersey. This would remain to be the subject of approval by the States Assembly. It is envisaged that this might take place during Q4 2018/ Q1 2019.

The setting of an infrastructure levy rate will likely be the subject of independent professional scrutiny, probably by a planning inspector, during some form of public inquiry: the provisions of new legislation will likely provide for this. Before JIL takes effect in Jersey, the current data and assumptions about costs and values set out in the *Viability Assessment for Review of Developer Contributions (May 2017)*, would need to be reviewed and updated, to reflect any change in the Jersey development industry and market. This would form the basis the Minister's proposed JIL rate and work would need to be carried out, once legislation has been introduced, to ensure that the most up-to-date information was being used to inform any proposal. It is envisaged that this might take place during Q1/2 2019.

It is only once the JIL had been reviewed and set, following independent scrutiny and review, would it take effect, likely sometime in the second half of 2019.

Survey responses

1. Levy principle

The decision to propose a levy follows a viability study which concluded there was scope to introduce a levy in Jersey in order to improve the quality of neighbourhoods affected by new development.

Is the levy an appropriate policy to help deliver community infrastructure improvements and, if not, what alternative would you suggest?

Summary of responses

Consultees were broadly equally split on their support for the principle of introducing a levy to Jersey with those comments received from the development industry being more negative and those from members of the public or interested groups being more positive. This is not surprising and is as expected given that the levy would benefit the community whilst being paid for from the development of land.

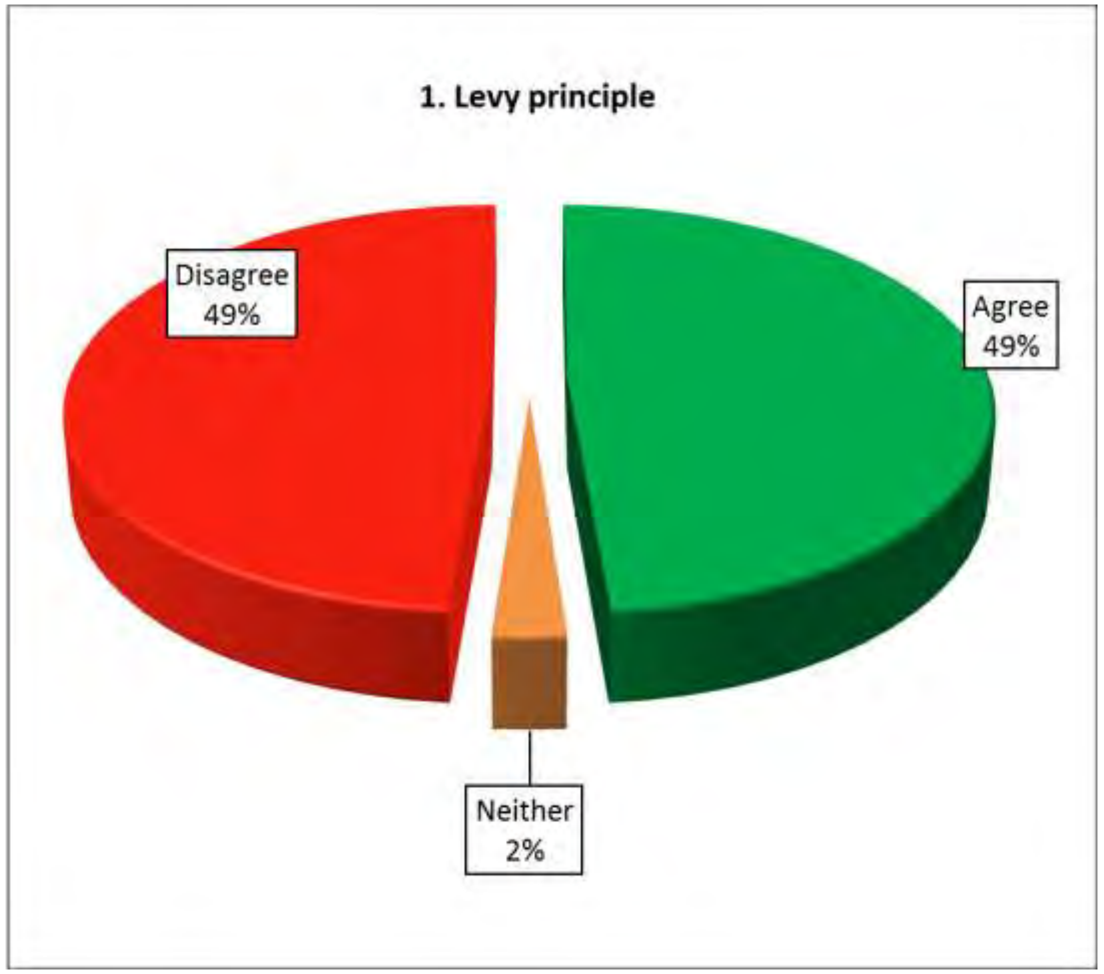
The main case made against the levy is that it is a new tax; that it is unfairly targeted on the development industry; and that it will lead to increased prices for development (purchase and rental). No alternative evidence was, however, presented that could be tested to support the case made.

The Minister, however, believes that it is right for a small proportion of the increase in land value arising from the grant of planning consent to be shared with the community, rather than going solely to the landowner. It is also considered right that funds derived from the development of land are used to offset some of the impact of that development upon the community, to make them better places to live, work and visit.

The viability work that has been undertaken adopts a cautious and conservative approach in its assumptions and demonstrates that the introduction of a levy would work in Jersey and that developer profits can still be maintained. It also shows that the introduction of a modest levy would represent a small percentage of the final Gross Development Value, and no evidence has been provided to demonstrate that this would add directly to property prices, which are determined by market forces. This conclusion is supported by recent work to review the operation of the Community Infrastructure Levy in the UK.

Questionnaire consultation results

	% Total	Count
Agree	49%	16
Neither	2%	1
Disagree	49%	16
Total	100%	33



Please provide reasons for your answer and suggest any alternative proposals to deliver infrastructure improvements.

Ref	Supporting / Objecting	Reasons for answer	States of Jersey Response
JIL7	Agree	It is right that an element of the economic value generated by allowing development should be reinvested in that locality in order to improve the living and working environment.	Comments noted
JIL10	Agree	Excellent idea and would have a positive impact on the local environments. Examples could include any structure including greening of car parks relocation of services to allow tree planting directly into site rather than planters which although softening the landscape are higher maintenance and usually in locations where services stop direct planting.an element of funding put aside for refurbishment of locations would be wise as they do deteriorate as Liberation square.	Comments and suggestions for use of levy noted
JIL14	Agree	Given the high level of development occurring in Jersey it is essential for money to be used to both adequately protect flora and fauna on the Island. Where the development is negatively impacting of these factors (proven via an EIA, or if an EIA is outside the scope of the development then assumed via the nature of the development) that appropriate mitigation, supplementary care (such as bat roost opportunities) or long term monitoring be provided for. There is currently inadequate screening of both planning and building control for property development and these is a major concern for species such as bats which rely upon the built environment for many of their roosts.	Comments noted on the levy proposal. (whilst outside the scope of the consultation, it is relevant to note that planning applications are screened and assessed relative to their impact on biodiversity)
JIL17	Agree	Jersey requires significant investment in infrastructure particularly for pedestrians and cyclists	Comments noted As currently proposed the levy, if adopted, would be able to deliver improvements in these areas.
JIL18	Agree	I live very close to a disused area of land adjacent to derelict greenhouses, it would be great if at some point this area was developed for families. If land like this were to be developed, there must be provision for outdoor play for children, this should allow for free play on natural surfaces as well as the usual static equipment. In an ideal world there would be provision of a "play team" that visited these areas to encourage resourceful play resilience and holistic appropriate social/emotional development.....these people would need a robust shed.	Comments noted As currently proposed the levy, if adopted, would be able to deliver improvements in these areas.
JIL21	Agree	Seems reasonable	Comments noted
JIL23	Agree	Infrastructure in Jersey needs a lot of upgrade work to meet the challenges of climate change etc., and someone has to pay. People expending energy and carbon, and using up green land, developing properties in Jersey make a lot of easy money; there is no reason why they should not contribute substantially to this.	Comments noted As currently proposed the levy, if adopted, would be able to deliver improvements in these areas.
JIL25	Agree	This is an appropriate policy providing it is adequately policed and that quality of the provision is the primary concern. Any community development must be fit for purpose and have the client group as its focus. It is not clear as to what % of each levy paid will be spent on the project it was raised from. 10% is to go to the Parish but what % is to be spent on the project from the money raised by the project?	Comments noted As currently proposed the levy, if adopted, would be pooled into one 'pot' to be spent on essential community infrastructure required to help improve the quality of places for people to live, work and visit. This may not be related to a specific development project. The management and governance of the fund remains to be determined through the development of detailed regulations. These regulations will set out how projects are identified and prioritised.

Ref	Supporting / Objecting	Reasons for answer	States of Jersey Response
			Work on the development of detailed regulations will follow if the principle of introducing an infrastructure levy is supported.
JIL27	Agree	Provided the funds raised are ring fenced and used in addition to existing planned Government infrastructure spend (i.e. not to subsidise), then I' supportive. Re the use of the funds I absolutely support the importance for St H in developing first class network of cycle paths and pedestrianised areas, with more green space. As someone who lived in town for the past 2 years seeing the vibrant atmosphere along Queen Street, disappear whenever you get near slow moving cars pumping out exhaust fumes, always used to frustrate me. Now I cycle into town from Victoria Village every day, using main roads the real danger is unfortunately constant and also once again breathing in fumes from slow moving/ stationary traffic is most unpleasant. When I compare this with major cities like Amsterdam, Berlin and even London, you can see that cyclists and pedestrians are being prioritised, whereas in Jersey, the car remains king. When is traffic at its worst?, around school opening and closing times. Wouldn't it be great if the norm for schools was walking, bike or as a last resort public transport (teachers take the lead?). A joined up strategy in this space would make a real difference, but we have to make cycling feel much safer and pleasant. In summary with some brave and joined up thinking Jersey could become a leading example such as the likes of Vancouver. They clearly have had a joined up plan, ensuring all the shore line is green and public access, cyclist routes required with every road development etc. With St we have a jewel, but it needs some polishing!	Comments noted As currently proposed the levy, if adopted, would be ring-fenced to develop new community infrastructure in the areas such as those identified. It would not be used to offset existing government revenue expenditure.
JIL29	Agree	Infrastructure is important in ensuring communities are safe and healthy and include all members. A policy to support improvement is to be commended.	Comments noted
JIL3	Agree	Jersey is becoming over developed and no consideration is given to outside space or the general feel of the area. People live in their homes but they also live in the surrounding area. St Helier is becoming wall to wall concrete and is a horrible town. Years of planning failures have made it devoid of open space or nice areas for residents and people who work in the area. The planning department is failing in protecting any culture or heritage or open space for residents. A case in point is the new green street development of la Collette flats. The development shall remove the last bit of green space on green street. Their attitude: hey who cares I don't live there. But this continual creep of development eating up space is suffocating st Helier in concrete. It is quite literally a horrible place to live. They have more consideration for this in London. There are parks everywhere and the streets often have trees. They should provide	Comments noted As currently proposed the levy, if adopted, would be able to deliver improvements in these areas.
JIL1	Disagree	If money is short in the States, it should be spent on supporting people, not frippery. and wasted projects like unused cycle paths	The levy represents a share of private profit from the increase in land values that occurs when planning permission is granted. The reinvestment of these funds will provide community benefit of value to people who live in, work in and visit these areas.
JIL2	Disagree	The levy places the burden on one section of the business community only	It is considered right for a small proportion of the increase in land value arising from the grant of planning consent to be shared with the community, rather than going solely to the landowner. It is also considered right that funds derived from the development of land are used to offset some of the impact of that development upon the community, to make them better places to live, work and visit. Almost all development has some impact on the

Ref	Supporting / Objecting	Reasons for answer	States of Jersey Response
			need for infrastructure, services and amenities - or benefits from it - so it is only fair that all such development pays a share of the cost. Those who benefit financially when planning permission is given should share some of that gain with the community which granted it, to help fund the community infrastructure needed to make development acceptable and sustainable.
JIL8	Disagree	1. Infrastructure improvements must only be provided by government if and when essential - we do not have the spare cash for fancy improvements. 2. If essential for safety, well-being or security, it is the job of government to provide infrastructure improvements through general taxation.	It is considered right for a small proportion of the increase in land value arising from the grant of planning consent to be shared with the community, rather than going solely to the landowner. It is also considered right that funds derived from the development of land are used to offset some of the impact of that development upon the community, to make them better places to live, work and visit. Almost all development has some impact on the need for infrastructure, services and amenities - or benefits from it - so it is only fair that all such development pays a share of the cost. It is also right that those who benefit financially when planning permission is given should share some of that gain with the community which granted it, to help fund the infrastructure needed to make development acceptable and sustainable. The department has consulted with the States Economic Advisor. There is no evidence to suggest that the levy would result in higher house prices. This conclusion is supported by recent work to review the operation of the Community Infrastructure Levy in the UK together with earlier work undertaken by Oxera in 2008 on land development taxes.
JIL9	Disagree	Building is expensive, and the view seems to be that if you can afford to build, then you can afford to pay more. Everyone wants a finger in the pie - lawyers are allowed to charge exorbitant amounts for property conveyancing, the States charges stamp duty for doing next to nothing. And now this proposed Infrastructure Levy is aimed at taking even more from the cash cow. What about 'user pays'? Why should new homebuyers have to pay for community and Island infrastructure just because they want somewhere to live? The entire community will benefit from improved roads and public transport, parks and open spaces, public art and cycle paths. Funding for these should come from Island taxes and parish revenue and not be used as a ransom on planning permission to build a home. It is wrong.	
JIL12	Disagree	The fact that development is being undertaken in the first place is a benefit to the community itself	Noted and accepted
JIL13	Disagree	A carbon levy would be a lot more appropriate. Soil is capable of storing three times as much carbon than the atmosphere. New buildings generate lots of CO2, and then stop CO2 from being drawn down. If a CO2 levy was introduced and used to reward landowners who could prove CO2 drawdown, the benefits to Jersey would be fairer to everyone, and it would help Jersey meet its international commitments to the 4 per 1000 initiative.	Noted, but carbon reduction has no direct relevance to the proposed introduction of the infrastructure levy. The Energy Plan for Jersey is the policy vehicle for CO_2 reduction in the Island.
JIL5	Disagree	It's simply a tax on new home owners. Indirectly, it puts up the cost of home ownership, of office rental, which increases the cost of living.	The levy is not expected to increase house prices. There is no evidence to suggest that the levy would result in higher house prices. This conclusion is supported by recent work to review the operation of the Community Infrastructure Levy in the UK. The levy will be a small part of the overall cost of building a home, and it is expected that developers will either negotiate to pay less for land they buy in time, or absorb some of the cost. The levy will only be applied to new housing (about 30% of annual housing sales in Jersey) and will exclude affordable homes or developments by charitable trusts. Developers set asking prices for new developments, but values are set by the market and this is usually based on what similar houses in the area sell for, as well as the formal valuation carried out by a bank's appointed valuer, if the buyer is applying for a mortgage for the property.
JIL15	Disagree	This is mad and will only further push up the cost of housing in Jersey. We already have very well-funded infrastructure and do not need yet another tax	
JIL24	Disagree	This will be passed on to the end-consumer and will further inflate the costs of buying property in Jersey (as if it isn't inflated enough already). Govt and Parishes should pay for "community infrastructure improvements" through tax and rates,	

Ref	Supporting / Objecting	Reasons for answer	States of Jersey Response
			A buyer of a new property will only pay a premium for a new property if it is more attractive than those in the wider market. In the long-run, a fixed levy will provide certainty about the level of charge that a developer must pay and they will be able to factor this in to the price that they pay for land.
JIL19	Disagree	The rubbish that has been fostered upon the public due to unsightly and buildings of little community importance unless your some ultra-egotistical finance leach on the island.	The aesthetics of new buildings will always invite opposing views and private developments will not always provide public community benefit. The introduction of an infrastructure levy is a way of providing wider public benefit from development to deliver real community improvements.
JIL11	Disagree	This should be done via general tax revenues.	It is considered right for a small proportion of the increase in land value arising from the grant of planning consent to be shared with the community, rather than going solely to the landowner. It is also considered right that funds derived from the development of land are used to offset some of the impact of that development upon the community, to make them better places to live, work and visit. Almost all development has some impact on the need for infrastructure, services and amenities - or benefits from it - so it is only fair that all such development pays a share of the cost. It is also right that those who benefit financially when planning permission is given should share some of that gain with the community which granted it, to help fund the infrastructure needed to make development acceptable and sustainable. General income tax receipts will remain to fund other public services.
JIL26	Disagree	Community infrastructure should be paid for out of income tax - this is the existing position and seems to have worked for decades. Commercial development of real estate is already taxed at 20%.	
JIL28	Disagree	The states already collect a levy from citizens, it's called income tax. Adding further cost simply pushes up the cost of living in Jersey which is to no body's advantage. The argument that there is a budget shortfall is not acceptable. The States should learn to manage within its means and not fund further spending through a range of stealth taxes.	
JIL30	Disagree	1. This is a new tax and, as such, unwelcome. 2. It is a selective tax which falls unevenly in that it selects just one sector to pay a higher rate of tax than other sectors. 3. It is, in effect, a land tax and inevitably it will be passed on in the form of an increased cost of housing: Jersey has an acute housing shortage and the development sector should be encouraged to build more residential accommodation, not disincentivised through punitive taxation. 4. it is an inappropriate way to fund infrastructure development: government should manage our finances in such a way as to enable infrastructure development through 'normal' capital programmes, i.e. by managing revenue expenditure in such a way as to provide an annual surplus which can be diverted to capital expenditure. 5. An alternative way forward is for the Environment Department to cut costs. It employs people in environmental activities that should be left to the voluntary sector; these post should all be made redundant; the payback benefit for the cost of VR or CR would begin immediately.	
JIL31	Disagree	Cut red tape and your costs and spend the savings on infrastructure improvements.	
JIL4	Neither	As it will not work I think that all Islanders should have a say as the government always wants their ways to improve which does NOT work. This should be sent in the post as there are many people (especially the elderly) who DO NOT use cp,putors.	Comments noted. Consultation material was available in hard and electronic copy and the department welcomes the submission of comment in whichever way people find most convenient.

2. Proposed levy Residential Rates

A levy rate of £85 per square metre of development has been proposed for residential developments. Do you think that this is a viable rate?

Questionnaire consultation results

Summary of responses

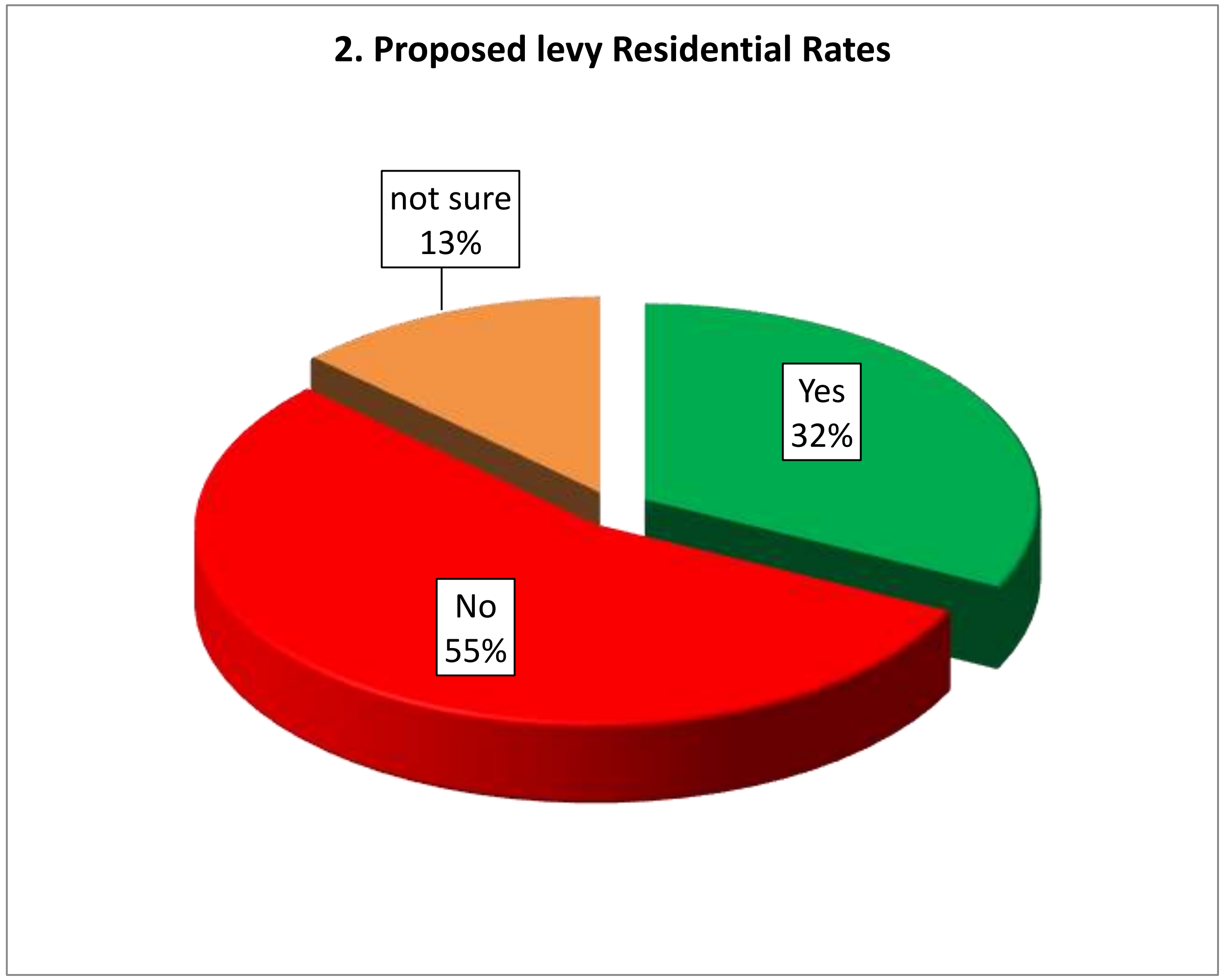
The Minister's draft policy document proposed a charge of £85 per square metre on new residential developments that create over 75 square metres of new floor space - roughly the size of a two-bedroom apartment. This rate was based upon the viability assessment for review of developer contributions report which recommended viable rates of up to £125/Sqm.

The responses to the proposed levy rates followed a similar pattern to the response to the principle of introducing a levy, with the development industry offering objections and the community offering support.

Although this question provided a more negative view (55%) from 33 respondents, some of those supporting the principal of the levy opposed the levy rate as they considered it too low (without evidence), which does not give a true picture to the statistical response to this question.

With regards to those comments who were opposed to the levy, a number of valid points were made but no new or alternative direct local evidence is produced to support the comments made.

	% Total	Count
Yes	32%	11
No	55%	17
Not Sure	13%	5
Total	**100%**	**33**



Please give reasons for your answer and provide any relevant evidence.

Ref	Supporting/ Objecting	Reasons for answer	States of Jersey Response
JIL3	Yes	Yes every developer I have seen is very rich. They probably don't even pay tax on their income" because they classify it as a capital gain. But this cannot be at the expense of the planning law. Continual pressure must be put on developers to provide improvements to the area, not just maximise profit.	The principal of the levy is to seek community improvements from the awarding of planning permission and a reasonable return (developer's profit) is required in order to deliver successful developments.
JIL6	Yes	For non-resident companies make it double!	The policy will not consider the ownership of companies as this is outside the scope of the levy proposal.
JIL7	Yes	We need simple and clear charging structure. Yes it could be higher or lower, but we have to start somewhere and this can then be reassessed with time/ experience	The single rate levy structure is considered to be simple and clear and more importantly viable.
JIL13	Yes	All building should face the levy, Jersey has a responsibility even if it is small.	The viability assessment for review of developer contributions report recommended that for small developments the levy could be unviable at the higher rates. Having variable rates is considered too complex for the outcome.
JIL16	Yes	No comment	Noted
JIL17	Yes	Seems a reasonable compromise amount	Comments noted – the levy has been designed to be simple to use,fair and equitable.
JIL21	Yes	Yes, but fixed for what period, tied to inflation etc?	The policy will be reviewed every 3 years and /or following significant changes in costs or values. The rates and governance of the levy remains to be determined through the development of detailed regulations should the levy be approved in principle and which will then be subject to further public consultation and States approval.
JIL22	Yes	I think it should be £100	The viability assessment for review of developer contributions report recommended a range of rates and for residential developments it could be as high as £125/Sqm, whilst for offices it was £80/Sqm. The Minister has proposed a consistent rate for all development types in order to provide a simple, equitable and fair policy framework. It is accepted that the proposed rate is at the lower end of the recommended range.
JIL23	Yes	In line with UK, and we have to start somewhere	Comments noted
JIL27	Yes	This needs to be measured though against the planning gain	The contributions made by developers through the current planning obligation agreement (POA) policy is included and is part of the modelling undertaken in the viability assessment for review of developer contributions report. It is considered that the levy is viable and will be delivered through the awarding of planning permission. Should the levy be adopted POA's will be reviewed and some dropped. However some will still be in place to capture specific planning gain from developments that have a significant local impact (e.g. drainage, contamination, road junction improvements, etc.)
JIL10	not sure	Might have a negative impact on residential prices any could drive development off the Island ,but would support a slightly lower levy of 60 to get the scheme started , suspect it has been set knowing it will come down.	The levy rate has been set based upon evidence from the viability assessment for review of developer contributions report undertaken by the consultants and local, surveyors. The rate will be adjusted according to new viability evidence as it emerges and is verified.
JIL14	not sure	It may be a case to exempt some development or to charge upon a variable scale depending on the nature and scale of development (if it is the re-development of an existing structure, building on an existing footprint then perhaps to be treated differently to a green-site development).	The levy is applied only to certain development types (Residential, office and retail) and then only for net new development. A conversion of an existing floor space to residential for example would not be charged the levy unless a new additional floor area was added to the building.
JIL25	not sure	If this sum is reached following local professional research then it is a viable rate.	The viability assessment for review of developer contributions report was carried out by UK and local surveyors using Jersey specific evidence and is considered robust.

Ref	Supporting/ Objecting	Reasons for answer	States of Jersey Response
JIL29	Not sure	Insufficient information available to make comment.	The rates are based upon recommendations in the viability assessment for review of developer contributions report published with the survey
JIL35	Not Sure	There definitely should be a levy but not sure a what rate. Could it not be based on a percentage of the profits out of the development?	The viability assessment for review of developer contributions report recommended that the current rates were viable and capable of delivering a sufficient annual community benefit from new developments on the Island. Other levy types were considered but the proposal put forward was favoured as being the simplest and fairest option.
JIL1	No	Wow, a tax on buildings, bet the tax we pay in general will still all be spent	It is considered right for a small proportion of the increase in land value arising from the grant of planning consent to be shared with the community, rather than going solely to the landowner. It is also considered right that funds derived from the development of land are used to offset some of the impact of that development upon the community, to make them better places to live, work and visit. Almost all development has some impact on the need for infrastructure, services and amenities - or benefits from it - so it is only fair that all such development pays a share of the cost. It is also right that those who benefit financially when planning permission is given should share some of that gain with the community which granted it, to help fund the infrastructure needed to make development acceptable and sustainable. General income tax receipts will remain to fund other public services.
JIL2	No	The formula makes no reference to profit level, and will in any case be passed on to tenants or purchasers	The model assumes a minimum profit level for developers of 20% GDV
JIL4	No	As this seems too cheap it should be at least £100 minimum	The modelling undertaken in the viability assessment for review of developer contributions report recommended a range of viable levy rates, with residential rates being able to be charged of up to £125. The Minister has decided to have a single rate across all in order to keep the levy simple to use, fair and equitable.
JIL5	No	Adds £4,000 to a small property purchase.	The levy is designed to come off land values and will vary according to the size of development proposed. The £4,000 indicated in the response has no supporting evidence and so is not clear how it is arrived at.
JIL8	No	I do not agree with the levy on principle. Either a residential development is approved in accordance with the Island Plan because it is required (in which case no levy should be charged) or it is rejected, in which case such a levy is irrelevant.	The levy is separate to current planning policies and the principle is based upon using the profit from awarding planning permission to pay for community improvements for all Islanders. It is considered right for a small proportion of the increase in land value arising from the grant of planning consent to be shared with the community, rather than going solely to the landowner. It is also considered right that funds derived from the development of land are used to offset some of the impact of that development upon the community, to make them better places to live, work and visit. Almost all development has some impact on the need for infrastructure, services and amenities - or benefits from it - so it is only fair that all such development pays a share of the cost. It is also right that those who benefit financially when planning permission is given should share some of that gain with the community which granted it, to help fund the infrastructure needed to make development acceptable and sustainable.
JIL9	No	Aside from the fact that this levy is no more than a stealth tax to avoid having to use central funding for community infrastructure improvements, £85/sq.m is between around 4% and 9% of build cost! It is extortionate.	The viability assessment for review of developer contributions report has calculated that the levy represents around 2.5% of Gross Development Value, which is a more

Ref	Supporting/ Objecting	Reasons for answer	States of Jersey Response
			relevant way of viewing the impact as it is not a direct cost to development as it is intended to come off the value of the land.
JIL11	No	This just increases the general costs of development that are already excessive and have driven out the chance of any smaller developer. The island is now so expensive that only companies with huge financial resources can operate.	Larger companies are likely to have a more competitive edge on certain types of developments, particularly where economy of scales exist, however the levy is considered to be a marginal cost which should be negotiated from the land value and allow developers of all sizes to operate as normal on the island.
JIL12	No	Should not apply to residential developments that remain under the ownership of the developer.	The residential land ownership considerations will not be included as exceptions to the levy unless the levy is for affordable housing. In some situations developers may already have purchased land and so won't be in a position to adjust land values, although in a rising market land values will likely be higher the longer the ownership period to more than cover any potential levy imposition. This is also being mitigated by the Minister for the Environment's clear, early signals to the industry of his intent to not introduce the levy until 2019 at the earliest and the fact the levy is being set at a low rate to maintain the incentives to develop. It will be a requirement that where planning permission has been granted before the implementation an infrastructure levy in Jersey a project will not be liable.
JIL15	No	It is mad to tax building new homes and totally counterproductive. will lead to spending more money on housing subsides.	The levy is aimed to come off land values not increase house prices. Affordable housing is exempt.
JIL18	No	This is far too high, I can only imagine you want this to fail before it is agreed!	The rates are based upon recommendations in the viability assessment for review of developer contributions report which was an extensive and soundly evidenced piece of work and has recommended rates that would be viable.
JIL19	No	Our ignorant politicians need to tackle the population crisis that is creating a number of issues to the island. As a single person it has been impossible for me to afford to purchase a property, this is not right or fair when we allow untold immigrants into the island. Which idiot thought up this levy?	Although the population is a major issue for the Island, it is not a major consideration in formulating the levy proposal. Affordable housing developments will be exempt from paying the levy and can only be accessed by eligible Jersey resident households.
JIL20	No	This is just another "tax" on the end user. It is a "tax" which appears to be only based on the square metre-age of the site, therefore, if the development is a block of flats, it will only be based on the ground floor area? Every new development already includes, at the planning application stage, landscaping (trees, gardens, environment) and a play area (if appropriate). It also includes access and pathways.	The proposal is for the levy to be applied to all new net additional floor areas only and will only apply to the buildings and not landscaping or footpaths.
JIL28	No	The states already collect a levy from citizens, it's called income tax. Adding further cost simply pushes up the cost of living in Jersey which is to no body's advantage. The argument that there is a budget shortfall is not acceptable. The States should learn to manage within its means and not fund further spending through a range of stealth taxes.	It is considered right for a small proportion of the increase in land value arising from the grant of planning consent to be shared with the community, rather than going solely to the landowner. It is also considered right that funds derived from the development of land are used to offset some of the impact of that development upon the community, to make them better places to live, work and visit. Almost all development has some impact on the need for infrastructure, services and amenities - or benefits from it - so it is only fair that all such development pays a share of the cost. It is also right that those who benefit financially when planning permission is given should share some of that gain with the community which granted it, to help fund the infrastructure needed to make development acceptable and sustainable. General income tax receipts will remain to fund other public services.

Ref	Supporting/ Objecting	Reasons for answer	States of Jersey Response
			The Government is currently undertaking a major reform/efficiency programme aimed at improving Public Services which is not the appropriate route to fund public realm improvement plans from development related activities.
JIL30	No	As stated above, this cost will be passed on by the developer and will emerge as higher building costs and ultimately the purchaser of the building will pay more. It will inflate dwelling unit prices.	The levy is not expected to increase house prices. There is no evidence to suggest that the levy would result in higher house prices. This conclusion is supported by recent work to review the operation of the Community Infrastructure Levy in the UK. The levy will be a small part of the overall cost of building a home, and it is expected that developers will either negotiate to pay less for land they buy in time, or absorb some of the cost. The levy will only be applied to new housing (about 30% of annual housing sales in Jersey) and will exclude affordable homes or developments by charitable trusts. Developers set asking prices for new developments, but values are set by the market and this is usually based on what similar houses in the area sell for, as well as the formal valuation carried out by a bank's appointed valuer, if the buyer is applying for a mortgage for the property. A buyer of a new property will only pay a premium for a new property if it is more attractive than those in the wider market. In the long-run, a fixed levy will provide certainty about the level of charge that a developer must pay and they will be able to factor this in to the price that they pay for land. Through the informal consultation with the development industry that was carried out to inform the Viability Assessment, comments were received raising the concern that the levy would be added to the sale prices of developments thus increasing already high house prices in Jersey. The department has had initial discussions with the Economics Unit and their view is that charges like the Jersey Infrastructure Levy (JIL) that intend to capture a small fraction of the uplift in land values that arise when a site gets permission for development would normally be expected to impact on land values. In a competitive market developers would have a strong incentive to make sure the charge leads to lower land values because if not new built properties would become relatively more expensive than similar properties that have already been developed and were not subject to the levy. New build homes only form a minority of homes sold each year and in a competitive market prices will be determined by the interaction of overall supply and demand for properties and therefore general conditions in the market. This conclusion is supported by recent work to review the operation of the Community Infrastructure Levy in the UK together with earlier work undertaken by Oxera in 2008 on land development taxes.
JIL31		You have used incorrect build costs, the difference of which is roughly equivalent to the proposed levy, so it doesn't work.	No evidence has been provided for alternative costs and so this statement cannot be tested.

3. Proposed levy Office Rates

A levy rate of £85 per square metre of development has been proposed for office developments. Do you think that this is a viable rate?

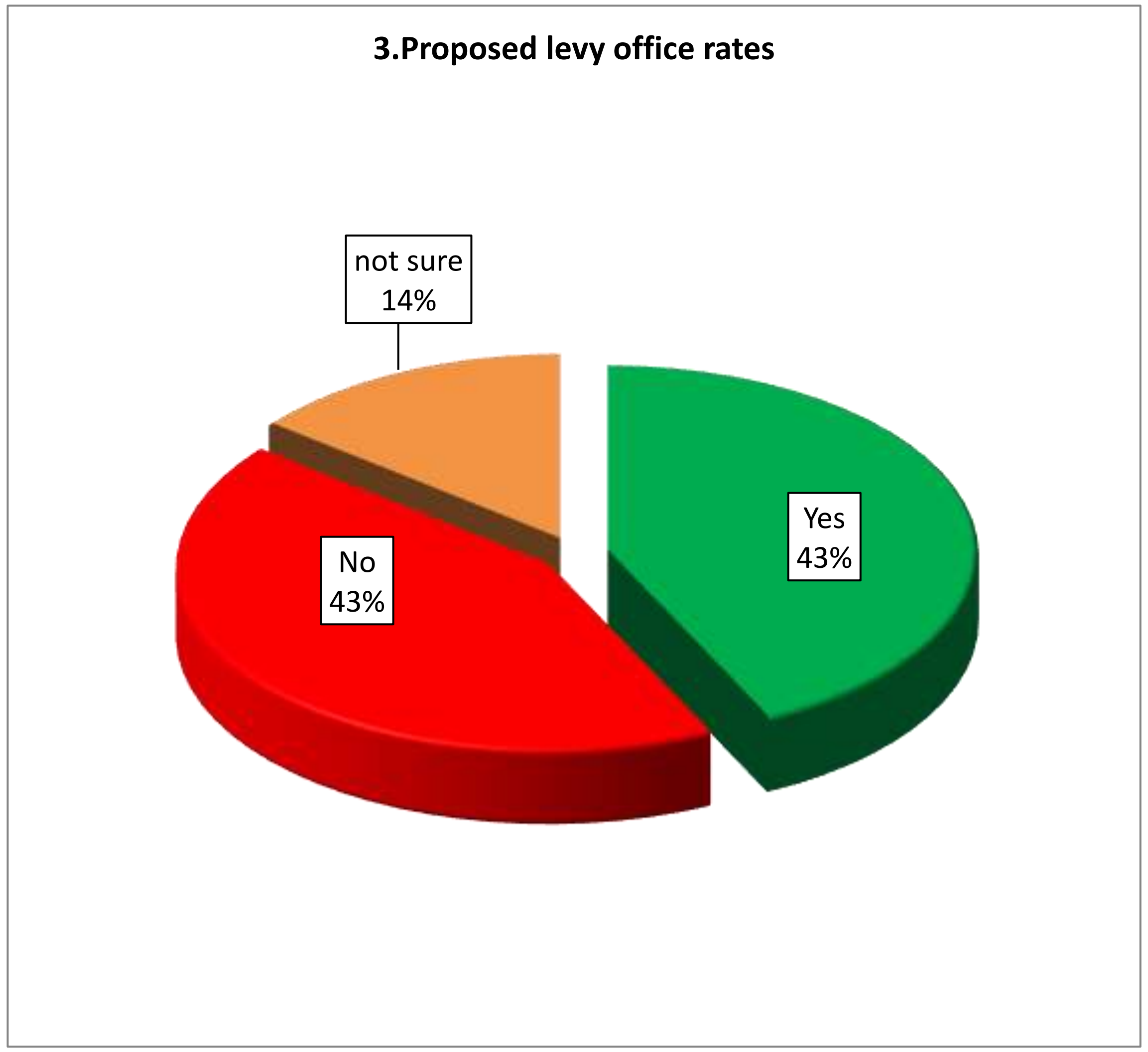
Questionnaire consultation results

	% Total	Count
Yes	43%	14
No	43%	14
Not Sure	14%	5
Total	**100%**	**31**

Summary of Responses

Although this question provided a balanced view from respondents, as with the residential rates, some of those supporting the levy opposed the levy rate as they considered it too low (without evidence), which does not give a true picture of the overall statistical results to this question.

With regards to those comments who were opposed to the levy, a number of valid points were made but no new or alternative direct local evidence is produced to support the comments made.
Many of the comments received were repeated from the previous question on residential rates and the subsequent one on retail rates.



Please give reasons for your answer and provide any relevant evidence.

Ref	Supporting / Objecting	Reasons for answer	States of Jersey Response
JIL3	Yes	This should probably be higher.	The rates are based upon recommendations in the viability assessment for review of developer contributions report which was an extensive and soundly evidenced piece of work and has recommended rates that would be viable.
JIL6	Yes	for non resident companies double it	
JIL7	Yes	We need simple and clear charging structure. Yes it could be higher or lower, but we have to start somewhere and this can then be reassessed with time/ experience	The single rate levy structure is considered to be simple and clear and more importantly viable.
JIL10	Yes	Agree as many businesses get away with not paying the portion of costs that residents pay	Unable to comment
JIL14	Yes	It may be a case to exempt some development or to charge upon a variable scale depending on the nature and scale of development (if it is the re-development of an existing structure, building on an existing footprint then perhaps to be treated differently to a green-site development)	Following recommendations made in viability assessment for review of developer contributions report, the levy is applied only to certain development types (Residential, office and retail) and then only for net new development. A conversion of an office use to residential for example would not be charged the levy unless a new additional floor was added to the building.
JIL17	Yes	Seems a reasonable compromise amount	Comments noted – the levy has been designed to be simple to use,fair and equitable.
JIL18	Yes	Jersey does not require any more office space, if this was the proposal developers would think very carefully and those who can afford this i.e. the finance sector would go ahead.	Comments noted but not directly related to the Levy proposal.
JIL19	Yes	No more offices please. We need houses not offices.	Comments noted but not directly related to the Levy proposal.
JIL20	Yes	I agree with this, as commercial property incurs an enormous amount of revenue. Every new development already includes, at the planning application stage, landscaping (trees, gardens, environment) and a play area (if appropriate). It also includes access and pathways.	Comments noted
JIL23	Yes	In line with UK, and we have to start somewhere	Comments noted
JIL27	Yes	This needs to be measured though against the planning gain	The contributions made by developers through the current planning obligation agreement (POA) policy is included and is part of the modelling undertaken in the viability assessment for review of developer contributions report. It is considered that the levy is viable and will be delivered through the awarding of planning permission. Should the levy be adopted POA's will be reviewed and some dropped. However some will still be in place to capture specific planning gain from developments that have a significant local impact (e.g. drainage commination, road junction improvements, etc.
JIL22	Yes	I think it should be £100	The viability assessment for review of developer contributions report recommended a range of rates across development types. The Minister has proposed a consistent rate for all development types in order to provide a simple, equitable and fair policy framework.
JIL21	not sure	Are the levels of human traffic around an office development not higher and therefore more maintenance hungry than a residential development, a higher rate would seem sensible	
JIL12	not sure	Creation of office development contributes to the economy of the island directly	Comments noted
JIL25	not sure	If this figure has been reached following local professional research then it is correct. If this figure has been brought over from a local authority in the UK then it will not be applicable to Jersey, prices and wages are higher and community aspirations different. In the absence of a States Social Policy we are all working independantly to help integrate the community, we have to ensure anything we do is relevant to our community. Erecting a sculpture in business developments doesnt add much to peoples lives, living art does. Areas for families to meet at lunch time, areas for parents to feed and care for children, areas for outdoor meetings, play areas to allow	The viability assessment for review of developer contributions report was an extensive and soundly evidenced piece of work undertaken by both UK and local consultants using Jersey costs and values. Should the levy be adopted, it will deliver public realm improvements for the benefit of the wider community. The percent for art scheme is voluntary and will still run alongside any new JIL policy.

Ref	Supporting / Objecting	Reasons for answer	States of Jersey Response
		business areas to be part of community space, all these forms of art add quality to peoples working days.	
JIL29	Not sure	Insufficient information available to make comment.	The rates are based upon recommendations in the viability assessment for review of developer contributions report published with the survey
JIL35	Not Sure	Residential, retail and office developments are two very different things so it's unusual that you would charge the same rate?	The viability assessment for review of developer contributions report concluded that the potential rates that could be applied varied from between £80/Sqm- £150/Sqm depending upon the development types. However, the Minister has decided that for the levy to be simple to use, equitable and fair a lower standard rate should be applied to all development types.
JIL2	No	Once again this care will be passed on and fails to address business which operate in jersey but which pay no corporation tax who should pay more	The levy is not expected to increase rental prices. The levy will be a small part of the overall cost of development, and it is expected that developers will either negotiate to pay less for land they buy in time, or absorb some of the cost.
JIL1	No	Jersey business inflated rents here we go	The levy represents a small percentage of GDV (2.5%) and is designed to be taken off the land. End rental values should not be significantly impacted by the levy. The levy is not expected to increase rental prices. The levy will be a small part of the overall cost of development, and it is expected that developers will either negotiate to pay less for land they buy in time, or absorb some of the cost. Developers set asking prices for new developments, but values are set by the market and this is usually based on what similar houses in the area sell for, as well as the formal valuation carried out by a bank's appointed valuer, if the buyer is applying for a mortgage for the property. A buyer or renter of a new property will only pay a premium for a new property if it is more attractive than those in the wider market. In the long-run, a fixed levy will provide certainty about the level of charge that a developer must pay and they will be able to factor this in to the price that they pay for land. Through the informal consultation with the development industry that was carried out to inform the Viability Assessment, comments were received raising the concern that the levy would be added to the sale prices of developments thus increasing already high house prices in Jersey. The department has had initial discussions with the Economics Unit and their view is that charges like the Jersey Infrastructure Levy (JIL) that intend to capture a small fraction of the uplift in land values that arise when a site gets permission for development would normally be expected to impact on land values. In a competitive market developers would have a strong incentive to make sure the charge leads to lower land values because if not new built properties would become relatively more expensive than similar properties that have already been developed and were not subject to the levy. New developments only add a marginal increase to the existing stock each year and in a competitive market prices will be determined by the interaction of overall supply and demand for properties and therefore general conditions in the market. This conclusion is supported by recent work to review the operation of the Community Infrastructure Levy in the UK together with earlier work undertaken by Oxera in 2008 on land development taxes.
JIL30	No	In the same way as residential property prices will be inflated, so office rental costs will spiral. It is not my purpose to be rude or offensive, but the public sector appears to have no regard for the long term effect on the economy of measures like this. One of Jersey's few USPs is its quality, but quality has a price ceiling too and this proposed tax will be another nail in the coffin of Jersey's competitiveness. Continue like this and our government will invoke a negative spiral of diminishing activity and further increases in taxes.	
JIL5	No	Increases rentals, in order to get a viable return.	
JIL4	No	This should be at least £200 per metre	The rates are based upon recommendations in the viability assessment for review of developer contributions report, which was an extensive and soundly evidenced piece of work and has recommended rates that would be viable.

Ref	Supporting / Objecting	Reasons for answer	States of Jersey Response
JIL8	No	As above, I do not agree with the levy on principle. Either an office development is approved in accordance with the Island Plan because it is required (in which case no levy should be charged) or it is rejected, in which case such a levy is irrelevant.	The levy is separate to current planning policies and the principle is based upon using the profit from awarding planning permission to pay for community improvements for the benefit of all Islanders.
JIL9	No	It is a stealth tax and should not be charged.	
JIL11	No	This just increases the general costs of development that are already excessive and have driven out the chance of any smaller developer. The island is now so expensive that only companies with huge financial resources can operate.	Larger companies are likely to have a more competitive edge on certain types of developments, particularly where economy of scales exist, however the levy is considered to be a marginal cost which should be negotiated from the land value and allow forms of all sizes to operate as normal on the island.
JIL13	No	Business arguably produce more CO2 emissions, with that reasoning they should pay more.	The levy is not targeted to directly reduce the output of Co2. The [Energy Plan for Jersey] is the policy vehicle for Co2 reduction on Jersey.
JIL15	No	The states have already put off investors building offices by having the states underwrite the IFC now they want to tax new developments perhaps to help ensure thier IFC built before they bring in the new tax has another advantage. Please stop this mad tax or I will look to invest elsewhere.	The levy will be applied to all developers of offices, including the Jersey Development company. The levy represents a small percentage of GDV (2.5%) and is designed to be taken off the land.
JIL24	No	The cost to a business of moving premises is already far too high and much more expensive in Jersey than elsewhere. Businesses may move from the Island if the cost of doing business in Jersey is too high.	
JIL31	No	You have used incorrect build costs, the difference of which is roughly equivalent to the proposed levy, so it doesn't work.	No evidence has been provided for alternative costs and so this statement cannot be tested.

4. Proposed levy Retail Rates

A levy rate of £85 per square metre of development has been proposed for retail developments. Do you think that this is a viable rate?

Questionnaire consultation results

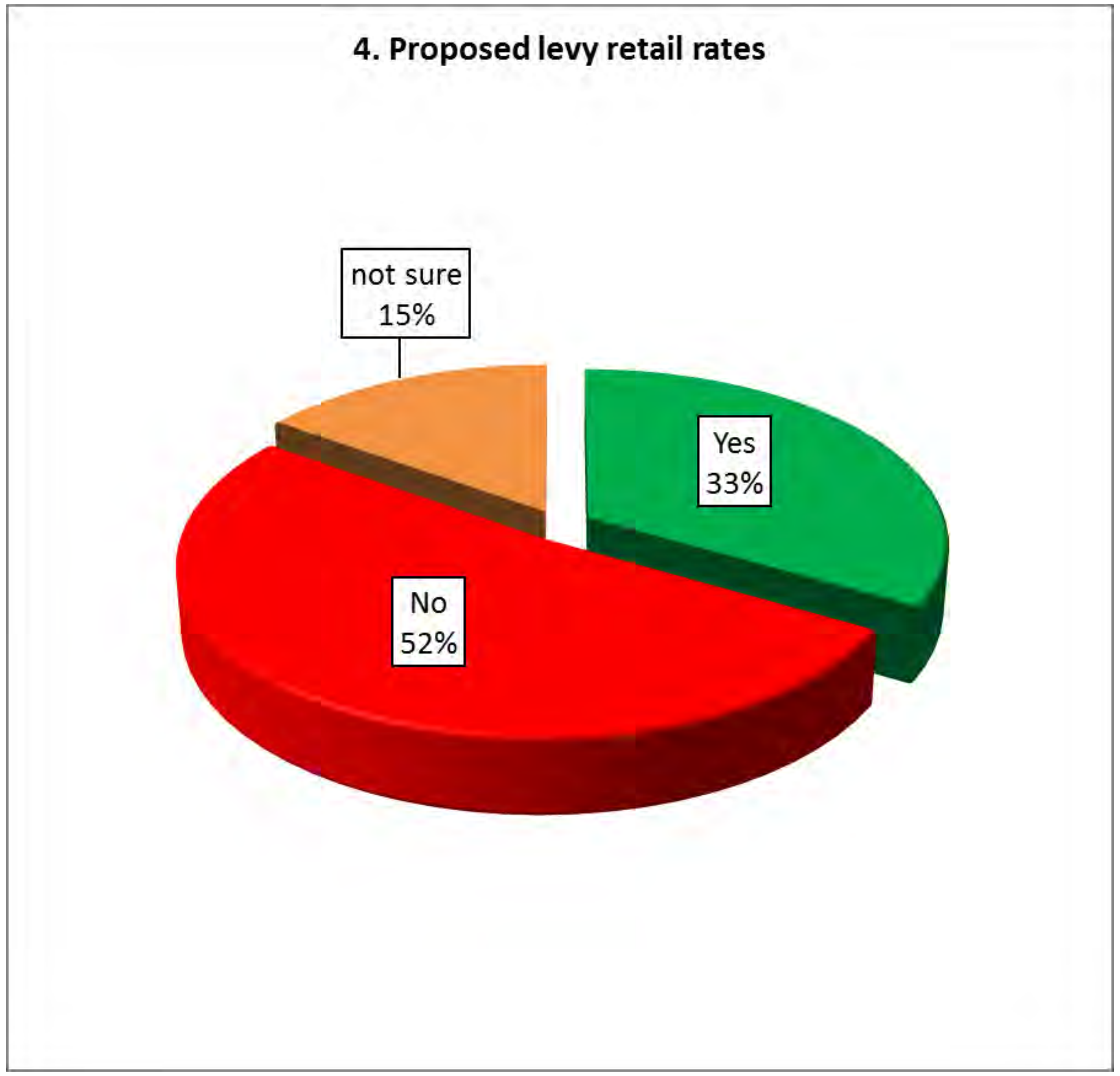
Summary of responses

Although this question provided a more negative view (52%) from 33 respondents, some of those supporting the levy opposed the levy rate as they considered it too low (without evidence), which does not depict a true picture of the overall view of the imposition of retail rates.

With regards to those comments who were opposed to the levy, a number of valid points were made but no new or alternative direct local evidence is produced to support the comments made.

Many of the comments received were repeated from the previous question on residential and office rates.

	% Total	Count
Yes	33%	11
No	52%	17
Not Sure	15%	5
Total	**100%**	**33**



Please give reasons for your answer and provide any relevant evidence.

Ref	Supporting / Objecting	Reasons for answer	States of Jersey Response
JIL3	Yes	This should probably be higher.	The rates are based upon recommendations in the viability assessment for review of developer contributions report which was an extensive and soundly evidenced piece of work and has recommended rates that would be viable.
JIL6	Yes	for non-resident companies double it	
JIL7	Yes	We need simple and clear charging structure. Yes it could be higher or lower, but we have to start somewhere and this can then be reassessed with time/ experience	
JIL22	Yes	I think it should be £100	
JIL10	Yes	Agree as many businesses get away with not paying the portion of costs that residents pay	
JIL14	Yes	It may be a case to exempt some development or to charge upon a variable scale depending on the nature and scale of development (if it is the re-development of an existing structure, building on an existing footprint then perhaps to be treated differently to a green-site development)	Following recommendations made in viability assessment for review of developer contributions report, the levy is applied only to certain development types (Residential, office and retail) and then only for net new development. A conversion of an office use to residential for example would not be charged the levy unless a new floor was added to the building.
JIL16	Yes	No comment	Noted
JIL20	Yes	I agree with this, as retail developments incur an enormous amount of revenue.	The rates are based upon the detailed recommendations in the viability assessment for review of developer contributions report.
JIL23	Yes	In line with UK, and we have to start somewhere	Comments noted
JIL27	Yes	This needs to be measured though against the planning gain	The contributions made by developers through the current planning obligation agreement (POA) policy is included and is part of the modelling undertaken in the viability assessment for review of developer contributions report. It is considered that the levy is viable and will be delivered through the awarding of planning permission. Should the levy be adopted POA's will be reviewed and some dropped. However some will still be in place to capture specific planning gain from developments that have a significant local impact (e.g. drainage commination, road junction improvements, etc.
JIL12	not sure	Creation of retail development contributes to the economy of the island directly	Comments noted
JIL25	not sure	Retail developments should have quiet areas for people to sit, areas for children to play and for families to be together. Spaces for performing arts should be available, small spaces for individual performers are as valuable as larger spaces for group performance. Again, this sum must be as a result of local research	Comments noted, the rate is based upon the detailed recommendations in the viability assessment for review of developer contributions report, which was undertaken using local relevant data.
JIL29	not sure	Insufficient information available to make comment.	The rates are based upon recommendations in the viability assessment for review of developer contributions report published with the survey
JIL35	not sure	Residential, retail and office developments are two very different things so it's unusual that you would charge the same rate?	The modelling undertaken in the viability assessment for review of developer contributions report recommended a range of viable levy rates, with residential rates being able to be charged of up to £125/Sqm and retail up to £150/Sqm. The Minister has decided to have a single lower rate across all developments types in order to keep the levy simple to use, fair and equitable.
JIL4	No	This should be £50	The rate is based upon the detailed recommendations in the viability assessment for review of developer contributions report.
JIL17	not sure	Retail is suffering because of on line competition. If the £85 adds to retail overheads this may not be a good idea	
JIL1	No	Jersey retail inflated rents here we go	

Ref	Supporting / Objecting	Reasons for answer	States of Jersey Response
JIL11	No	This just increases the general costs of development that are already excessive and have driven out the chance of any smaller developer. The island is now so expensive that only companies with huge financial resources can operate.	The levy is not expected to increase rental prices. The levy will be a small part of the overall cost of development, and it is expected that developers will either negotiate to pay less for land they buy in time, or absorb some of the cost. Developers set asking prices for new developments, but values are set by the market and this is usually based on what similar houses in the area sell for, as well as the formal valuation carried out by a bank's appointed valuer, if the buyer is applying for a mortgage for the property. A buyer or renter of a new property will only pay a premium for a new property if it is more attractive than those in the wider market. In the long-run, a fixed levy will provide certainty about the level of charge that a developer must pay and they will be able to factor this in to the price that they pay for land. Through the informal consultation with the development industry that was carried out to inform the Viability Assessment, comments were received raising the concern that the levy would be added to the sale prices of developments thus increasing already high house prices in Jersey. The department has had initial discussions with the Economics Unit and their view is that charges like the Jersey Infrastructure Levy (JIL) that intend to capture a small fraction of the uplift in land values that arise when a site gets permission for development would normally be expected to impact on land values. In a competitive market developers would have a strong incentive to make sure the charge leads to lower land values because if not new built properties would become relatively more expensive than similar properties that have already been developed and were not subject to the levy. New developments only add a marginal increase to the existing stock each year and in a competitive market prices will be determined by the interaction of overall supply and demand for properties and therefore general conditions in the market.
JIL30	No	In the same way as residential property prices will be inflated, so retail rental costs will spiral. It is not my purpose to be rude or offensive, but the public sector appears to have no regard for the long term effect on the economy of measures like this. One of Jersey's few USPs is its quality, but quality has a price ceiling too and this proposed tax will be another nail in the coffin of Jersey's competitiveness. Continue like this and our government will invoke a negative spiral of diminishing activity and further increases in taxes.	
JIL24	No	Retailers won't come to the Island. The High Street will start to see vacant shops. This will impact on the whole economy.	
JIL2	No	As this charge will be passed on it is merely going to hike jersey prices in a period of uncertainty and make jersey shops even less competent I've.	
JIL5	No	The extra rental costs will need higher prices, which drives business to the internet.	
JIL8	No	I do not agree with the levy on principle. Either a retail development is approved in accordance with the Island Plan because it is required (in which case no levy should be charged) or it is rejected, in which case such a levy is irrelevant.	The levy is separate to current planning policies and the principle is based upon using the profit from awarding planning permission to pay for community improvements for the benefit of all Islanders.
JIL9	No	It is a stealth tax and should not be charged.	The introduction of a levy is in line with practice elsewhere and is a way of ensuring that through the planning process, a small percentage of the profit from land development is allocated to improving or providing new community infrastructure to improve the quality of life for people living, working and visiting that area. The levy represents a small fraction of increase in land value taken from the awarding of planning permission and it is considered appropriate to use this to mitigate against the wider impact that development has on the local community
JIL13	No	Business arguably produce more CO2 emissions, with that reasoning they should pay more.	The levy is not targeted to directly reduce the output of Co2. The Energy Plan for Jersey is the policy vehicle for Co2 reduction on Jersey.
JIL15	No	The states have already put off investors building offices by having the states underwrite the IFC now they want to tax new developments perhaps to help ensure thier IFC built before they bring in the new tax has another advantage. Please stop this mad tax or I will look to invest elsewhere. it is wrong in principle ill thought out and will only damage the economy	The levy will be applied to all developers of offices, including the Jersey Development company. The levy represents a small percentage of GDV (2.5%) and is designed to be taken off the land.

<table>
<tr><th>Ref</th><th>Supporting / Objecting</th><th>Reasons for answer</th><th>States of Jersey Response</th></tr>
<tr><td>JIL18</td><td>No</td><td>I don't think the retail sector could afford this charge, and Jersey needs the retail sector.</td><td>The levy is not expected to increase rental prices. The levy will be a small part of the overall cost of development, and it is expected that developers will either negotiate to pay less for land they buy in time, or absorb some of the cost.
The rates are well evidenced and based upon the detailed recommendations in the viability assessment for review of developer contributions report.</td></tr>
<tr><td>JIL19</td><td>No</td><td>We pay GST why more levys, get rid of some of the surplus useless civil servants who work for planning and environment, I am clueless as to what they are doing to improve either.</td><td>GST was introduced to pay for a specific budget gap in Jersey finances following the introduction of zero-ten. The civil Service seeks to provide an excellent cost effective service to Jersey citizens, including the delivery of planned and future infrastructure community projects should the levy be adopted.</td></tr>
<tr><td>JIL21</td><td>No</td><td>I think there's a reasonable expectation that a shop keeper would be managing their shop front and surrounding area for their own best interests, and that the taxpayer would commit to funding the upkeep of the shared spaces (eg King Street). Why put another barrier in front of the retail sector?</td><td rowspan="3">It is considered right for a small proportion of the increase in land value arising from the grant of planning consent to be shared with the community, rather than going solely to the landowner.
It is also considered right that funds derived from the development of land are used to offset some of the impact of that development upon the community, to make them better places to live, work and visit. Almost all development has some impact on the need for infrastructure, services and amenities - or benefits from it - so it is only fair that all such development pays a share of the cost. It is also right that those who benefit financially when planning permission is given should share some of that gain with the community which granted it, to help fund the infrastructure needed to make development acceptable and sustainable.
General income tax receipts will remain to fund other public services.
The Government is currently undertaking a major reform/efficiency programme aimed at improving Public Services which is not the appropriate route to fund public realm improvement plans from development related activities.</td></tr>
<tr><td>JIL26</td><td>No</td><td>Community infrastructure should be paid for out of income tax - this is the existing position and seems to have worked for decades. Commercial development of real estate is already taxed at 20%.</td></tr>
<tr><td>JIL28</td><td>No</td><td>The states already collect a levy from citizens, its called income tax. Adding further cost simply pushes up the cost of living in Jersey which is to no bodies advantage. The argument that there is a budget shortfall is not acceptable. The States should learn to manage within its means and not fund further spending through a range of stealth taxes.</td></tr>
<tr><td>JIL31</td><td>No</td><td>You have used incorrect build costs, the difference of which is roughly equivalent to the proposed levy, so it doesn't work.</td><td>No evidence has been provided for alternative costs and so this statement cannot be tested.</td></tr>
</table>

5. Exemptions

It is proposed that developments undertaken by the following would be exempt from paying the levy:

•Developments for charitable purposes
•Affordable housing providers
•Public developments (e.g. schools & hospitals)

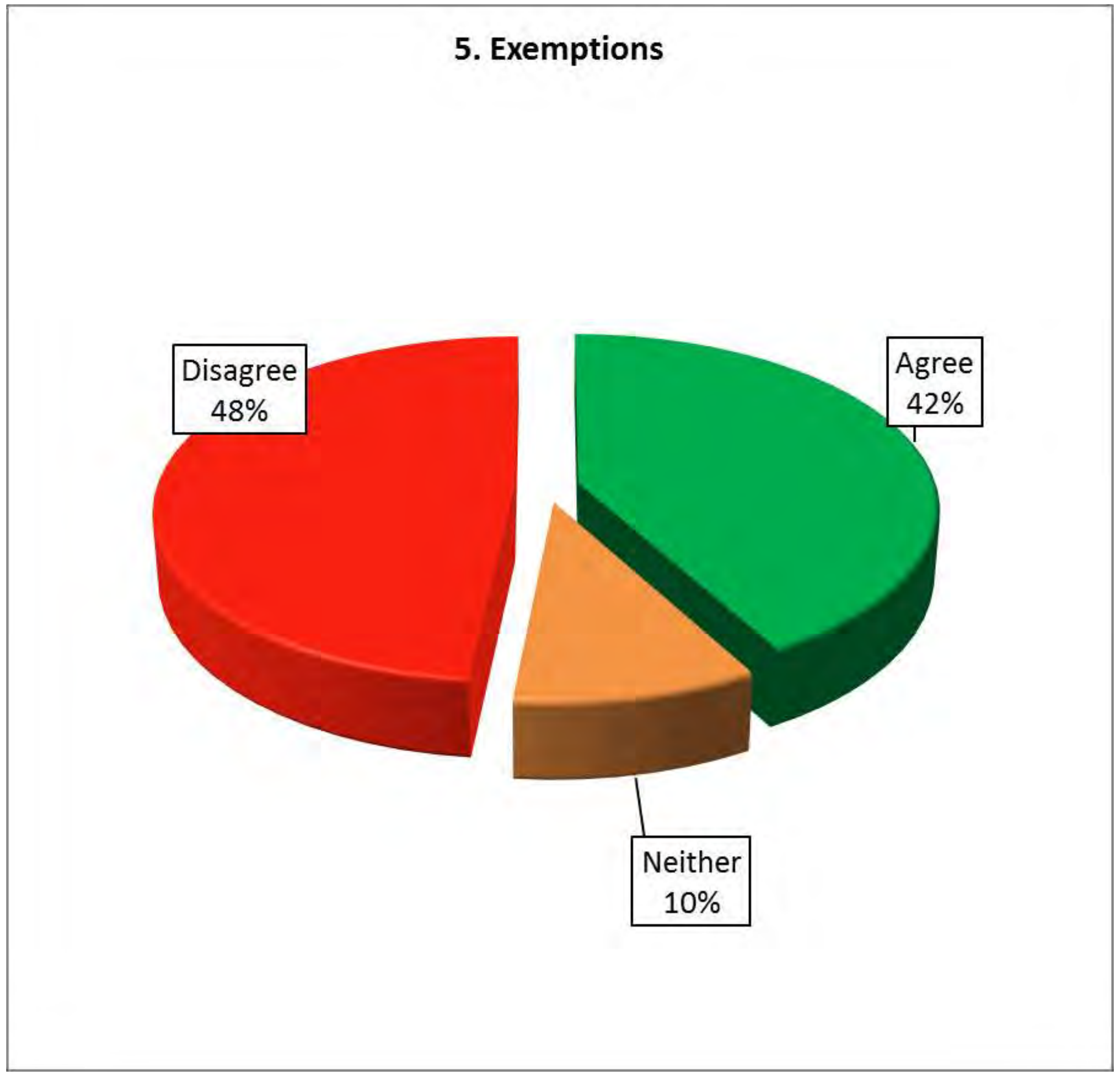
Questionnaire consultation results

Summary of responses

Although this question provided a slightly more negative view (48%) from 33 respondents, some of those supporting the principle of the levy opposed the proposed levy exemptions as they considered them to be too generous (without evidence), which does not reflect the overall statistical outcome of this question.

Comments about proposed exemptions were mixed suggesting that exemptions were too narrow or that there should be no exemptions at all. None of the alternative suggestions received were evidenced and were based on speculation or unsupported assertions.

	% Total	Count
Agree	42%	14
Neither	10%	3
Disagree	48%	16
Total	**100%**	**33**



Please give reasons for your answer and if appropriate provide evidence for alternatives to those listed.

Ref	Supporting/ Objecting	Reasons for answer	States of Jersey Response
JIL4	Agree	As many of these are used by the public (hospital, schools and affordable housing) this should be exempt	Comments noted
JIL10	Agree	Lifts the burden from the public who would most likely have to pay through taxes or direct donations for these.	Comments noted
JIL22	Agree	Seems fair	Comments noted
JIL23	Agree	Those who are pocketing the highest unearned profits should contribute the most	The exceptions have been considered based upon evidence from the viability assessment for review of developer contributions report, which tested the levels of contribution a development could viably make. The minimum profit level assumed for all forms of development was 20% and so contributions could only be made above this level.
JIL27	Agree	This needs to be measured though against the planning gain	The contributions made by developers through the current planning obligation agreement (POA) policy is included and is part of the modelling undertaken in the viability assessment for review of developer contributions report. It is considered that the levy is viable and will be delivered through the awarding of planning permission. Should the levy be adopted POA's will be reviewed and some dropped. However some will still be in place to capture specific planning gain from developments that have a significant local impact (e.g. drainage commination, road junction improvements, etc.
JIL29	Agree	This proposal would seem appropriate given that providers are community focused. However, it could be that although there is exemption from payment of the levy and proposed development has to include information relating to how it will engage with the community and support its development.	Comment noted
JIL30	Agree	And I'd go much further and exempt all development. In other words, scrap this plan.	Comment noted
JIL35	Agree	Totally agree, smart move.	Comment noted
JIL1	Disagree	It just proves that the charge will be a burden on normal buildings if you are already considering a reduction ion these areas	It is unclear what is meant by 'normal buildings'. The exceptions are based upon the detailed recommendations in the viability assessment for review of developer contributions report.
JIL2	Disagree	How can you ensure charity status for a building. It may become retail at end of first lease. Unworkable	Detailed policy guidance will be developed to cover all administrative sides of the policy, including the exceptions made such as to charitable development, which will likely be linked to the new Charities (Jersey) Law 2014 for example.
JIL7	Disagree	If one area has more public building development because of its preferred location then the locals should see an upside.	Comment noted
JIL8	Disagree	I do not agree with the levy on principle. Either a residential development is approved in accordance with the Island Plan because it is required (in which case no levy should be charged) or it is rejected, in which case such a levy is irrelevant.	The levy is separate to current planning policies and the principle is based upon using the profit from awarding planning permission to pay for community improvements for the benefit of all Islanders.
JIL11	Disagree	I do not agree with exemptions because I do not agree with a levy period.	Comment noted
JIL12	Disagree	But also where the owner is retaining ownership after development in whatever capacity. Public developments also create pressure on infrastructure without necessarily contributing anything to the economy	The exceptions are based upon the detailed recommendations in the viability assessment for review of developer contributions report. Public buildings are by definition benefiting the Island community and often are developed to include additional public spaces which ordinarily a commercial development would not include.
JIL13	Disagree	We have a responsibility to reducing the burden of climate change to our children, no one should be exempt.	Comment noted

Ref	Supporting/ Objecting	Reasons for answer	States of Jersey Response
JIL14	Disagree	If the building is potentially causing net harm to the environment then a levy would be reasonable	The levy is not targeted to directly reduce the output of Co2. The Energy Plan for Jersey is the policy vehicle for Co2 reduction on Jersey.
JIL15	Disagree	This tax will make slow development and hence cause more need for thing slink states provided social housing. Dropping this tax is the only sensible course if you have any wish to see investment and growth buildings in Jersey undertaken by the private sector.	The introduction of a levy is in line with practice elsewhere and the recent report A new approach to developer contributions from the CIL review group has not indicated any issues with reducing investment or growth in the construction sector. The levy represents a small fraction of increase in land value taken from the awarding of planning permission and it is considered appropriate to use this to mitigate against the wider impact that development has on the local community which will not have an appreciative effect on slowing or hindering the development process.
JIL18	Disagree	I agree that Charities and Public developments should be exempt, however the public developments must be for the use of the general public or for the benefit of the general public. I think affordable housing developments could have a sliding attached to them as some developers would massage the criteria to enable their development to be exempt. What is the definition of "affordable housing" has this been agreed or debated?	Comments noted. Affordable housing is currently defined in the States approved Revised 2011 Island Plan as: *Affordable (Category A) housing includes homes for social rent and purchase, provided to specified eligible households whose needs are not met by the commercial housing market.* *Affordable housing should meet the needs of persons on median incomes or below, who would otherwise have financial difficulties renting or purchasing residential accommodation in the general residential market, determined with regard to income levels and house prices prevailing in Jersey; and* *Affordable housing may be owned and managed by a housing trust or association which provides homes to eligible families or individuals by means of sale or lease or by any other means on conditions that will ensure that the home will remain available for eligible families in the future. In order to ensure that the benefit of and access to affordable housing provided under this policy is not lost to future eligible households, conditions or restrictions may be imposed to ensure that the benefit may be recycled or retained in order to ensure the provision of affordable housing meets the needs of this and future generations.* *The eligibility of households to access affordable housing shall be determined by their assessment through the Affordable Housing Gateway.* *The Minister is committed to good quality design in housing and, in particular, will require that affordable homes be built to meet or exceed the standards for homes set out in supplementary planning guidance. To ensure that homes are truly affordable the Minister will encourage innovation in construction methods and alternative methods of home ownership and housing delivery.* *The clear relationship between affordable housing and the Affordable Housing Gateway means that housing that is developed for sale on the open market (Category B) is excluded from the definition of affordable housing whatever price it is sold at.*
JIL19	Disagree	Stop cherry picking. If its not needed then why all this cost in a consultation.	The exceptions are based upon the detailed recommendations in the viability assessment for review of developer contributions report
JIL21	Disagree	Single use homes, the 75 sq. metre is too small - if a person is investing heavily in their own 3 bed house for example, why charge them again. Affordable housing needs to be treated the same as any other development, communal space is communal space.	The 75 Sqm is only applicable on net new development. Charging the levy on affordable housing developments would be unviable and significantly impact the supply of new Homes planned by the affordable housing providers. The same residential standards are applied to all housing development, regardless if it is affordable or not.
JIL25	Disagree	There should be no exemptions, this makes for a very clear situation. Keep it simple. Charities should be allowed to claim this levy back from the Tax Dept. All charities are registered with the Tax Dept in order to obtain charitable status so claiming this levy back will ensure only registered charities can do this. Public developments and affordable housing	The exceptions are based upon the detailed recommendations in the viability assessment for review of developer contributions report

Ref	Supporting/ Objecting	Reasons for answer	States of Jersey Response
		providers have a responsibility to the community to provide something in exchange for the space they need	
JIL31	Disagree	This is discriminatory and the landowners would be the ones who benefitted, not the developing parties.	
JIL34	Disagree	I disagree that buildings for charitable purposes should be exempt for two reasons. Firstly as harsh as it sounds charities are effectively businesses. Their product is 'for good intention' but they operate with income,costs and profit. Jersey hospice are a rich local charity. They build new wings as it stimulates donations, enables them to treat more people and receive more income. Charities struggle to fundraise for operating costs, but capital builds have substance and are easily funded. Les ormes for example is a charity, yet it's becoming one of the largest tourist accommodation sites in the island, competing with all the commercial operators, to somes detriment. The staff get paid, it has a well paid Managing director, it's just the profit goes back in to continue its growth. Secondly housing trusts are in a similar vein. They run commercially save for their profits not being distributed they are just reinvested. The staff of the trusts and directors are all well paid.. and they compete with other providers. It is not inconceivable for large developers or wealthy individuals to setup a charity in which to provide a home and charge rent to bypass the fees.. there is an esplanade of lawyers who exist solely to find loopholes. Given there is actually no charity board here and thousands of charitable trusts etc this will soon be exploited.	Comments noted and will be reviewed further. Should the policy be adopted as published then the exceptions made such as to charitable development will likely be linked to the new Charities (Jersey) Law 2014 to ensure compliance.
JIL3	Neither	You haven't defined these. If I build a block of flats and say one flat is affordable housing whatever that means then will I be exempt? Developers will utilise these loop holes and I bet planning who are all their mates will do nothing about it.	Detailed policy guidance will be developed to cover all administrative sides of the policy, including the exceptions made such as to affordable housing. Under the example provided, the single flat in the block of flats built for affordable housing would be exempt. The remaining floor space in the block of flats would not.
JIL24	Neither	I don't support the Levy at all.	Comment noted
JIL26	Neither	Community infrastructure should be paid for out of income tax - this is the existing position and seems to have worked for decades. Commercial development of real estate is already taxed at 20%.	It is considered right for a small proportion of the increase in land value arising from the grant of planning consent to be shared with the community, rather than going solely to the landowner. It is also considered right that funds derived from the development of land are used to offset some of the impact of that development upon the community, to make them better places to live, work and visit. Almost all development has some impact on the need for infrastructure, services and amenities - or benefits from it - so it is only fair that all such development pays a share of the cost. It is also right that those who benefit financially when planning permission is given should share some of that gain with the community which granted it, to help fund the infrastructure needed to make development acceptable and sustainable. General income tax receipts will remain to fund other public services.

6. Proposed types of development to be subject to the levy

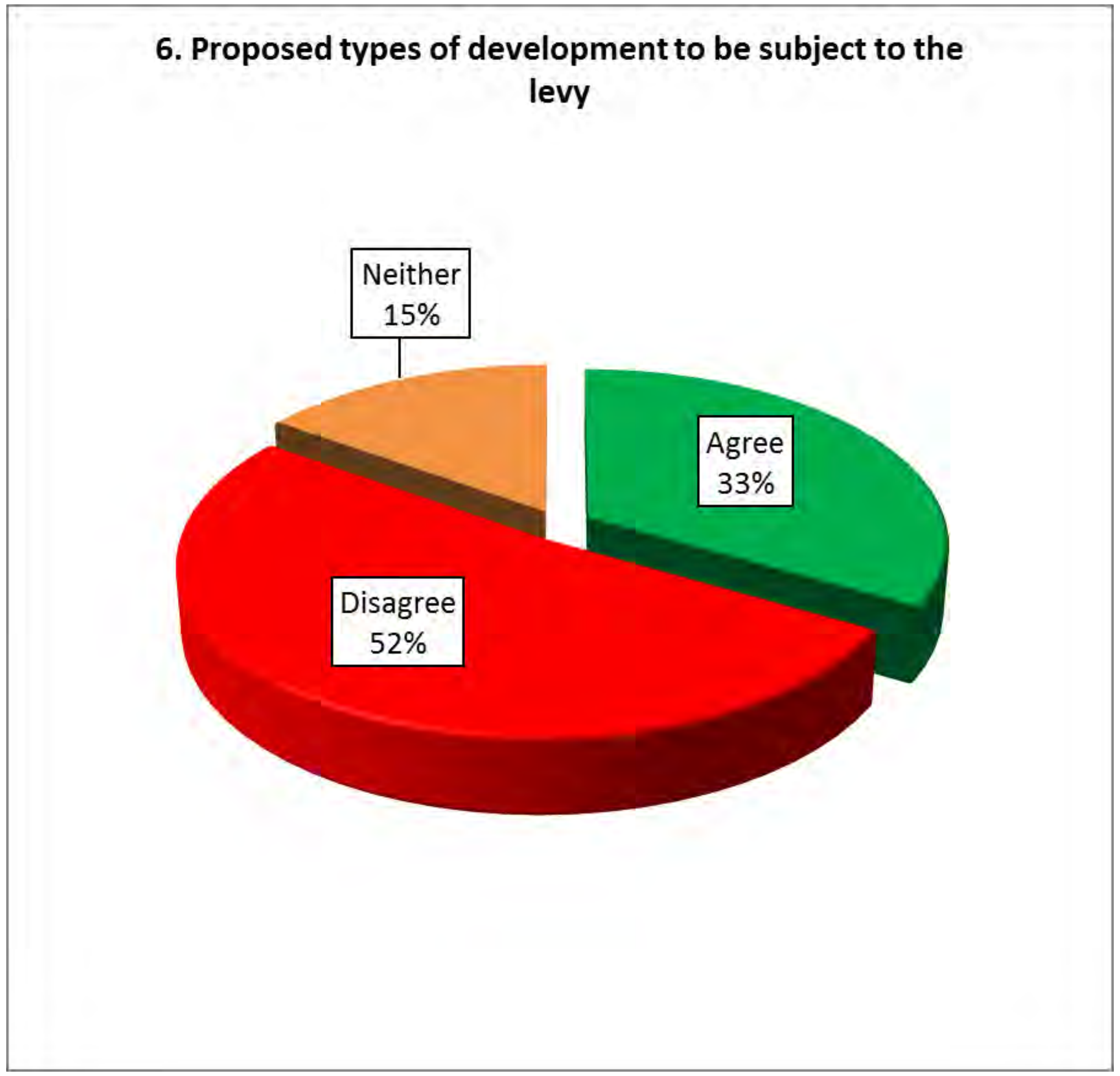
Viability testing demonstrated that only Residential, Office and Retail developments would be applicable for the new levy.

Questionnaire consultation results

Summary of responses

Although this question provided a more negative view (52%) from 33 respondents, some of those supporting the levy opposed the levy rate as they considered more developments types should be charged the levy (without evidence), which does not give a true picture of the overall negative view to this question.

Equally, none of the alternative suggestions received were evidenced, rather being based on speculation or unsupported assertions.



	% Total	Count
Agree	33%	11
Neither	15%	5
Disagree	52%	17
Total	**100%**	**33**

Please give reasons for your answer.

Ref	Supporting/ Objecting	Reasons for answer	Minister's Response
JIL4	Agree	I think that this is a very good idea as many offices can afford to pay and possibility of residential and retail which make plenty of money to pay these fees	Comment noted
JIL10	Agree	Lifts the burden from the public who would most likely have to pay through taxes or direct donations for these.	Comment noted
JIL16	Agree	No comment	No Comment noted
JIL17	Agree	I accept recommendation	Comment noted
JIL22	Agree	Yes, think the viability range showed it could be a bit higher though.	The viability assessment for review of developer contributions report recommended an overall lower figure, although for residential developments it could be as high as £125/Sqm. The Minister has kept the rates the same in order to provide a simple, equitable and fair policy framework.
JIL23	Agree	These are the developments that make the most profit, therefore they should be in the first tranche to have to pay the JIL	Comment noted
JIL27	Agree	This needs to be measured though against the planning gain	The contributions made by developers through the current planning obligation agreement (POA) policy is included and is part of the modelling undertaken in the viability assessment for review of developer contributions report. It is considered that the levy is viable and will be delivered through the awarding of planning permission. Should the levy be adopted POA's will be reviewed and some dropped. However some will still be in place to capture specific planning gain from developments that have a significant local impact (e.g. drainage commination, road junction improvements, etc.
JIL29	Agree	This is supported on the basis that there is evidence from the viability testing.	Comment noted
JIL19	Agree	Cherry picking is not normally acceptable by your department, so why now?	The exceptions are based upon the detailed recommendations in the viability assessment for review of developer contributions report
JIL3	Disagree	Surely all commercial developments. Again another loophole.	
JIL6	Disagree	all should pay	Comment noted
JIL8	Disagree	As above, I do not agree with the levy on principle.	Comment noted
JIL12	Disagree	Not residential	The exceptions are based upon the detailed recommendations in the viability assessment for review of developer contributions report, no evidence is offered by the commentator to test removal of residential.
JIL9	Disagree	Residential should definitely be exempt.	
JIL13	Disagree	We have a responsibility to reducing the burden of climate change to our children, no one should be exempt.	The levy is not targeted to directly reduce the output of Co2. The Energy Plan for Jersey is the policy vehicle for Co2 reduction on Jersey. The exceptions are based upon the detailed recommendations in the viability assessment for review of developer contributions report
JIL18	Disagree	See previous: I agree that Charities and Public developments should be exempt, however the public developments must be for the use of the general public or for the benefit of the general public. I think affordable housing developments could have a sliding attached to them as some developers would massage the criteria to enable their development to be exempt. What is the definition of "affordable housing" has this been agreed or debated?	Comments noted. Affordable housing is currently defined in the Revised 2011 Island Plan – full definition is outlined response to Question 5.
JIL21	Disagree	'Residential use' too broad, specify the number of units and above before levy is applied. Exclude retail for the timebeing.	Residential will exclude affordable housing - defined in the Revised 2011 Island Plan and any development under 75Sqm. The exceptions are based upon the detailed recommendations in the viability assessment for review of developer contributions report, no evidence is offered by the commentator to test removal of retail.

Ref	Supporting/ Objecting	Reasons for answer	Minister's Response
JIL25	Disagree	All development should be liable for the new levy. Exempting States funded development is not a balanced position.	The exceptions are based upon the detailed recommendations in the viability assessment for review of developer contributions report, Commercial states developments (e.g. Esplanade Quarter) will not be exempt from the levy. it is right that Public buildings are exempt as they benefit the Island community and often include additional public spaces which ordinarily a commercial development would not.
JIL20	Disagree	I do not agree that this "tax" should be included in residential developments (see my comments above).	It is considered right for a small proportion of the increase in land value arising from the grant of planning consent to be shared with the community, rather than going solely to the landowner. It is also considered right that funds derived from the development of land are used to offset some of the impact of that development upon the community, to make them better places to live, work and visit. Almost all development has some impact on the need for infrastructure, services and amenities - or benefits from it - so it is only fair that all such development pays a share of the cost. It is also right that those who benefit financially when planning permission is given should share some of that gain with the community which granted it, to help fund the infrastructure needed to make development acceptable and sustainable. General income tax receipts will remain to fund other public services. The Government is currently undertaking a major reform/efficiency programme aimed at improving Public Services which is not the appropriate route to fund public realm improvement plans from development related activities.
JIL26	Disagree	Community infrastructure should be paid for out of income tax - this is the existing position and seems to have worked for decades. Commercial development of real estate is already taxed at 20%.	
JIL28	Disagree	The states already collect a levy from citizens, its called income tax. Adding further cost simply pushes up the cost of living in Jersey which is to no bodies advantage. The argument that there is a budget shortfall is not acceptable. The States should learn to manage within its means and not fund further spending through a range of stealth taxes.	
JIL30	Disagree	How many more times do I need to write this. This is a BAD idea - period!	Comment noted
JIL31	Disagree	The viability is flawed, because the build costs are incorrect.	No evidence has been provided for alternative costs and so this statement cannot be tested.
JIL5	Disagree	The extra rental costs will need higher prices, which drives business to the internet.	The levy is not expected to increase rental prices. The levy will be a small part of the overall cost of development, and it is expected that developers will either negotiate to pay less for land they buy in time, or absorb some of the cost. Developers set asking prices for new developments, but values are set by the market and this is usually based on what similar houses in the area sell for, as well as the formal valuation carried out by a bank's appointed valuer, if the buyer is applying for a mortgage for the property. A buyer or renter of a new property will only pay a premium for a new property if it is more attractive than those in the wider market. In the long-run, a fixed levy will provide certainty about the level of charge that a developer must pay and they will be able to factor this in to the price that they pay for land. Through the informal consultation with the development industry that was carried out to inform the Viability Assessment, comments were received raising the concern that the levy would be added to the sale prices of developments thus increasing already high house prices in Jersey. The department has had initial discussions with the Economics Unit and their view is that charges like the Jersey Infrastructure Levy (JIL) that intend to capture a small fraction of the uplift in land values that arise when a site gets permission for development would normally be expected to impact on land values. In a competitive market developers would have a strong incentive to make sure the charge leads to lower land values because if not new built properties would become relatively more expensive than similar properties that have already been developed and were not subject to the levy. New developments only add a marginal increase to the existing
JIL11	Disagree	It is already far to costly	
JIL1	Disagree	Another tax that will have to be passed on, with a small group of "committee" members deciding how and where it is spent	
JIL15	Neither	Viability testing? Any fool with simple economics know this will simply put up end use cost and in an island with very high build costs already this is mad. You want new buildings that are fit for purpose so the people can work and live and great economic growth. This tax will simple slow down growth and keep Jersey lagging behind other jurisdictions that aren't so stupid.	

Ref	Supporting/ Objecting	Reasons for answer	Minister's Response
			stock each year and in a competitive market prices will be determined by the interaction of overall supply and demand for properties and therefore general conditions in the market.
JIL2	Neither	I don't agree that any levy is appropriate or workable	Comment noted
JIL7	Neither	No comment	No Comment noted
JIL14	Neither	If that is what the viability testing suggests then I cannot comment!	No Comment noted
JIL24	Neither	I don't agree with this levy at all.	Comment noted

7. Proposed levy thresholds

It proposed that the levy will only apply to developments 75 square metres or more in size or where there is the creation of an additional residential unit.

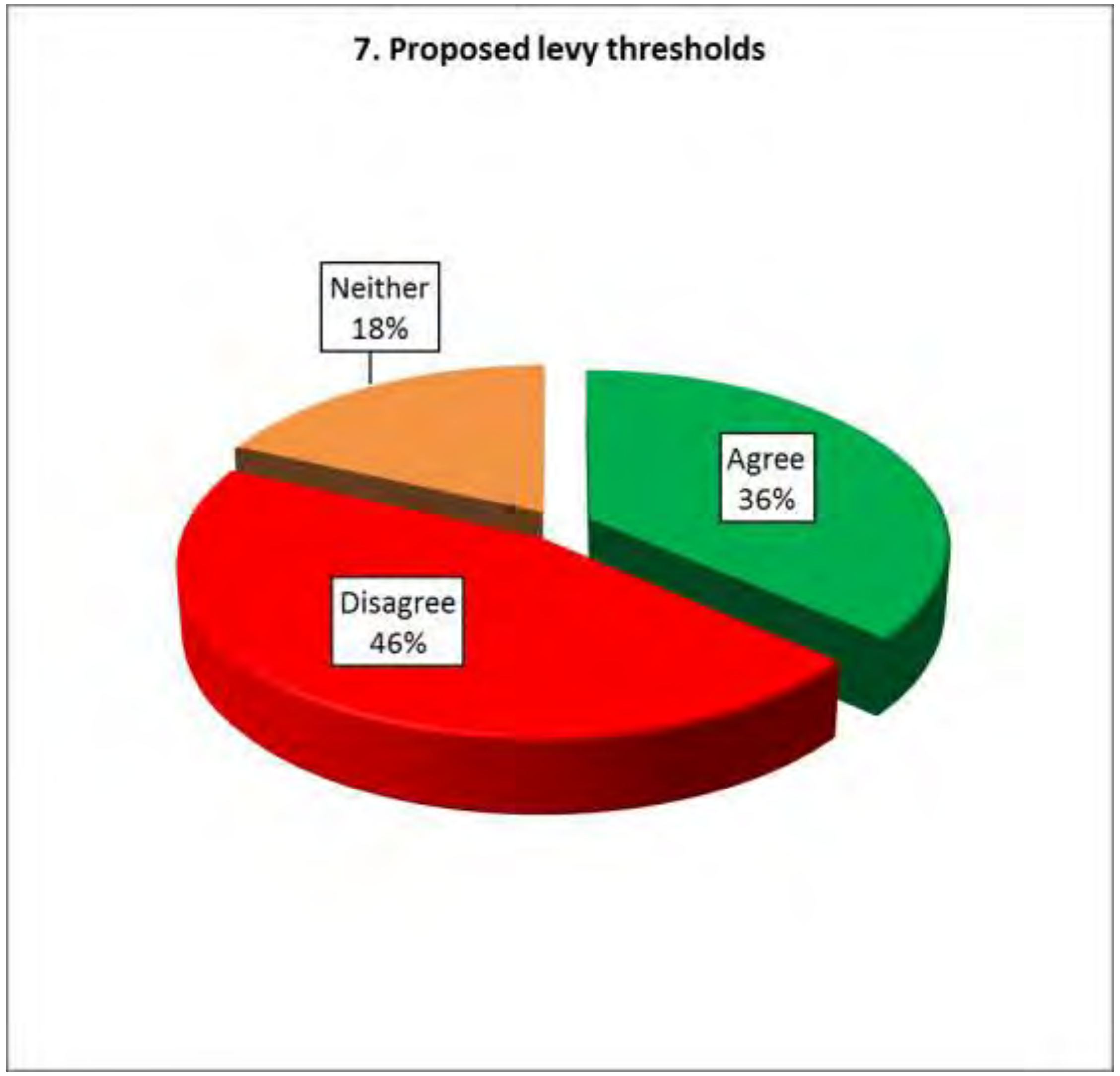
Questionnaire consultation results

Summary of responses

There were some mixed comments that either suggested the 75 Sqm threshold is too high or that there should be no or a reduced threshold to increase those developments liable to pay the levy.

None of the alternative suggestions received were evidenced, rather being based on speculation or unsupported assertions.

	% Total	Count
Agree	36%	12
Neither	18%	15
Disagree	46%	6
Total	**100%**	**33**



Please give reasons for your answer.

Ref	Supporting / Objecting	Reasons for answer	States of Jersey Response
JIL3	Agree	This shouldn't penalise people simply wanting to improve their homes. It should be solely for developers drawing in this income from development. So this on initial consideration looks feasible	Comment noted – the minimum size is aimed at reducing the levy impact for those simply wishing to improve the family home for example.
JIL6	Agree	for small extension don't see why they should pay.	Comment noted
JIL7	Agree	There does need to be some de-minimus	Comment noted
JIL10	Agree	A reasonable starting point which would allow smaller extensions but catch the larger site where the development would most likely be made for enhanced income.	Comment noted
JIL16	Agree	No comment	No Comment noted
JIL17	Agree	This seems reasonable	Comment noted
JIL18	Agree	Perhaps this question should have come earlier	Comment noted
JIL22	Agree	Seems fair	Comment noted
JIL23	Agree	Small developments do not make such a profit; those making the most profit should pay	Comment noted
JIL25	Agree	This amount of space would allow the building on of accommodation for an elderly relative or a child with special needs. The community is being encouraged to care for themselves as far as possible so this would fit with the Social Care initiatives.	Comment noted
JIL27	Agree	This needs to be measured though against the planning gain	The contributions made by developers through the current planning obligation agreement (POA) policy is included and is part of the modelling undertaken in the viability assessment for review of developer contributions report. It is considered that the levy is viable and will be delivered through the awarding of planning permission. Should the levy be adopted POA's will be reviewed and some dropped. However some will still be in place to capture specific planning gain from developments that have a significant local impact (e.g. drainage commination, road junction improvements, etc.
JIL2	Disagree	If it is intended to encourage undersize and inappropriate hutches for working people then this is the way to go!	The levy will be applied to all developments over 75Sqm and represents a small percentage (2.5%) of Gross Development Value (GDV) which is designed to be taken off the value of the land. Other planning measures to control the size of dwellings will not be affected by the introduction of the levy and which are currently being reviewed with a view to increase minimum sizes.
JIL4	Disagree	This should be for 60 square metres or more	The 75 Sqm is equivalent to a 2 bedroom flat in size and was chosen because of the view that it was reasonable to allow families to develop their homes to create more family space for immediate or dependent relatives for example. Equally statistics from the planning register indicated that the 75 Sqm was the upper boundary of what is seen as more domestic scale developments.
JIL5	Disagree	The extra rental costs will need higher prices, which drives business to the internet.	The levy is not expected to increase rental prices. The levy will be a small part of the overall cost of development, and it is expected that developers will either negotiate to pay less for land they buy in time, or absorb some of the cost. Developers set asking prices for new developments, but values are set by the market and this is usually based on what similar houses in the area sell for, as well as the formal valuation carried out by a bank's appointed valuer, if the buyer is applying for a mortgage for the property. A buyer or renter of a new property will only pay a premium for a new property if it is more attractive than those in the wider market.

Ref	Supporting / Objecting	Reasons for answer	States of Jersey Response
			In the long-run, a fixed levy will provide certainty about the level of charge that a developer must pay and they will be able to factor this in to the price that they pay for land. Through the informal consultation with the development industry that was carried out to inform the Viability Assessment, comments were received raising the concern that the levy would be added to the sale prices of developments thus increasing already high house prices in Jersey. The department has had initial discussions with the Economics Unit and their view is that charges like the Jersey Infrastructure Levy (JIL) that intend to capture a small fraction of the uplift in land values that arise when a site gets permission for development would normally be expected to impact on land values. In a competitive market developers would have a strong incentive to make sure the charge leads to lower land values because if not new built properties would become relatively more expensive than similar properties that have already been developed and were not subject to the levy. New developments only add a marginal increase to the existing stock each year and in a competitive market prices will be determined by the interaction of overall supply and demand for properties and therefore general conditions in the market.
JIL8	Disagree	I do not agree with the levy on principle. Either a residential development is approved in accordance with the Island Plan because it is required (in which case no levy should be charged) or it is rejected, in which case such a levy is irrelevant.	The levy is separate to current planning policies and the principle is based upon using the profit from awarding planning permission to pay for community improvements for the benefit of all Islanders.
JIL9	Disagree	Residential units of any kind should be exempt.	Comment noted but reasons not provided and so cannot be tested.
JIL11	Disagree	I disagree with the levy	Comment noted
JIL12	Disagree	Not residential	Comment noted but not evidenced or reasoned and so unable to consider change
JIL13	Disagree	We have a responsibility to reducing the burden of climate change to our children, no one should be exempt.	The exceptions are based upon the detailed recommendations in the viability assessment for review of developer contributions report
JIL14	Disagree	Creation of an additional office space or retail unit show also apply here?	Any floor space for retail or office over 74Sqm wold be charged the levy.
JIL19	Disagree	Sort this mess out, some single sites are more obnoxious and imposing on the community than larger sites, the building at La Coupe is one such site. This did nothing for the Coastal National Park farce.	Comment noted but does not directly relate to the levy.
JIL20	Disagree	This is just another "tax" on the end user. It is a "tax" which appears to be only based on the square metre-age of the site, therefore, if the development is a block of flats, it will only be based on the ground floor area? Every new development already includes, at the planning application stage, landscaping (trees, gardens, environment) and a play area (if appropriate). It also includes access and pathways.	The proposal is for the levy to be applied to all new net floor areas only and will only apply to the buildings and not landscaping or footpaths.
JIL21	Disagree	Definition is too small. An additional residential unit for a children or elderly relative should be supported without this additional charge applied to it. The premise is to take a fraction from the profits of the larger commercial developers as a public social responsibility, squeezing small amounts from individuals, families or smaller investors isn't right and unlikely to add any great value and therefore becomes a stealth tax.Define the purpose of the levy more clearly then implement and regulate it.	Developments of less than 75Sqm which are likely able to accommodate an elderly relative or children will not be charged the levy. Detailed policy guidance will be developed to cover all administrative sides of the policy once it has been approved in principle.
JIL26	Disagree	Community infrastructure should be paid for out of income tax - this is the existing position and seems to have worked for decades. Commercial development of real estate is already taxed at 20%.	It is considered right for a small proportion of the increase in land value arising from the grant of planning consent to be shared with the community, rather than going solely to the landowner.
JIL15	Neither	We must not bring this mad tax in at all for all the above reasons.	

Ref	Supporting / Objecting	Reasons for answer	States of Jersey Response
JIL28	Disagree	The states already collect a levy from citizens, its called income tax. Adding further cost simply pushes up the cost of living in Jersey which is to no bodies advantage. The argument that there is a budget shortfall is not acceptable. The States should learn to manage within its means and not fund further spending through a range of stealth taxes.	It is also considered right that funds derived from the development of land are used to offset some of the impact of that development upon the community, to make them better places to live, work and visit. Almost all development has some impact on the need for infrastructure, services and amenities - or benefits from it - so it is only fair that all such development pays a share of the cost. It is also right that those who benefit financially when planning permission is given should share some of that gain with the community which granted it, to help fund the infrastructure needed to make development acceptable and sustainable. General income tax receipts will remain to fund other public services. The Government is currently undertaking a major reform/efficiency programme aimed at improving Public Services which is not the appropriate route to fund public realm improvement plans from development related activities.
JIL31	Disagree	This is so small, it should start at zero	The exceptions are based upon the detailed recommendations in the viability assessment for review of developer contributions report
JIL1	Neither	Another tax that will have to be passed on, with a small group of "committee" members deciding how and where it is spent	The levy will be spent according to publically agreed priorities.
JIL24	Neither	I don't agree with this levy at all.	Comment noted
JIL29	Neither	Insufficient information	The exceptions are based upon the detailed recommendations in the viability assessment for review of developer contributions report published with the survey
JIL30	Neither	If we do not have this levy the question is redundant.	Comment noted
JIL34	Neither	How would this be policed. Could a large scale development of a lot of units of less than 75m be setup as individual developments. If you build 150 units of 74m you would face a fee of almost £1m for £30,000 you could setup 150 different development companies developing a single unit of less than 75m and save almost £950,000, and yes people,would do it. It would also stagnate houses at a size of 75m or under as single builds, which is not necessarily beneficial.	Detailed policy guidance will be developed to cover all administrative sides of the policy once it has been approved in principle. The guidance will cover all of the points raised by this comment to ensure that such situations do not materialise and the levy is applied fairly and evenly across all developments.

8. Reduced Planning Obligation Agreements

Introducing the levy will mean reviewing and reducing the current requirements for certain planning obligation agreements (e.g. bus and eastern cycle route contributions)

Questionnaire consultation results

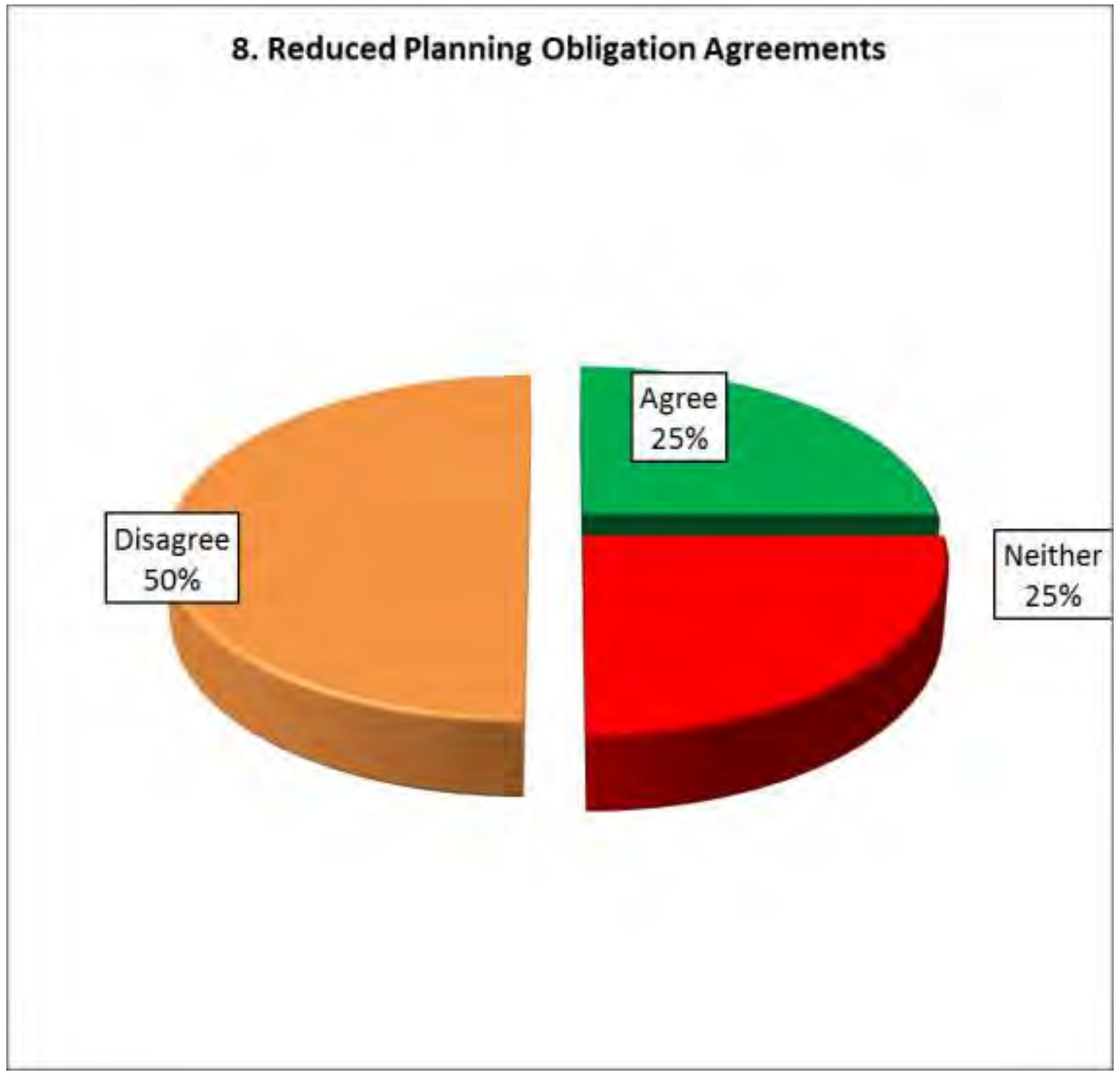
Summary of responses

From the written responses it is clear that there is some misperception over the use and recent changes made to the POA policy.

The significant number of respondents who disagreed (50%) did not want a reduction in the contributions made by developers with the introduction of the levy. This is not the intention but rather some items from the POA policy will be moved to be paid for from the levy.

The development industry expressed some concerns about being asked to contribute for the same infrastructure through the levy and through the POA system. This is also not the intention and will be considered in more detail should the principle of the levy be adopted.

	% Total	Count
Agree	25%	8
Neither	25%	8
Disagree	50%	16
Total	**100%**	**32**



Please give reasons for your answer.

Ref	Supporting / Objecting	Reasons for answer	Minister's Response
JIL13	Agree	Planning must review all applications on their impact on climate change, Likewise all proven drawdown methods including Regenerative Agriculture should have all restrictions taken away, we must draw down atmospheric CO2, CO2 reduction is not going to be enough. Please look up www.drawdown.com	The levy is not targeted to directly reduce the output of Co2. The Energy Plan for Jersey is the policy vehicle for Co2 reduction on Jersey.
JIL17	Agree	It replaces the current arrangements	Comment noted. Although the levy work alongside a reduced POA policy
JIL22	Agree	YEs, seems an excellent idea designed to allow better and more strategic planning of spending for the public good.	Comment noted
JIL23	Agree	They shouldn't pay twice for the same thing, but the £85/m2 figure can always be revised upwards in the future as demands increase (climate change, carbon taxes, sea level rises, international commitments, etc will require more focussed thinking in this area in the years and decades to come)	The levy regulations and changes to the POA policy will ensure that there will be no 'double dipping'. The rate of the levy will always be based upon the most current evidence of viability
JIL27	Agree	This needs to be measured though against the planning gain	The contributions made by developers through the current planning obligation agreement (POA) policy is included and is part of the modelling undertaken in the viability assessment for review of developer contributions report. It is considered that the levy is viable and will be delivered through the awarding of planning permission. Should the levy be adopted POA's will be reviewed and some dropped. However some will still be in place to capture specific planning gain from developments that have a significant local impact (e.g. drainage commination, road junction improvements, etc.
JIL30	Agree	In principle, much more development that is presently controlled should be deregulated.	Comment noted, the Minister has recently issued new guidance that extends the permitted development rights.
JIL31	Agree	But this won't happen, because government is trying to squeeze every last £ from wherever it can. Cynical, but true.	Comment noted, but the levy rate has been conservatively proposed from viability evidence that suggested higher rates could be applied.
JIL35	Agree	As long as though sort of things are not disregarded. It must be ensured that levy funds are put back into planning projects that better the community,	The ring fencing of funds is a key principle of the proposal
JIL1	Disagree	The tax is already a burden and two cycle paths (St Peters Valley and Airport) are not used by cyclists as it is, so are a gross waste of money	It is considered right for a small proportion of the increase in land value arising from the grant of planning consent to be shared with the community, rather than going solely to the landowner. It is also considered right that funds derived from the development of land are used to offset some of the impact of that development upon the community, to make them better places to live, work and visit. Almost all development has some impact on the need for infrastructure, services and amenities - or benefits from it - so it is only fair that all such development pays a share of the cost. It is also right that those who benefit financially when planning permission is given should share some of that gain with the community which granted it, to help fund the infrastructure needed to make development acceptable and sustainable. General income tax receipts will remain to fund other public services. Cycle paths are an important alternative safe travel option and are increasingly being used as cycle tracks become more accessible.
JIL3	Disagree	There should be no reduction in the requirement for developers to not improve the area for the community.	Comment noted, the proposed levy will not replace but work alongside a reduced POA policy
JIL4	Disagree	As there is so much traffic in the east the levy should be free	The level of traffic in an area will not impact upon the levy rate.
JIL6	Disagree	Additional funding from this should not go towards existing obligations but new. perhaps consider solar power on all developments, and where charitable social	Comments noted and will be considered should the levy be adopted.

Ref	Supporting / Objecting	Reasons for answer	Minister's Response
		housing etc use yhese new funds to provide that. After all it's these homes that have the least wealthy residents and it would help cut their living costs.	
JIL7	Disagree	We have to ensure we end up with more funds being allocated into cycle routes/ public transport solutions, not less.	Comments noted. The levy would provide more funding for transport as well as other important community initiatives.
JIL8	Disagree	As above, I do not agree with the levy on principle.	Comment noted
JIL9	Disagree	'Agree', 'Neither', 'Disagree': The wording of this survey omits the glaringly obvious 3rd answer option: 'This proposed Levy is morally wrong and should be withdrawn!'	Disagree comment noted.
JIL11	Disagree	Government taxes enough already it needs to cut its cloth accordingly	The levy represents a small fraction of increase in land value taken from the awarding of planning permission and it is considered appropriate to use this to mitigate against the wider impact that development has on the local community and not related to the general income tax policy which funds essential services
JIL12	Disagree	If there was a reason for the obligations they should remain	POA's will remain in place for site specific matters such as drainage or junction/access improvements for example.
JIL20	Disagree	I think that the current system works well.	The recently published POA guidance has made the policy clearer but POA's are limited to site specific matters and would not be able to provide the area wide benefits envisaged by the levy.
JIL24	Disagree	The POA obligations are appropriate	
JIL16	Disagree	I feel there is no real justification for a reduction in current requirements	
JIL19	Disagree	The government should be sorting out cycle routes in an economical way, use cheaper and more rider friendly asphalt. The avenuse cycle trak is not straight, has a porr quality and uneven surface, this route should be a priority. Also try cycling down Mont Felard between 7 and 9 am.	The levy will be able to improve and extend cycle areas, using the most cost effective delivery method but engineered to modern safe standards.
JIL21	Disagree	An Island the size of Jersey surely only needs a single form of development levy!? This Jersey Infrastructure Levy should seek to replace all others entirely or should be shelved until a better solution is available, eg putting up Income Tax instead of these additional charges.	Comments noted but the existing POA's system is required to ensure site specific matters are mitigated through a formal agreement to ensure their delivery as part of a planning application.
JIL25	Disagree	Do not open the system to interpretation by reducing the requirements, this will lead to a reduction in the quality of the environment, green backdrops etc	This is not the intention and both the levy and POA's will provide an effective and simpler policy regime to deliver public benefit.
JIL28	Disagree	The whole levy is ill conceved and I cannot accept that it should substitute current practice	Comments noted
JIL2	Neither	As I disagree with the levy no change is needed	
JIL5	Neither	I don't think there should be a levy, so the question is redundant, as my answer	
JIL10	Neither	Cycle routes are expensive and usually go through the green belt which if done correctly as St Peters can be a major funding issue and best provided through direct taxation and allow this proposal to target more urban environmental improvements	Comment noted and in some cases large infrastructure projects could be delivered in this way.
JIL14	Neither	As long as other obligations laid out within a planning decision (EIA, scoping etc) are not bypassed then this is acceptable and if other obligations can be put upon the developers (such as inclusion of enforced mitigation within the schemes) then that would be useful.	This is the intention as both the levy and a reduced POA policy will be required.
JIL15	Neither	As above every tax on investment is madness we want investment and new buildings that help our economy grow and provide good housing for our population why would you tax investment. This is also encourage making buildings inc houses as small as possible to reduce the level per sq metre.	The levy will provide significant benefits to the community whilst still enabling investment to be made in the built environment as evidenced in the viability assessment for review of developer contributions report and the introduction of a levy is in line with practice elsewhere and the recent report A new approach to developer contributions from the CIL review group has not indicated any issues with reducing investment or growth in the construction sector. The size of units are controlled by existing planning guidance and which are currently being reviewed with a view to increase minimum sizes.

Ref	Supporting / Objecting	Reasons for answer	Minister’s Response
JIL18	Neither	I don't have sufficient knowledge or information to make an informed decision	Comment noted
JIL26	Neither	No view	noted
JIL29	Neither	It would appear sensible to review any other relevant policies and obligations prior to introducing the levy	Noted

9. Community share

It is proposed that Parishes and local communities where development occurs will receive 10% of the levy to pay for local community improvements. Questionnaire

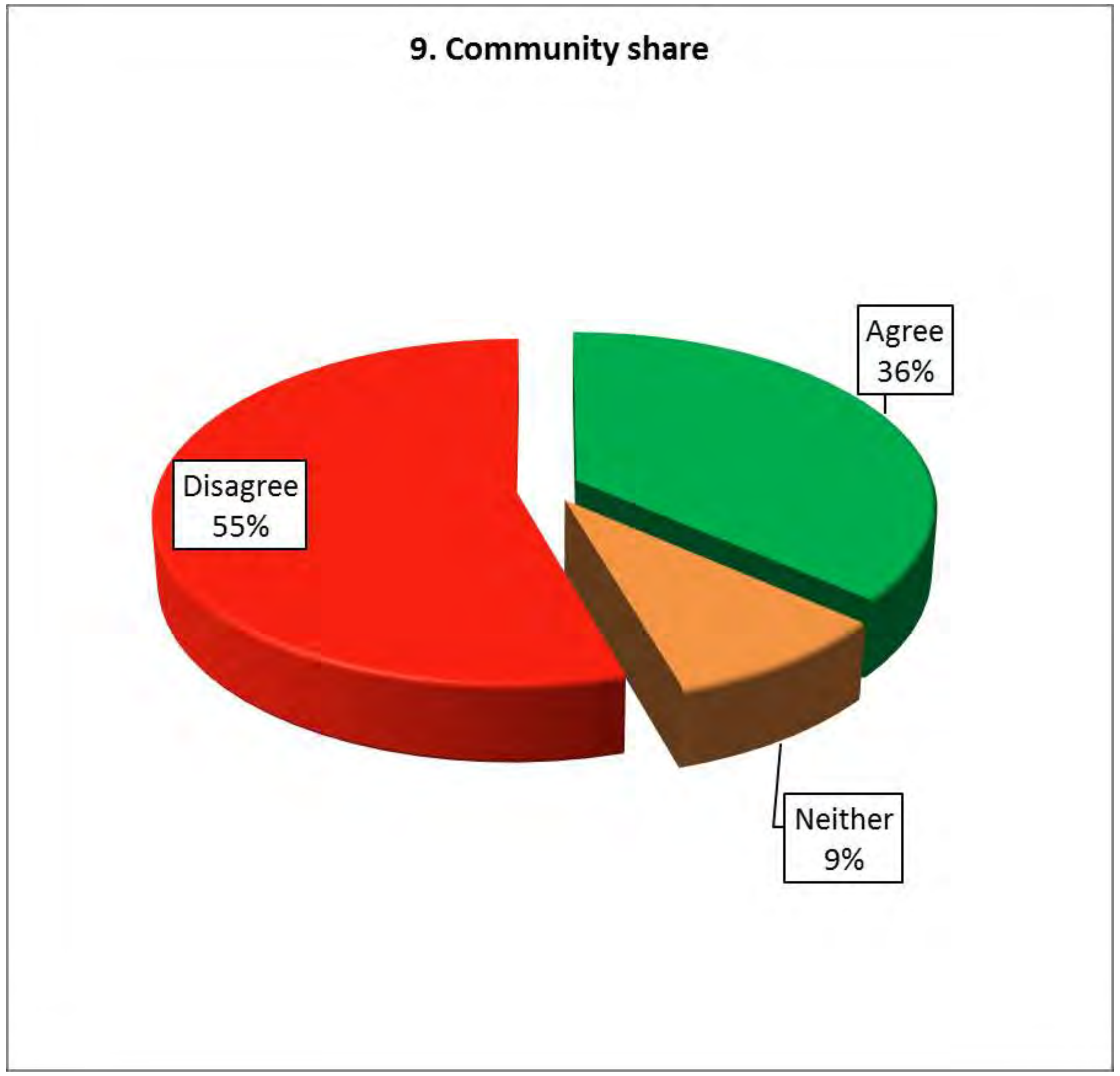
Consultation results

Summary of responses

The proposed 10% split of the levy for exclusive Parish use also generated mixed views with some of those who supported it some suggesting a higher share. This will be something for future consideration.

Many comments identified the need for an audited and managed process to spending the levy and this will be part of future regulations should the levy be adopted.

	% Total	Count
Agree	36%	12
Neither	9%	3
Disagree	55%	18
Total	**100%**	**33**



Please give reasons for your answer.

<table>
<tr><th>Ref</th><th>Supporting/ Objecting</th><th>Reasons for answer</th><th>Minister's Response</th></tr>
<tr><td>JIL3</td><td>Agree</td><td>Yes.</td><td>Comment noted</td></tr>
<tr><td>JIL10</td><td>Agree</td><td>They may have a better insight on the local views and needs of their community</td><td>Comments noted, engaging with the local community is key to delivering successful JIL projects</td></tr>
<tr><td>JIL13</td><td>Agree</td><td>Any decentralization is a good thing, this will encourage Constables to do the right thing to reduce the burden for you younger generation.</td><td>Comment noted</td></tr>
<tr><td>JIL29</td><td>Agree</td><td>Whilst this is agreed it is vital to recognise that there are different types of communities in addition to Parish and local (geographical) communities. There are communities of practice e.g. groups of interested parties focused on improving their practice, such as early years workers. There are community groups who come together for specific purposes or around specific interests e.g. special needs and disabilities. There are communities who may be defined by particular characteristics e.g. ethnicity. There are communities of people who come together around shared values to work together with a particular focus e.g. the Early Years and Childhood Partnership. It would be important in considering distribution of the levy to have regard for the different types of communities.</td><td>The levy would encourage local community groups to come forward and support projects that are specific to them and the local area, regardless of the parish boundaries.
The levy could also for example act as seed capital for crowd funded projects and this has proven success elsewhere such as in Plymouth for example.
www.crowdfunder.co.uk/funds/crowdfund-plymouth</td></tr>
<tr><td>JIL27</td><td>Agree</td><td>I would though restrict this for schemes that demonstrably improve either pedestrian or cycle access.</td><td rowspan="6">The spending of the levy will be controlled through regulations limiting it to delivering agreed high priority community infrastructure projects.</td></tr>
<tr><td>JIL24</td><td>Disagree</td><td>This is a "random" amount. How can it be guaranteed the parishes will properly spend the money. Where has the need for these "community infrastructure improvements" been identified? Each parish's needs will be different- what if a parish has a "need" but no developments? This is a random further tax and has no logic to it.</td></tr>
<tr><td>JIL26</td><td>Disagree</td><td>Local community improvements should not be considered separately. There should be a holistic approach to infrastructure provision to prevent inefficiency and waste through excessive administration.</td></tr>
<tr><td>JIL14</td><td>Disagree</td><td>Given the perhaps unwise use of money seen (for example in St Mary) for road improvements when money is given to Parishes then I do not feel that this would necessarily be the best use of the money. For Parishes to apply for money from the scheme for well thought out plans would be better.</td></tr>
<tr><td>JIL18</td><td>Agree</td><td>With criteria imposed for the spending of this windfall i.e. for families and communities</td></tr>
<tr><td>JIL25</td><td>Agree</td><td>This % should be given with a caveat that there is local consultation for the use of this money. Community improvements is open to interpretation by the Constables, the parishioners should have an opportunity to determin their environment.</td></tr>
<tr><td>JIL22</td><td>Agree</td><td>Its a figure that allows some small scale local projects to also be delivered. For info I would like to see a likely sum/split to the parishes (based on hindcasting over a few years if the data is available?) just for info.</td><td>The 10% would represent an approximate annual income to parishes of around £150-£200k</td></tr>
<tr><td>JIL23</td><td>Agree</td><td>Why not. We'll see what happens to it.</td><td>Comment noted</td></tr>
<tr><td>JIL30</td><td>Agree</td><td>Of course. Because the parishes are much better at managing resources than central government. That said, my argument is that this proposal should be dropped, in which circumstance there will be not new tax revenue to share.</td><td>Comment noted</td></tr>
<tr><td>JIL34</td><td>Agree</td><td>Sadly the island does not have a good track record in community development. We are building parks which are badly designed with shared spaces, which have proven the have killed. Yet other core public areas such as liberation square are in a shambolic state. I think the funds should generate need to be reviews and not wasted</td><td>Comment noted, the levy will</td></tr>
</table>

Ref	Supporting/ Objecting	Reasons for answer	Minister's Response
		on overly designed or ambitious ill conceived plans, likemcycle tracks that have a surface that can't be cycled on.	
JIL21	Disagree	10% means 90% could go to another part of the Island entirely, this is wrong, the area where development occurs needs to receive the lion's share of investment.	The intention is that the areas that accept new development will benefit from receiving levy funds and so given that St Helier has the largest share of new developments it is going to receive the greatest proportion of levy funding
JIL9	Disagree	Unless the States' 'user pays' policy has been scrapped, at least 50% should benefit local community improvements so that the 'users' (eg. new residents) in an area might enjoy some of the benefits of their ill-gotten levy.	
JIL20	Disagree	I believe that the levy should be used within the development area only.	
JIL2	Disagree	Why should country parish benefit from a scheme designed to enhance town primarily.	
JIL35	Disagree	Disagree, 10% is too low a figure it should me much higher. The funds are not to be taken to "balance the books" the whole point of the levy is to benefit the community. When you only use 10% it basically just becomes a tax and makes the government look bad.	These comments are noted and will be considered when taking forward any proposal for adoption.
JIL16	Disagree	I think this could be higher in the present economic climate, say 15 to 20%	
JIL4	Disagree	There should be more paid to the parishes (like 20%) as 10% is too small	
JIL7	Disagree	Whilst I agree the funds raised should be used to fund projects in that parish, I'm not satisfied that the parish authorities have the skills/ controls to manage this in order to deliver maximum value for £ spent. Given we are only a small island, this should be one body with clear strategy set at Govt level	The mechanism for managing and delivering the parish share has not been detailed and so these points will be considered when developing the regulations on this part of the levy.
JIL1	Disagree	Another tax that will have to be passed on, with a small group of "committee" members deciding how and where it is spent	
JIL8	Disagree	As above, I do not agree with the levy on principle. Furthermore, the parishes are perfectly capable of putting any improvements to their parishioners and agreeing to set rates appropriately if such improvements are democratically approved at a parish assembly.	Comments noted
JIL11	Disagree	Developers are providing this island with a service by building what accommodation we need they should not be taxed further .Developers build the accommodation government through general taxation pay for the improvements.	It is considered right for a small proportion of the increase in land value arising from the grant of planning consent to be shared with the community, rather than going solely to the landowner. It is also considered right that funds derived from the development of land are used to offset some of the impact of that development upon the community, to make them better places to live, work and visit. Almost all development has some impact on the need for infrastructure, services and amenities - or benefits from it - so it is only fair that all such development pays a share of the cost. It is also right that those who benefit financially when planning permission is given should share some of that gain with the community which granted it, to help fund the infrastructure needed to make development acceptable and sustainable. General income tax receipts will remain to fund other public services.
JIL15	Neither	We don't need extra tax and not on investment in our housing and office stock which need investment	
JIL28	Disagree	Parishes should be paying for local community improvements out of rates as they do at the moment. Major improvements should be decided on and funded by the states as at present.	
JIL31	Disagree	I disagree with the whole principle of a J.I.L. Also the parishes are functioning quite fine through their rates system.	Comment noted
JIL12	Neither	Irrelevant	Comment noted

10. Spending the Levy

It has been estimated that based upon past conservative build rates and the final rate chosen that the levy could yield up to £1.5 and £2.5 million per year.

Please rank the following items in order of preference you would like the levy to be spent on

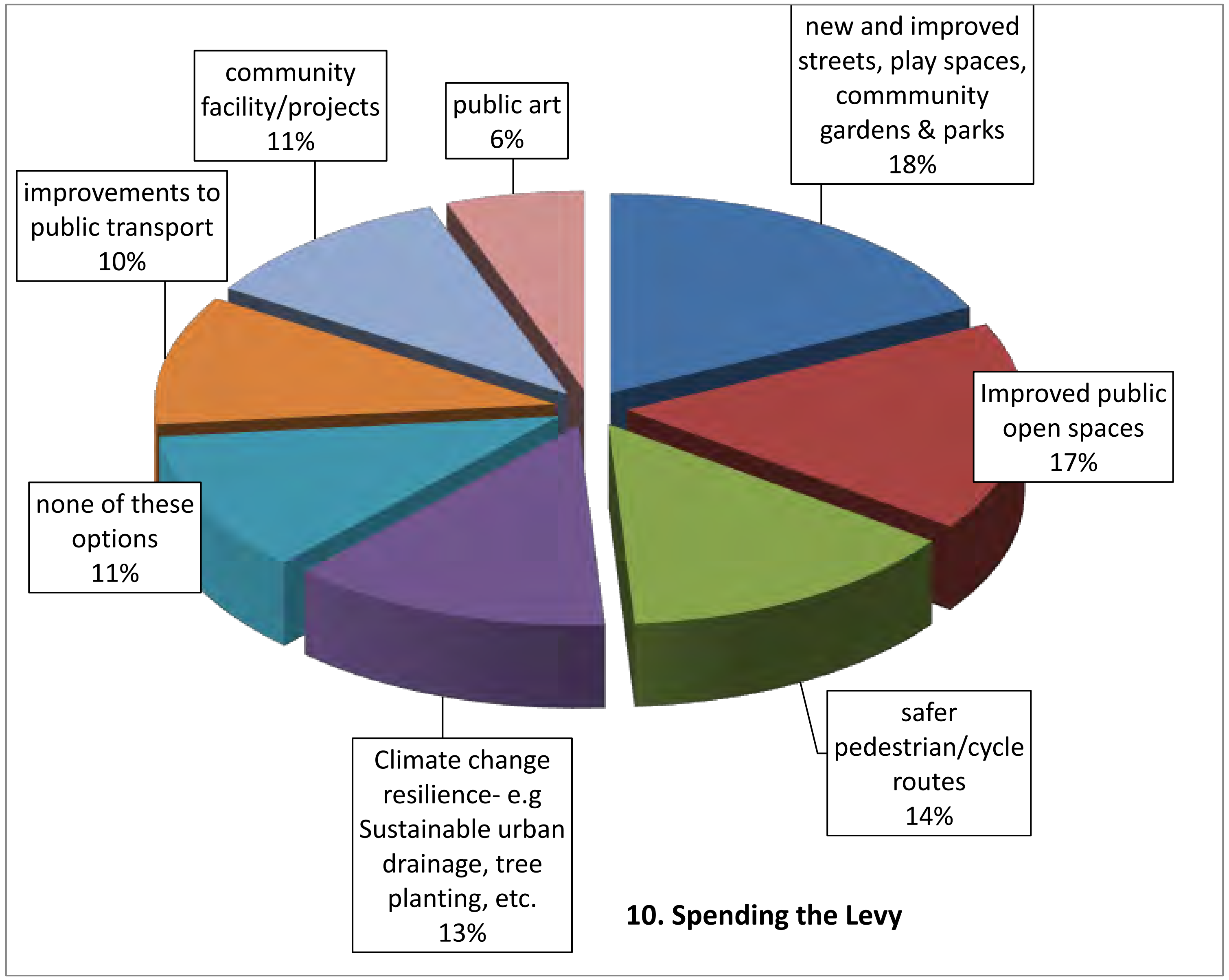
Survey consultation results

Summary of responses

There was a fairly even spread of priorities for spending the levy, although the most popular - new and improved streets, play spaces, community gardens & parks (18%) was 3 times more popular than the least – public art (6%).

These views will be considered in more detail should the principle of the levy be adopted.

Rank	Preference	% Total
1	New and improved streets, play spaces, community gardens & parks	18%
2	Improved public open spaces	17%
3	safer pedestrian/cycle routes	14%
4	Climate change resilience- e.g Sustainable urban drainage, tree planting, etc.	13%
5	none of these options	11%
6	improvements to public transport	10%
7	community facility/projects	11%
8	public art	6%
	Total	**100%**



11. General Comments

Please provide any other general comments.

Ref	Reasons for answer	Minister's Response
JIL1	Tax is tax, revenue should be collected and spending decided upon in a whole budget, not spread by the back door to try and keep Jersey's headline tax at the famous 20%	It is considered right for a small proportion of the increase in land value arising from the grant of planning consent to be shared with the community, rather than going solely to the landowner. It is also considered right that funds derived from the development of land are used to offset some of the impact of that development upon the community, to make them better places to live, work and visit. Almost all development has some impact on the need for infrastructure, services and amenities - or benefits from it - so it is only fair that all such development pays a share of the cost. It is also right that those who benefit financially when planning permission is given should share some of that gain with the community which granted it, to help fund the infrastructure needed to make development acceptable and sustainable. General income tax receipts will remain to fund other public services. The Government is currently undertaking a major reform/efficiency programme aimed at improving Public Services which is not the appropriate route to fund public realm improvement plans from development related activities.
JIL8	This is a surrogate tax and goes beyond the remit of government. The £2.5m that could be raised is extremely small compared with the overall SOJ budget. It will introduce another layer of bureaucracy and has no real justification.	
JIL15	I hope the island does not bring this mad tax on investment in housing and our working environments ie offices two areas we need investment if we are to keep top people in the island living and working which creates the main tax for our government ie income tax. This tax will reduce investment and over time lead to a working and living environment far below other countries.	
JIL7	Jersey is falling well behind the UK in developing a cycle and pedestrian infrastructure in its built up environment. Given the UK is way behind European cities that is very embarrassing in deed. Our ration of cars per individual is equally shocking. We desperately need to plan long term infrastructure to move from car use to cycle/ walking and public transport through carrot and stick initiatives. All £ raised by any levy should directly go into initiatives to improve the living and working environment, focussed primarily on St Helier. Allowing development but ensuring that there is net more green space is delivered in that area can be done by i) being prepared to build higher and ii) reinvesting levies such as is now being proposed back into the locality- just look at the long term planning in Vancouver, where the foreshore has remained public access, more green space than virtually any other city yet a bustling and thriving local population (voted no2 best city to live in the world)	
JIL11	Government through general taxation should pay for the improvements to the civic realm.	
JIL4	should be more open spaces in the smaller parishes i.e. St Clement as there are too many buildings going up. The larger parishes should have more buildings made in their parish I.e St Mary , St John, St Ouen, St Peter	
JIL30	This is a new tax. Instead of introducing new taxes government should be learning how to manage the economy more effectively. When (if) it does it will discover there is no need for new taxes. I am happy for my survey responses to be published.	
JIL20	Ref: 10. above: surely our rates are for some of these things. Re the Viability Study: public opinion is that the States spend far too much money on "Consultants" to provide "reports" - the hospital is a prime example. It appears to me that The States waste so much money.	
JIL31	It is about time that States departments learnt to live within their means and stopped dreaming up new taxes.	
JIL32	Thank you for the opportunity to comment upon the above mentioned. This email is provided with the full knowledge and total backing of our entire client base. We are completed opposed to any further tax increases in Jersey, particularly during this period of global/European uncertainty. In December, 2016 the Island had just under 59,000 people working and 1/6 of retired also working, all paying tax (albeit some not paying Income Tax/Social Security). The general view is that the overall tax take when considering the above should be more than adequate to enable the island to meet all of its various public sector commitments. The wish to improve/upgrade the islands infrastructure, services and facilities is very laudable and supported but should be done from the Treasury using existing resources. This kind of tax has been in operation in the UK for some time and has been found to be very 'resource hungry' to operate, provocative leading to substantial delays and litigation, which all has a trickle down inflationary affect upon the market. There is also considerable concern that this particular tax would be very discriminatory and once outside of the	

Ref	Reasons for answer	Minister's Response
	control of The States Chamber, liable to be increased ahead of the rate of inflation as indeed has been the case with several similar taxes locally now in operation. We would with the greatest respect urge you to impress upon the minister the depth and breath of these concerns.	
JIL28	The States already collect a levy from citizens, its called income tax. Adding further cost simply pushes up the cost of living in Jersey which is to no bodies advantage. The agument that there is a budget shortfall is not acceptable. The States should learn to manage within its means and not fund further spending through a range of stealth taxes.	
JIL9	As I said, the entire Island will benefit from improved roads and public transport, parks and open spaces, public art and cycle paths so funding for this should come from Island taxes and parish rates. It is yet another stealth tax, it is wrong and it should be withdrawn.	
JIL13	What is Regenerative Agriculture and why a CO2 levy would be the right thing to do to encourage landowners to cultivate a new crop CO2 Conventional wisdom has long held that the world cannot be fed without chemicals and synthetic fertilizers. Evidence points to a new wisdom: The world cannot be fed unless the soil is fed. Regenerative agriculture enhances and sustains the health of the soil by restoring its carbon content, which in turn improves productivity—just the opposite of conventional agriculture. Regenerative agricultural practices include: no tillage, diverse cover crops, in-farm fertility (no external nutrients), no pesticides or synthetic fertilizers, and multiple crop rotations. Together, these practices increase carbon-rich soil organic matter. The result: vital microbes proliferate, roots go deeper, nutrient uptake improves, water retention increases, plants are more pest resistant, and soil fertility compounds. Farms are seeing soil carbon levels rise from a baseline of 1 to 2 percent up to 5 to 8 percent over ten or more years, which can add up to 25 to 60 tons of carbon per acre. It is estimated that at least 50 percent of the carbon in the earth's soils has been released into the atmosphere over the past centuries. Bringing that carbon back home through regenerative agriculture is one of the greatest opportunities to address human and climate health, along with the financial well-being of farmers.	Noted, but carbon reduction has no direct relevance to the proposed introduction of the infrastructure levy. The Energy Plan for Jersey is the policy vehicle for Co2 reduction on Jersey.
JIL14	Provision of money to local NPO/Charities (such as the Jersey Bat Group - of which I am the chair) to enable us to effectively screen the developments, advise on best-practice (such as not using BRM in developments), suggest mitigation, monitor and educate about bats would be useful. Currently both planning decisions and building control 'requirements' are coming into conflict with bats. These are a protected species both locally and across the EU and Jersey is party to a number of MEAs to protect these animals.	Comments noted – such use of the levy will be subject to future discussion but it should be noted that the existing planning process makes provision for the mitigation, monitoring and protection of bats.
JIL16	There is a growing demand for motorcycle/scooter/moped parking as more and more motorists move away from commuting to work by car (single occupant) Too much on road parking is prioritised towards four-wheeled vehicles, and at a time when we need to reduced congestion and pollution caused by that congestion more could be done to encourage the use of two-wheeled vehicles whether motorised/electric or manually propelled. Perhaps new developments in partnership with Infrastructure could be made to provide allocated parking for motorcyclists and cyclists too.	The provision of parking for all forms of vehicles is provided by the planning parking guidance, which is currently being reviewed and updated to account for modern parking requirements.
JIL26	In my view, the questions to this consultation have been drafted so as to bias responses as they presuppose the introduction of the levy and highlight the 'selling points' to those who will not bear the cost of implementation. They do not even attempt to identify whether the respondent will actually be likely to pay the levy or whether it would affect the intentions or otherwise have consequences for developers. For the avoidance of doubt, I am neither a developer nor do I act for developers.	The levy is not expected to increase rental prices. The levy will be a small part of the overall cost of development, and it is expected that developers will either negotiate to pay less for land they buy in time, or absorb some of the cost. Developers set asking prices for new developments, but values are set by the market and this is usually based on what similar houses in the area sell for, as well as the formal valuation carried out by a bank's appointed valuer, if the buyer is applying for a mortgage for the property. A buyer or renter of a new property will only pay a premium for a new property if it is more attractive than those in the wider market.
JIL12	If implemented such a levy may prevent private/individual developments that would benefit the community whilst major developments will only pass on the charge directly to the occupants thereby potentially raising costs across the whole spectrum.	
JIL24	I think this levy is completely wrong. Where has the need been identified? The need may not be in the parish where development is being undertaken. It is a tax on business (another one) and will	

Ref	Reasons for answer	Minister’s Response
	be passed on to the end-consumer. The cost of "doing business in Jersey" is becoming far too high. Govt should manage its finances properly and stop taxing business when it fails to do so.	In the long-run, a fixed levy will provide certainty about the level of charge that a developer must pay and they will be able to factor this in to the price that they pay for land. Through the informal consultation with the development industry that was carried out to inform the Viability Assessment, comments were received raising the concern that the levy would be added to the sale prices of developments thus increasing already high house prices in Jersey. The department has had initial discussions with the Economics Unit and their view is that charges like the Jersey Infrastructure Levy (JIL) that intend to capture a small fraction of the uplift in land values that arise when a site gets permission for development would normally be expected to impact on land values. In a competitive market developers would have a strong incentive to make sure the charge leads to lower land values because if not new built properties would become relatively more expensive than similar properties that have already been developed and were not subject to the levy. New developments only add a marginal increase to the existing stock each year and in a competitive market prices will be determined by the interaction of overall supply and demand for properties and therefore general conditions in the market.
JIL35	You must try and ensure two things, that the levy isn't just passed on to the consumer and that the the majority, if not all, of the funds are used to better the community.	
JIL17	I am in favour of this levy so long as the cost ultimately falls on the person making the development gain. I am not in favour of it increases the cost of housing and retail	
JIL19	Get a Minister and executive who are not sucking up to major developers and have some environmental understanding and have the will to undertake some meaningful environmental and historical conservation rather than the corrupt bunch we have had to date.	The Minister and the executive have an excellent track record in improving and applying an effective policy framework that to deliver significant historic and environmental conservation benefits for the Island. The development of a levy will enable further conservation efforts to be made, which in turn requires a strong development sector to be in place.
JIL21	Agree with the principle of a development charge, disagree with the 'small and broad-based' nature of it. Needs to target multi-unit developments that will significantly increase footfall, traffic, parking etc and not include the addition of a bedroom to an existing property etc.	The levy will only be applied to residential units over 75 Sqm in size and so single bedrooms, unless over 75 Sqm would not be included.
JIL18	There are many sources of research available that show our children are not having enough time outdoors. Many of our children exhibit weight problems brought about in some cases by poor diet and not enough exercise. Parents state that working life inhibits their ability to provide healthy food and opportunities for exercise in the outdoors, they also state that stranger danger and traffic stop them allowing their children to play out. The Dutch Woonerf concept allows for childrens play https://nacto.org/docs/usdg/woonerf_concept_collarte.pdf Developers who followed this design could be exempt from the Levy	Comments noted As currently proposed the levy, if adopted, would be able to deliver improvements in these areas.
JIL29	There are many sources of research available that show our children are not having enough time outdoors. Many Jersey children have weight problems brought about, in some cases by poor diet and not enough exercises. Parents state that working life inhibits their ability to provide healthy food and opportunities for exercise in the outdoors. They also state that stranger danger and traffic stop them allowing their children to play out. The Dutch Woonerf concept allows for children's play in residential areas. Information can be assessed at https://nacto.org/docs/usdg/woonerf_concept_collarte.pdf It is proposed that developed who followed this design could be exempt from the levy. Many parts of the UK are now developing "play streets" e.g. http://www.leeds.gov.uk/residents/Pages/Play-Streets.aspx This would be a useful concept to consider in relation to the levy. Similarly if play rangers were to be considered in the distribution of the levy, this could provide support for children and help parents feel more secure. Information is available at: https://playgloucestershire.org.uk/ There is an area of discussed land adjacent to derelict greenhouses in St Clement. This has the potential to be developed for families and the elderly. If land like this were to be developed, there must be provision for outdoor play for children. This should allow for free play on natural surfaces as well as the usual static equipment. The development, delivery and sustainability of such proposals would be significantly supported by the creation of a "play team" that encouraged resourceful play, resilience and holistic appropriate social/emotional development. Historically, there has been agreement Play is of fundamental importance to the general health, well-being and overall development of all children and young people. Play has also been recognised as providing positive outcomes for children in terms of their journey into adulthood. Whilst many adults	

Ref	Reasons for answer	Minister's Response
	possess memories of being free to roam and experience their local environment and all the excitement and dangers that it held, children of today are protect to the point of stifling their natural ability to develop their own resilience, common sense and self-regulation skills. Jersey's children and young people are not always able to access the same range of services, facilities or opportunities that others have in the UK, mainland Europe or elsewhere although what we do have in abundance are beautiful beaches, some lovely parks and open spaces just waiting for children and families to claim them. What is clear is that all children, regardless of their socio-economic background, should have access to good quality play opportunities that hey can access safely on their own and with their friends. These play opportunities should provide physical and mental challenge for our children, who are then ready to test and grow their resilience, self-esteem and social development. Good play provision in Jersey should provide the following: * Extends the choice and control that children have over their play, the freedom they enjoy, and the satisfaction they gain from it * Recognises that children need to test boundaries, and responds positively to that need * Recognises that children have a voice and gives them the opportunity to be involved in the planning of play spaces * Manages the balance between the need to offer risk and the need to keep children safe from harm * Maximises the range of play opportunities * Promotes independence and healthy self esteem * Encourages the child's respect for others and offers opportunities for social interaction * Supports the child's well-being, healthy growth and development, knowledge and understanding, creativity and capacity to elarn It may come as a surprise to learn that "play" benefits the Community by involving children and their families in positive activities. This is turn helps to reduce anti-social behaviour and the risk of crime. Having play opportunities at the hub of a community helps to create a focal point. Families are encouraged to be social, building enhanced support networks and children are guided towards their adults lives by a range of significant experienced and unrelated people. "We don't stop playing because we grow old; we grow old because we stop playing." George Bernard Shaw, 1856 - 1950 Jersey's children are our future. The levy provides a brilliant opportunity to invest in the future through our children.	
JIL25	In the absence of a States Social Policy all fight their own corners. We want children and families to be supported by all people in power being aware of the way they work impacts on this group. Building pushes play spaces further away from where children live. Facilities that allow children to "play out" independently, without adult supervision in a safe area near to their home. Traffic is the greatest danger to childrens safety, by removing traffic you provide children with the space to play out. Bristol University have recently published findings on this and Bristol Council have been working to provide for children for many years. No traffic zones benefit all the community, they dont have to be permanent, electric bollards in use twice a week is enough to start regular patterns for play and leisure. Cul de sacs, grassy banks, back to back housing with a lane between the gardens that can be blocked off and used by people from the houses for their own public space, the list of opportunities to develop the community is endless. Play England has research and ideas for community development as does a blog "Playing Out". These types of initiatives support educational development in children, provide healthy exercise and community integration. Jersey Early Years Association is a registered charity, we hold expertise on childrens play and work voluntarily to promote the well being of young children and their families.	

12. Individually submitted responses

A number of individual responses were also received by post or email outside of the online consultation. These are listed below together with responses to specific points where appropriate.

12.1 States of Jersey Environment Minister - Addendum

1. During the consultation it was pointed out that there was a tying error on page 65 of the viability assessment for review of developer contributions report. This is acknowledged and table 7.2 should have been published with the figures in bold (the published incorrect figures are bracketed below the correct figures). The error did not affect the overall final total build costs figures or any of the subsequent conclusions reached in the viability modelling which used the correct total figure.

Table 7.2 Summary of Costs for Housing Only Schemes				
	Cost	**Adjustment**	**For Appraisal £/m²**	
Construction Costs – BICIS 2017	£1,067.00	1.2	**£1,280.40** (£1380.40)	
Site Costs		15%	**£192.06** (£92.06)	
Brownfield		10%	£128.04	£1600.50
Contingency		5%	£80.03	
Total			**£1,680.53**	**£1,680.53**

Source: HDH March 2017

2. For the purposes of demonstrating that the principle of introducing an infrastructure levy in Jersey is viable, the Minister has set out a notional levy rate of £80 per Sqm (amended from the published £85 per sqm) to ensure an even rate is applied across all proposed developments on the Island. This is because although the maximum rates of £125 per Sqm for residential and £150 per Sqm for retail were suggested by the consultant (HDH) in the viability assessment for review of developer contributions report, the maximum rate for offices was £80 per sqm and this should have been reflected in the flat rate published in the consultation by the Minister.

   Should the principle of the levy be approved then all the recommendations will be revised and updated based upon any new evidence at that time. This will then lead to final rates being proposed which are then be subject to further public consultation and review by an independent planning inspector before final adoption.

12.2 States of Jersey Minister for Housing – key points from letter dated 7th August 2017

Ref	Comment	States of Jersey
Para 3	I am also pleased to note that registered affordable housing providers will be exempt from the levy. Affordable housing providers make a significant contribution towards meeting the housing needs of the community – such as first-time buyers and households who are unable to access suitable housing in the private sector – so it is right to exempt them from the levy. I agree with the consultation document that there is potential for the exemption to encourage the provision of more affordable housing.	Comments noted
Para 4	I recognise concern about the impact that the proposed levy might have on the price of housing in Jersey. Clearly, it is important that the levy does not have an adverse effect on the feasibility of new housing development, and it is reassuring to note that the viability study confirms there is scope to introduce a levy on larger-scale developments. I further note that the States of Jersey Economics Unit has concluded that a levy would be unlikely to affect land values because, in a competitive market like Jersey, developers have a strong incentive to factor in a levy and press for a drop in the price of the land.	Comments noted
Para 5	Moreover, I agree with the assessment that the proposed levy will not increase house prices, which are determined by the market and the interaction between the supply and demand of housing.	Comments noted

12.3 Association of Jersey Architects – key points from letter dated 6th September 2017

Ref	Comment	States of Jersey Response
1	We agree with the sentiment expressed by the Minister and his opening statement within the JIL consultation document in that 'the spaces around and between buildings including parks, squares and streets, has a major part to play in the character, attractiveness and success of places' we also recognise the Ministers view that the 'delivery of a successful place requires strong partnership between government, land owners, developers and the public'.	Comment noted.
2	As architects we have required skills and knowledge to advise and deliver these places and our profession should be at the forefront of these types of regeneration projects / improvement schemes which aim to enhance the public realm and we believe that consultation and engagement with our association members should be at the forefront of any proposed public realm improvement proposals.	Comment noted.
3	Our Association fully understands the Planning Ministers desire to enhance and improve the public realm within St. Helier but we do not accept that the proposed Jersey Infrastructure levy (JIL) is a fair or reasonable method of delivering these improvements.	Comment noted.
4	The improvements proposed which will benefit from the introduction of this Levy are not clearly defined and are merely representative and they lack clarity and focus. The concept of introducing this levy (development tax) without the presentation of a coherent plan showing the public realm improvements is not acceptable.	The Minister is at this stage only trying to establish the principle of introducing a levy. Developing detailed plans of schemes without any levy (budget) in place is a bit 'cart before the horse' and not the best use of internal resources. The consultation document does however very clearly set out those broad areas that would benefit from using the levy, namely; • New and improved streets, play spaces, community gardens & parks • Improved public open spaces • safer pedestrian/cycle routes • Climate change resilience- e.g. sustainable urban drainage, tree planting, etc. • improvements to public transport • community facility/projects • public art
5	If adopted we do not accept that this fund / pot as it is defined in the executive summary should be managed only by the Minister for the Environment.	Noted but reasons not given and so unable to comment. Ring fencing the money received from the levy will be established though regulation and directed by an executive to meet clear community benefits. Views on who the chair of the executive is have not been decided and further opportunity to discuss these points will be available should the principle of introducing a levy be adopted.
6	We have grave concerns regarding the use of the term 'infrastructure' and the wide definition of this term and the types of projects that could be deemed as infrastructure projects which could then seek funding from this income source / levy (if adopted).	Agreed, the term can be confusing and an alternative may emerge over time to provide a clearer understanding of the policy.
7	We do not accept that construction projects are singularilary responsible for the Islands infrastructure requirements and it is therefore fundamentally unacceptable for the construction industry to be individually targeted and subjected to an additional taxation to fund infrastructure projects.	It is considered right for a small proportion of the increase in land value arising from the grant of planning consent to be shared with the community, rather than going solely to the landowner. It is also considered right that funds derived from the development of land are used to offset some of the impact of that development upon the community, to make them better places to live, work and visit. Almost all development has some impact on the need for infrastructure, services and amenities - or benefits from it - so it is only fair that all such development pays a

Ref	Comment	States of Jersey Response
		share of the cost. It is also right that those who benefit financially when planning permission is given should share some of that gain with the community which granted it, to help fund the infrastructure needed to make development acceptable and sustainable. General income tax receipts will remain to fund other public services.
8	We do not accept that the proposed infrastructure levy will not be passed on in some way either in full or partially from the landowner to the developer and then onto the purchaser and it is naive of the Planning Department to suggest otherwise.	This statement is difficult to comment upon as no evidence that it will has been provided. Advice has been taken from the economics department that is contrary to this. The Economics Unit view is that charges like the Jersey Infrastructure Levy (JIL), would normally be expected to impact land values. In a competitive market, developers would have a strong incentive to make sure the charge leads to lower land values because if not, new built properties would become relatively more expensive than similar properties that have already been developed and were not subject to the levy. Earlier work undertaken here in Jersey by Oxera, and more recent work undertaken in the UK to assess the impact of the Community Infrastructure there, has concluded that the introduction of a levy has little long-term economic impact on the supply of development land. This backs up the view expressed by Oxera's report Further analysis of land/development-based environmental taxes: what is the impact on Jersey? (January 2008), which concluded that: *Assuming that the proportion of the increase in value to be taken in tax would be relatively small, even if the full incidence of the tax fell on owners, it is likely that there would be little effect on the overall supply of land made available for development.* Recent research from the UK (The value, impact and delivery of the Community Infrastructure Levy: Report of Study (Feb 2017) DCLG) demonstrates that the introduction of CIL has not adversely affected the overall supply of developable land. Further economic advice will be sought from the Economics Unit to test and amend if necessary, a more detailed levy proposal, should there be any likelihood that the levy could lead to higher prices and/or reduced supply.
9	We do not believe that any levy or tax applied to any planning approval should be used for matters such as improved transport services, drainage systems or flood defences as noted in the infrastructure levy consultation document. We also note that within the ARUP report infrastructure is defined as: (a) roads and other transport facilities, (b) flood defences, (c) schools and other educational facilities, (d) medical facilities, (e) sporting and recreational facilities (f) open spaces and (g) affordable housing (although it's accepted that affordable housing will not be funded by this tax). These simple definitions clearly show how the funds generated from this levy (if introduced) could be used or miss-appropriated. All of the above should be funded through general taxation.	The consultation makes it clear what could be funded by the levy and what should not. The Arup definition is based upon UK policy and background information as part of the viability study which is not directly applied to Jersey.
10	We are concerned that the control of these funds could be passed to another States department or Minister simply be Ministerial order without any consultation with industry	Concern noted. Should the principle of the levy be adopted then regulations will be written which will ensure that the levy is managed in the most appropriate way to meet the anticipated community benefits.. These regulations will be fully consulted upon.
11	We are concerned that the current infrastructure budgets / income raised from general taxation will be reduced on the basis of this new income stream.	This is not the intention of the new levy as existing budgets will not be replaced with the levy.
12	We are concerned that the levy rate as proposed has not been based on a considered view of what projects will be undertaken or funded through the levy. In its current form it is simply an additional tax (fund generator) that will then be spent	See point 4 above.
13	If adopted we have concerns as to how the payment system will be implemented. We have been advised that this may be administered through the building control work stage notification process, so could this mean that if payment is not made building control would not visit the development.	See point 10 above.

Ref	Comment	States of Jersey Response
14	It is unclear from the proposal document how the charges and the threshold levels will be assessed. If the threshold is 75m2 and a development proposal for a net gain of 85m2 is granted approval, is the charge applied to 10m2 or to the whole 85m	The charge will be for the whole net increase of 85 Sqm, as discussed in our meeting during the consultation period.
15	Within the Levy proposals, reference is made to the current Planning Obligation Agreements (POA's) being significantly reduced and simplified, but there is no reference or detail of these proposals and we do not accept that the introduction of any additional charge should be proposed without the proposed reductions in the POA's being clearly defined.	The Minister is currently establishing the principle of the levy and one of the clear intentions is that there will be no "double dipping", in other words POA's and the levy will not be imposed on developments to pay for the same item. Should the principle of the levy be approved then a review will be undertaken of the current POA guidance alongside the development of the levy policy and be subject to full public and direct industry consultation
16	There is no acknowledgement within the proposal that other Island industries / sectors will benefit from the improvements to the public realm and improved public spaces, alfresco opportunities, tourism benefits. We would use the example of the benefits to Bellagio's at Charing Cross, which now benefits from alfresco tables adjacent to the new pedestrian improvement scheme. This is clearly a direct benefit to a private enterprise that in the future would be funded by the proposed Jersey Infrastructure Levy.	Al fresco is important and welcome street life activity derived from new developments and benefits the commercial operators/land owners and of course the wider public. The levy alongside other delivery mechanisms will continue to provide these opportunities. The Charing Cross scheme was a publically funded scheme.
17	Before the introduction of any Levy or additional taxation we would expect the Department of the Environment to provide evidence of the States of Jersey Development Companies payments (both forecast and actual payments) which are due to be paid under P.60/2008, which were to be ring fenced for the regeneration of St. Helier. We also expect the Planning Minister to provide a coherent plan for how these monies are spent and on what regeneration projects they are to be used on.	The use of the one –off monies to be generated from the development of the Waterfront/Esplanade Quarter under P.60/2008 would be clearly welcome in helping the regeneration of the town of St. Helier. The Minister for the Environment is currently reviewing and will be updating the Waterfront master plan and so details of future plans will be available once they are adopted. This is likely to be undertaken prior to the final adoption of a levy and so can provide further input into the meeting the objectives of the levy policy at that time.
18	We are concerned that there is no acknowledgement or recognition of the Islands immigration policy and the impact that this has on the Islands infrastructure needs	This is an important area but one which does not directly impact upon the viability assessment work carried out to determine if a levy would be viable in Jersey.
19	Before the adoption or introduction of any proposal which has the potential to place an additional taxation on the construction industry / landowners we would expect the States assembly to demand a fully detailed proposal for debate. In conclusion, the AJA do not consider that it is appropriate for the Jersey Infrastructure Levy Proposal to be taken forward by the Planning Minister in its current form for debate in the States. It does not provide the reassurances that development in the Island will not be adversely affected by this additional taxation. It individually targets the construction industry with an additional tax burden that does not accord with the long term tax policy principles agreed to by the States as part of the Strategic Plan 2015-2018, namely that: • Taxation must be necessary, justifiable and sustainable • Taxes should be low, broad, simple and fair • Everyone should make an appropriate contribution to the cost of providing services, while those on the lowest incomes are protected • Taxes must be internationally competitive • Taxation should support economic, environmental and social policy The use of the term 'Infrastructure' and the lack of definition of this term, leaves the proposed levy open to interpretation and miss-use, which is further compounded by the omission of any detailed proposals of what improvements are proposed. There is no recognition of any other factors which impact on the Islands Infrastructure and the proposed Levy charges have not been justified on the basis of any specific requirements. The levy has clearly been set as a tax generator which is exemplified within the viability study (item 3.4) which states 'the purpose of this study is to quantify the costs of the various policies in the Island Plan, and to assess the effect of these and of developer contributions and then to make a judgement as to whether or not land prices may be squeezed to such an extent that the Island Plan is threatened.' The proposal does not recognise that property ownership does not directly equate to income or that an increase in property value equates to the owner having the means to pay an additional property tax.	The levy is going through an extensive consultation process and this will include: • Two States debates, one on the principle and if approved, one on the detailed planning law and regulations. • There will then be further independent planning inspector review of the levy rates before final adoption. The principle points raised about the long term purpose of tax policies are sound and the levy as applied to developments through the planning system will pick up on these principles. The consultation document made it very clear as to what infrastructure the levy would be spent on – see comment made to point 4 above. The levy is a small proportion of overall development value to be secured from the uplift in the value of land from the awarding of significant planning permissions, often led by developers or landowner/developers. It is not going to impact typical homeowners, as the threshold for the levy will exempt most domestic level extensions.

12.4 States of Jersey Cultural Development Officer, EDTS – key points from email/letter dated 8th September 2017

Ref	Comment	States of Jersey
	Surprisingly, given the importance of percentage for art, the consultative document on the Infrastructure Levy does not mention the enhancement of the public realm through public art; nor does it consider the implications of introducing the Levy on existing policy. Neither public art nor a percentage for art scheme are mentioned among the examples of potential beneficiaries. It is true that public art contributes to improved streets and public spaces but there appears to be no specific intention to use the Levy to support the States policy on public art, nor percentage for art as a prime delivery mechanism. This raises the question of whether the existing percentage for art policy would continue to be advocated and encouraged alongside the Levy; it is not clear from the document that this is the case. On the contrary, the assurances given about the commercial impact of the Levy do not address the simultaneous application of the percentage for art policy, so that the implication is that it would not be advocated. Even if it were, given that it is a voluntary policy, the likelihood that it would continue to deliver benefit must be minimal. Officer discussion preceding the development of the consultation paper broached the issue of the importance of percentage for art within the policy development around the proposed Levy. This appears to be outstanding. In the context of strengthening the percentage for art scheme and enhancing the public realm through public art of all kinds, it is important that the benefits of this States policy continue to be delivered. Under the Infrastructure Levy proposal it is not clear how this would be achieved.	Public art is one of the areas that is specifically listed in the consultation document as part of the potential beneficiaries of having an established levy in place. Discussions have taken place with the Cultural Development Officer on the specific issue of the future operation of the Percent for Art policy in the Island Plan. The Minister will continue to encourage developers to use this policy on schemes and does not at this time intend to amend the Island Plan.

12.5 Jersey Chamber of Commerce – key points from letter dated 8th September 2017

Ref	Comment	States of Jersey
1	Critical JIL questions have not been addressed or responded to now or previously	The Minister has been very open about his views on why the levy should be introduced and that it must be viable. The Minister announced his intention to introduce a land development charge in January 2016, and the Department of the Environment has been listening to industry views on the principle of a charge since then. We have held numerous meetings and discussions, individually and collectively, to gather feedback. After a stakeholder consultation in the autumn of 2016, we took on board many of the points made by industry, and adjusted our assumptions. These were included in the formal study we commissioned from independent UK and local consultants with considerable experience, and which was published in the spring of this year.
2	Scrutiny have not carried out a review of the proposed levy, with regards the impact it may have on development and the islands economy	Departmental officers have been in touch with Scrutiny officers throughout the consultation process and kept them fully informed. Further meetings will take place over the next few weeks to discuss the outcome of the consultation. A public scrutiny meeting is scheduled with the construction industry and then separately with the Minister in November 2017 and this will further scrutinise all of the issues raised on the in principle introduction of a levy.

Ref	Comment	States of Jersey
		If the States agree an in-principle proposal to introduce a Jersey Infrastructure Levy then we will develop a more detailed policy and carry out another round of viability testing and impact assessment before developing detailed policy proposals. The States will be asked to consider detailed policy proposals again before formal adoption. We welcome the critical challenge provided by Scrutiny if they choose to assess and 'call in' a fully formed and more detailed policy prior to final consideration. The policy proposals will be subject to a comprehensive and in-depth independent examination in public led by an independent planning inspector to ensure that the detail of the policy works for Jersey.
3	In light of Brexit, the fall in the value of sterling and the impact it is having on the cost of goods and a reduced migrant workforce, commerce is looking to Jersey's government to implement measures that boost confidence and grow the economy, not increase the tax burden and costs associated with doing business in the island	Brexit will affect many aspects of Island life and we have ensured that the viability study on the Jersey Infrastructure Levy includes a significant contingency for the potential cost of Brexit. We've looked at the potential impact to development viability under Brexit and thought about how it would affect the introduction of the levy and, given the cautious approach used in the viability work, JIL is still considered a viable policy which will benefit Jersey in the future.

12.6 Jersey Construction Council – key points from Lichfields letter & report dated 8th September 2017

Ref	Summary of Comment	States of Jersey Response
	Letter	
Page 6	Percentage for Art We note that the Viability Study excludes the 0.75% of construction costs which developers are encouraged to make as a contribution to Art in Jersey. This represents another existing cost which is currently already being absorbed by developers. The Viability Study states that this contribution is assumed to be assimilated into any new levy. However, there is no mention of this and any potential changes to do so within the Proposal. This represents just one element of the calculation which undermines the proposed £85/sqm JIL charge proposed.	The percent for art is a voluntary policy and the minister will continue to encourage developers to provide art with their schemes where appropriate.
Page 6	With regard to the relationship between existing POAs and JIL, we note that the JeCC has already highlighted some of these issues within its letter to the Planning Policy and Projects Team, dated 22 May 2017. The most recent review of POAs has been adopted via the SPG advice note. The JeCC's main concerns relate to the fact that the proposed introduction of JIL has not been considered in conjunction with reviews to POAs. As we set out below, it appears POAs and JIL are expected to fund similar infrastructure, and there is a lack of clarity as to exactly what each is expected to fund. This gives rises to a concern that is described in England and Wales as "*double dipping*" and something that the PPG in England specifically seeks to avoid, where it states4: "*There should be not actual or perceived 'double dipping' with developers paying twice for the same item of infrastructure.*" (our emphasis).	Should the levy be adopted it is important the POA system is rationalised and the relationship between POA and JIL is really clear to avoid double dipping. To do this some form of assessment of the infrastructure requirements to support new development (an IDP) would be undertaken to produce the equivalent of a CIL Regulation 123 list.
Page 7	Under the Proposal, affordable housing schemes will be exempt from JIL. Unlike in the UK, affordable housing is not required on market-led developments, instead being provided directly through 100% affordable housing schemes. At present Andium Homes (the former States of Jersey Housing Department, which is now an arms-length corporatised state-owned housing company) is the only development body with access to Government funding to provide such affordable homes. The assumption in the Viability Study (and the entire premise of the JIL charge)	Policy H3 (to provide affordable housing through market led schemes) was dropped following pressure from the construction industry and so the model is now for affordable housing to be generated through Affordable Housing Providers (AHP), including Andium homes, Christians Together in Jersey (CTJ) and Jersey Homes Trust (JHT) and le Vaux.

Ref	Summary of Comment	States of Jersey Response
	is that the costs of a JIL will come off the land value (as opposed to, for example, being a cost fronted by the home-buyer, which in the case of affordable housing would benefit first time buyers). JeCC has real concern that this effectively makes the introduction of a JIL an anti-competitive policy which, in terms of accessing land for development in the market, disbenefits private developers on the Island in favour of, what is effectively, a State body.	Although Andium have been the principal beneficiaries of the housing bond this has been used to bring the existing housing stock up to decent homes standards and the construction industry have benefited from this as they have been the recipients of procuring this work. Where existing affordable housing providers are seeking to develop additional private brown field sites (e.g. CTJ development for affordable housing on the Scope Furnishing site), they are competing in the open market. Their acquisition is based upon a long term rental model at affordable housing levels (90% market rents) and so this is a difficult area to compete in when set against alternative open market value opportunities. Applying a levy to affordable housing developments would not be viable and so has not been applied. From the comment made it is not clear how this open mechanism is anti-competitive or whether the suggestion is that a levy should be applied to affordable housing.
Page 8	1. The evidence in the Viability Study shows significant variations in the cost of residential land, and there is little available evidence on the cost of other types of land due to the limited number of transactions that take place. Given the difficulty in determining a single charge across all development which would not undermine the viability of a significant number of sites, the States of Jersey should not seek to implement a JIL. It should instead continue with the existing POA system.	The levy rate has been set based upon the best available evidence in Jersey (including a review of land transactions based on the Royal Courts data) and follows best practice guidelines. It is recognised that more data would be beneficial but the information gathered is considered appropriate to support the conclusions reached in the viability assessment for review of developer contributions report undertaken by the consultants and local surveyors.
	In the event that the States of Jersey decides nonetheless to continue with preparation of a JIL charge, we have identified a number of significant flaws within the Viability Study which should be corrected. These are essential in order for the States to demonstrates that any proposed JIL charge is underpinned by suitable and robust evidence (which, at present, we believe it is not) The flaws should be remedied by the following:	
	2. Test brownfield sites based on a range of existing uses, including office, retail and hotel uses, which are more reflective of the site typologies likely to come forward in the Plan period;	It is recognised that more data would be beneficial but the information gathered is considered appropriate to support the conclusions reached in the viability assessment for review of developer contributions report undertaken by the consultants and local, surveyors. Hotel sites are not considered viable and wold not require further testing
	3. Sensitivity test these values to allow for higher viability thresholds and a more diverse range of potential values, reflecting the greater incentive often needed to make a sale and the taxes which apply to profits, as well as better reflecting the diverse range of outcomes experienced in previous transactions;	The viability assessment included sensitivity testing in relation to changes in values and build costs. A wide range of data has been considered and it is accepted that land trades at above the thresholds used it also trades at less. The purpose of the viability testing is to assess the generality of the market rather than specific sites and the requirements of particular land owners.
	4. Consult with stakeholders and local quantity surveyor firms to reach an agreed consensus over build costs on the Island, including sensitivity testing of this; and	Extensive consultation was undertaken with the industry prior to the formal consultation phase and costs have been cross checked by a local surveyor against Jersey specific construction costs. The cost information evidenced in the Lichfield's report are not helpful or testable as they are not broken down and it is not clear what assumptions are made about them – see comments made against paragraph 3.29.
	5. Provide significantly greater clarity over the relationship of JIL with POAs and the infrastructure to be funded by each to avoid potential for actual or perceived 'double dipping'.	See comment made above ref page 6.
	Report	
2.4	The principles set out in the NPPF are supplemented by guidance on viability and CIL within England's Planning Practice Guidance (PPG), which reiterates the need for planning authorities to set the scale of obligations such that the Local Plan is not undermined. Against, the below is not set out because it is the relevant guidance for Jersey, but because it sets out some useful	It is important to note that whilst much of the process and practice in planning is very similar on Jersey when compared to England, there are very few allocations. Most

Ref	Summary of Comment	States of Jersey Response
	principles to which the design of a JIL might usefully subscribe. The PPG clarifies, amongst other things, that: *"Charging authorities should set a rate which does not threaten the ability to develop viably the sites and scale of development identified in the relevant Plan" (ID 25-008) The levy is expected to have a positive economic effect on development across a local plan area. When deciding the levy rates, an appropriate balance must be struck between additional investment to support development and the potential effect on the viability of developments….* Jersey Infrastructure Levy Proposal : Review of Viability Assessment Pg 3 *This balance is at the centre of the charge-setting process. In meeting the regulatory requirements (see regulation 14(1), as amended by the 2014 Regulations), charging authorities should be able to show and explain how their proposed levy rate (or rates) will contribute towards the implementation of their relevant plan and support development across their area….(ID 25-009) (our emphasis)*	development comes forward on brownfiled sites that are being redeveloped from an existing use. The English equivalent would be 'windfall sites'. There are no remaining development sites identified in the Plan, which in any event would principally be developed as affordable housing and be exempt from the elvy.
2.5	When setting out how development should be valued for the purposes of CIL, the PPG states; *"A charging authority should use an area-based approach, involving a broad test of viability across their area, as the evidence base to underpin their charge. The authority will need to be able to show why they consider that the proposed levy rate or rates set an appropriate balance between the need to fund infrastructure and the potential implications for the economic viability of development across their area.* *There are a number of valuation models and methodologies available to charging authorities to help them in preparing this evidence. There is no requirement to use one of these models, but charging authorities may find it helpful in defending their levy rates if they do.* *A charging authority must use 'appropriate available evidence' (as defined in the section 211(7A) of the Planning Act 2008) to inform their draft charging schedule. The government recognises that the available data is unlikely to be fully comprehensive. <u>Charging authorities need to demonstrate that their proposed levy rate or rates are informed by 'appropriate available' evidence and consistent with that evidence across their area as a whole.</u>* *A charging authority should draw on existing data wherever it is available. They may consider <u>a range of data</u>, including values of land in both existing and planned uses, and property prices – for example, house price indices and rateable values for commercial property. They may also want to build on work undertaken to inform their assessments of land availability.* *In addition, a charging authority should directly sample an appropriate range of types of sites across its area, in order to supplement existing data. This will require support from local developers. The exercise should focus on strategic sites on which the relevant Plan (the Local Plan in England, Local Development Plan in Wales, and the London Plan in London) relies, <u>and those sites where the impact of the levy on economic viability is likely to be most significant (such as brownfield sites).</u>* *A charging authority's proposed rate or rates <u>should be reasonable</u>, given the available evidence, but there is <u>no requirement for a proposed rate to exactly mirror the evidence</u>. For example, this might not be appropriate if the evidence pointed to setting a charge right at the margins of viability. There is room for some pragmatism. It would be appropriate to ensure that a 'buffer' or margin is included, so that the levy rate is able to support development when economic circumstances adjust. In all cases, the charging authority should be able to explain its approach clearly. (ID 25-019) (<u>our emphasis</u>)*	Lichfields underline three sections in the quotes. *Charging authorities need to demonstrate that their proposed levy rate or rates are informed by 'appropriate available' evidence and consistent with that evidence across their area as a whole.* This is exactly what has been done – drawing on all the accessible data. *consider a range of data* This has been done, considering the widest range of data available – including the records of all property sales. Overall our approach is consistent with the principles set out. No alternative or extra data is suggested or provided.
3.1	The Study's conclusions, and the conclusions on the level of JIL that development in Jersey could bear, are ultimately drawn from a number of viability appraisals for different types of development which each embed a series of assumptions around the values and costs of development on the island. The robustness of the Study's conclusions is therefore directly related to the	The viability study is based on the 'Existing Use Value (EUV) plus' method. This does not seem to be contested and no alternative approach is put forward. Much of the criticism is about the lack of evidence. We (the Department, officers and HDH) were very aware of this as we were developing the report. This lead to us

Ref	Summary of Comment	States of Jersey Response
	reasonableness of those individual assumptions. Lichfields and the JeCC have considerable concerns with the assumptions and approaches adopted within the Study and these are set out as follows.	reviewing all the relevant transactions recorded in the Royal Court data. It would have been preferable to have more data – but there is not more data to be had. This is not a reason not to proceed by itself.
3.4	In addition, not all brownfield sites will have been previously in industrial use, and these may have a much higher value than assumed in the Study (which, as noted, does not appear itself to be based on any evidence). Within its assessment of viability, the Study assumes (with the exception of small paddock site developments, one residential conversion scheme and two office conversions) that all brownfield sites are in industrial use and therefore have industrial land value (of £1.9m/ha). The Study itself accepts this limitation, but it is not then reflected within the viability modelling, meaning one should be very cautious indeed about basing conclusions upon it: *"It is important to note that much of the development that does come forward in St Helier in particular is on previously developed land that has a value that is greater than an industrial value." (para 6.61)*	The criticism that we have relied on industrial values is one that came up through the informal consultation so was one that we addressed from 10.14 of the Viability Assessment.
3.5	Brownfield land located in built-up areas - which is where the Council intends to concentrate most development - may have different alternative use values higher than industrial. These brownfield sites may have been in a number of previous uses including hotels or offices, and one member of the JeCC gave examples of brownfield sites which were currently in use as car parking/retail, and another in use as a bank. We note that while the Study has modelled office conversion schemes, it has not modelled any brownfield developments in other previous uses either as conversions or redevelopments. These sites could have a substantially higher alternative use value to the £1.9m/ha assumed (again, noting that this figure is not evidence based).	We agree industrial land could have a higher value – but there is no evidence tabled to support the contention. Many of the sites for conversions were not considered as they would no attract the levy.
3.7	The Study's existing figures (for residual value vs existing value and viability threshold) for the brownfield sites, based on an industrial value, are shown graphically in Figure 3.1 below. It is clear that for these sites, the residual value would appear to exceed existing use value (EUV) and viability threshold comfortably.	The graph that included at Figure 3.1 is useful as it clearly shows the scale of the gap between the Residual Value and Viability Threshold. This further supports that taken in the viability study is a very cautious view. HDH recommended a rate of JIL in the broad band of £50/m^2 and £150/m^2 and a rate of £85/m^2 was settled on by the Government. From Table 10.5 of the Viability Assessment it can be seen that at £100/^{m2} most sites have a Residual Value of over £6,000,000/ha. It is therefore misleading for to imply that industrial plus 20% is applied in a dogmatic way – it has not been.
3.9 3.10	Despite the Study accepting that brownfield land values in the built-up areas are likely to be higher than industrial values, which has been supported by information provided to Lichfields by members of the JeCC and their experiences in developing brownfield sites, this is unfortunately not reflected in the Study's assessment. The sensitivities undertaken for alternative viability thresholds (see Table 10.3 of the Study) are tested up to a threshold of £6.5m/ha (at which six of the total sites become unviable), however this is still below the upper end of the range for secondary retail space. Secondary retail space is a likely future contributor to housing development in Jersey and the Study is flawed by failing to adequate assess these scenarios. By way of further illustration, Figure 3.3 shows the residual values compared with primary retail land values. Again, while these could be slightly over-estimates of land value, they nonetheless demonstrate that many sites would be at the margins of viability. Development of primary retail space may be a realistic source of brownfield land for housing; the Study states that there is little demand for additional retail units, with even the primary areas seeing some long term vacancy across several units (para 6.32 onwards).	Similar points with regard to primary and secondary retail – what that don't go on to acknowledge is that the proposed rates of JIL only relate to net new development – in part as the conversion of retail (and office) as tested in the viability study are not likely to be viable.

Ref	Summary of Comment	States of Jersey Response
3.11	In addition to retail sites, there are also examples of brownfield sites which are conversions from hotel to residential uses. The Study cites examples of the Metropole Hotel (sold for £9.5m/ha), Shakespeare Hotel (£14.6m/ha) and Old Court House Hotel (£3.9m/ha). With the exception of the Old Court House Hotel, the sales values of these sites exceed almost all the residual values of the brownfield sites, as shown in Figure 3.4. It is possible that the value of such sites will increase in the future as the supply of vacant hotels available for residential conversion diminishes.	It is not practical to test every possible scenario – but JIL is only applicable to net new development so conversion or redevelopment would not be subject to the charge.
3.14	As set out above, the Study has assessed the majority of its brownfield sites against an industrial land value of £1.9m/ha, which equates to a value of £320/sqm (assuming 60% coverage on a site). On a per sqm comparison basis, the value of secondary office space is therefore over seven times the industrial figure used for most brownfield site assessments. The absence of any further testing of office sites (either as conversions or complete redevelopments) is yet another significant flaw of the Study. The concentration of development in built-up areas means redevelopment of office space is likely to contribute to future housing supply and it is imperative these typologies are properly assessed for viability.	These have been specifically tested in typologies 9 and 10 in the viability study – and that analysis lead to the conclusion there should be a zero rate of JIL so it is unclear what the criticism is here.
Summary on Page 10	The Study has not provided any evidence for the industrial values assumed in its modelling and it even appears to accept these are *"low"*. There are clearly other site typologies likely to come forward for development in Jersey where the alternative use value is higher than industrial, including retail, office and hotel uses. **The Study ultimately fails to adequately test the range of developments likely to come forward in Jersey**, reflecting the fact that development is mostly concentrated within built-up areas which contain a range of uses. **Comparing the Study's residual values to other alternative land value estimates and viability benchmarks shows significant variation in viability with many sites at the margins of viability or unviable altogether**. This is also likely to be the case when assessing sites in secondary office use, given values of these sites are substantially higher than the industrial value per sqm currently used.	We would accept the criticism there is not extensive evidence to support the industrial values as transactions are not as frequent – but when it comes to making recommendations we have given much greater weight to residential values in the market. Equally, we could have tested more conversions (from retail), although as there will be little conversion of retail to residential, and further, due to the EUV assumptions it is unlikely that JIL would be applicable. We accept there is a variation – hence the cautious approach. Should the principle of the levy be adopted then we will in any event revisit all of the assumptions and gather new evidence where available from either further research or new evidence presented.
From 3.17	These sites may appear outliers in the view of the Study's authors, however, given that even once they are removed values still range from £1m-£14m/ha, and that these represent two of the 17 sites, they should arguably not be removed from the sample. Indeed, 22 La Colomberie represents a conversion scheme in St Helier built-up area; this is precisely the type of development which is encouraged within the Island Plan, which severely restricts development in the countryside.	This section deals with Residential Values. With regards to the discounting of outliers, at the start of the rep they include various quotes from the English Planning Guidance (whilst acknowledging Jersey is not England). One part they do not quote says: *In all cases, estimated land or site value should … be informed by comparable, market-based evidence wherever possible. Where transacted bids are significantly above the market norm, they should not be used as part of this exercise. (ID: 10-014-20140306)* These two transactions are over 50% higher than the next highest amount paid – it is therefore is reasonable to discount them.
3.18	Having removed the purported 'outliers' the Study has considered the average of these values (median and mean) before reaching a judgment value of £6m/ha which it takes forward in the Viability modelling. Whilst taking the average land value may not be an unreasonable approach, this is only likely to be an appropriate representation of average land values where: • The overall sample size is large; • There is a clear clustering of values around the average, which is the value that could be expected for most sites; and • There are few instances of severe values at the extremes, above or below the average.	We accept the sample size is small and less than ideal – ideally there would have been numerous transactions. We have included all the available evidence in an open and transparent way. Accepting the evidence is thin we consulted with the industry and there was a consensus that the £6,000,000 assumption was about right – one (at 6.22) consulted they has paid £4.65m per hectare on average. No alternative evidence is provided and we have used the available data. It is of course possible to present the data in a number of ways – our use of a straight forward average avoids the misleading use of statistics. Should the principle of the levy be adopted then we will in any event revisit all of the assumptions and gather new evidence where available from either further research or new evidence presented.

Ref	Summary of Comment	States of Jersey Response
3.22	Shown in this context, it would clearly be extremely difficult to set a CIL rate for an area where some land values were as low as in Coventry, while in other areas as high as in Central London. It is highly questionable how it would be possible to set a CIL rate in such an area which would not undermine viability across some sites. This demonstrates that the use of an average residential land value in Jersey is not appropriate given the wide range of values seen. There is a real and significant risk that the introduction of an infrastructure levy, based on the viability study would undermine viability of a significant proportion of sites. This further lends support to the existing POA system whereby infrastructure contributions are considered on a site-by-site basis.	The implication here is that land priced don't vary elsewhere – they do. Just because it is difficult does not mean the average is not an appropriate figure to use.
3.23	Notwithstanding our criticisms of the approach taken to land values, it would appear that the Study has not taken forward its £6m/ha valuation when assessing the viability of Site 16. This site is an example of 3 larger detached dwellings, modelled as the redevelopment of an existing residential site. The Study assesses this site as 'marginal' on the basis that its residual value exceeds the EUV, but not the viability threshold (EUV + 20%).	The value in this site was based on a small site being redevelopment from 1 to 3 houses. The results informed the recommendation not to apply JIL to conversions for new development so the use of a higher figure would not result in a change in the recommendations.
3.26	Section 7.0 of the Viability Study sets out the assumed development costs which have been used in assessing viability. The Development costs set out in paras 7.2-24 cover baseline construction costs, other normal development costs, abnormal development/brownfield costs, fees and contingencies. We have looked at each in turn to assess the reasonableness of these assumptions.	The review moves on to Build Costs. The assumptions were not just based on the BCIS costs as implied by the comments – if they were an index of 1.12 would have been used. We relied on John Poole from CSP who advised 1.2 would be more appropriate.
3.29	Dandara has provided Lichfields with additional information on build costs in Jersey which suggests that the Viability Study significantly under-estimates this. Dandara is the biggest property developer in Jersey, focusing on new homes, homes for the elderly and commercial premises. This build cost information provided by a local quantity surveyor firm, and verified by Dandara against their own experience, estimates build costs of a residential-led mixed used scheme c.25% higher than those assumed in the Study, at £2,368/sqm. This equates to an under-estimate of build costs of £450/sqm. This estimate would appear to be in line with comments received from stakeholders during consultation, which suggested a higher index (of 1.4-1.56) should be used, and reflect other factors such as the weaker pound.	When we engaged with Dandara it was clear that they were including more than the pure construction cost of the units so the prices were not comparable to those we had used. We used £1,938/m^2 for higher format flats, £1,430/m^2 for lower format flats and £1,280/m^2 for housing. The local surveyors used to inform the viability work, Colin Smith and Partners, have made the following recent comments to support this assumption: 1) We state that we have used BCIS as a recognisable base and during our consultation. There was some consensus reached in this although there were some more extreme views on costs up to 56% more I noted. 2) Lichfield are incorrect in stating that the index is distorted by other Islands. The BCIS location study which shows Jersey on the last line of the last page. This is the latest study based on analysis of 46 projects (BCIS state that anything less than 20 is more unreliable) and gives an index range of 91 to 138. Note that in March 2017 we were not using the BCIS index but our own higher figure of indexed at 120 which equated to Central London, a reasonable point to be considering the latest survey. 3) It is important to relate the costs to a date, in March this year we were beginning to see build cost inflation and this has accelerated through the year. This will be kept under review if JIL is progressed and may have an impact on the results. 4) In terms of the cost per m2 quoted, it is important to understand the basis of these costs given to JeCC, historically we have been often told "I can build for £100 per sq ft" but the question is what! Does it have foundations, drainage, roads etc in the cost and often we get the reverse where a developer says the build cost is £3,000/m2 and then find that this is total cost divided by sales area, not gross floor area. We would need evidence of detailed costs to substantiate the figures quoted. It is also worth noting that on the other side of the equation, Sqm sales values have also been recently seen to have risen in some cases by 10-15% compared to the original values used in the viability appraisal.

Ref	Summary of Comment	States of Jersey Response
3.32	As part of developments in Jersey, developers are encouraged to make a public art contribution equivalent to 0.75% of construction costs on sites. Whilst the Study states at para 7.31 that this will be assimilated into any new levy, the Jersey Infrastructure Levy Proposal consultation document makes no reference to the contribution for the Arts, and whether this will change following introduction of a new levy. Until is it clear that such a cost would be assimilated into any other charge, this should be included within current development costs. This represents a further development cost for which the Study has failed to account.	The percent for art is a voluntary policy and the minister will continue to encourage developers to provide art with their schemes where appropriate.
3.33	The Study states that although it was suggested during consultation with stakeholders, an allowance for 20% 'income tax' was not accepted. However, shareholders of development companies in Jersey are liable to pay tax at 20% (which is generally paid out of the funds of the company). The effect of a company tax on development in Jersey is an important consideration for two reasons: 1 It is likely to affect the level of developer profit required; and 2 It is likely to affect the viability thresholds (which we return to later in this report), since the scale of uplift on existing use will need to be high enough to incentivise a sale, taking account of profit, taxes and other factors (such as no inheritance taxes). One member of the JeCC stated that it has sold land for a "*significant*" premium above EUV to allow for profits and taxes.	This is the personal taxation point – it is unclear how this would be applied in the appraisals. How you would deal with personal allowances etc.? It will depend on the individual shareholders, the specific thresholds, whether they are a partnership, high value residents etc. etc. The consultant is not aware of a single viability study that tries to consider personal taxation.
3.35	Le Masurier is an example of a commercial property company in Jersey which has held land on the Island for long periods, in some cases since 1835. Members of the JeCC give examples of sites which were sold at "*significant premiums*" to residential developers to ensure a profit and tax free disposal. This demonstrates another fundamental difference between the property markets in England and in Jersey which means it is not possible to appropriately and robustly assess viability based on the identical approach as in England, then set a proposed infrastructure levy on development.	This is not unusual. In England The Northumberland Estates have a 500 year business plan, the Church Commissioners, the Crown Estates, many Oxford Colleges etc. are long term land owners.
3.36	The existence of tax on land sales combined with the absence of inheritance tax means that the viability thresholds are likely to be in excess of those assumed within the Study. This is in addition to our previous criticisms raised about the value of brownfield land assumed, which, even under the Study's current assumption (of 20%) would undermine viability when comparing residual land values.	This is conjecture – no evidence is provided that could test this.
3.38	When applied to the alternative use value on paddock land (£150,000/ha) the Study's viability threshold amounts to £180,000/ha (see Table 10.2). The Study itself accepts that paddock land already attracts a premium (around 4-5 times the value) over agricultural land (valued at £36,000/ha) due to being of amenity value, for use as pony paddocks or to provide protection/privacy. Therefore, it is questionable whether a landowner would accept an uplift of just 20% on a sites in EUV as a paddock (equivalent to an additional £30,000/ha) if there were a possibility of the land being developed for residential uses.	This is accepted – but we have relied on the £6,000,000/ha value rather the EUV Plus in the end.
3.41	As a result of the degree to which the Viability Study has under-estimated the EUV of brownfield sites: The 'Additional Profit' shown in Table 10.4 of the Study is incorrect – our analysis above shows that when comparing against more likely land values the residual land value does not exceed to viability threshold (even at 20%) for most sites; The Study's conclusion that this 'Additional Profit' demonstrates there is clear capacity for developer contributions is flawed and incorrect; The Study's subsequent assessments of the scale of a potential JIL are also flawed.	This point is not clear – is there an error or it is wrong as the assumptions are wrong? These are two very different things.

<table>
<tr><th>Ref</th><th>Summary of Comment</th><th>States of Jersey Response</th></tr>
<tr><td>3.50</td><td>
Table 3.1 Surplus/Deficit using Lichfields assumptions and at varying land values
<table>
<tr><th></th><th>Study Assumptions</th><th colspan="5">Lichfields Assumptions</th></tr>
<tr><th>Site</th><th>Surplus/deficit at Study Viability Threshold</th><th>Surplus Deficit at £2.28m/ha</th><th>Surplus Deficit at £4m/ha</th><th>Surplus Deficit at £6m/ha</th><th>Surplus Deficit at £8m/ha</th><th>Surplus Deficit at £12m/ha</th></tr>
<tr><td>1</td><td>£5,132,000</td><td>£2,795,000</td><td>£1,179,000</td><td>-£701,000</td><td>-£2,580,000</td><td>-£6,338,000</td></tr>
<tr><td>2</td><td>£3,225,000</td><td>£1,769,000</td><td>£680,000</td><td>£748,000</td><td>-£1,855,000</td><td>-£4,389,000</td></tr>
<tr><td>3</td><td>£2,095,000</td><td>£1,098,000</td><td>£391,000</td><td>-£431,000</td><td>-£1,253,000</td><td>-£2,897,000</td></tr>
<tr><td>4</td><td>£1,221,000</td><td>£279,000</td><td>-£428,000</td><td>-£1,250,000</td><td>-£2,072,000</td><td>-£3,715,000</td></tr>
</table>
Source: Lichfields based on HCA DAT and Viability Study

The above highlights two fundamental issues with determining viability in Jersey;
1 The scale of viability has been significantly over-estimated in the Study, leading the authors to incorrectly conclude there is sufficient scope to introduce a JIL; and
2 The inherent difficulty in determining land values on the Island means that viability is nearly impossible to determine altogether. The sensitivity of viability to land values is clearly demonstrated above and earlier in this Section.
</td><td>
Lichfields analysis shows that most development is not viable if their assumptions are used.

This can't be right as development is coming forward across the Island and particularly in St Helier now so in the view of the HDH consultant this undermines their case.

A range of different views were also expressed through the consultation, however the Viability Assessment takes a generally cautious approach and produces results that are broadly reflective of the current market in terms of values being paid for land.

The point at 3.50(2) is not in line with what consultees said earlier in the process with regard to levels of return and does not seem to be in line with their own analysis which shows that with a £6,000,000 land value 3 of the first 4 sites (in table 3.1) make a loss.
</td></tr>
<tr><td>3.52</td><td>Under the heading 'Sensitivity Testing' the Viability Study references concerns raised during stakeholder consultation about the impact of the weak pound following the EU referendum.</td><td>Care needs to be taken not to make any predictions as to how the market and inflation may change as a result of Brexit – rather just setting out various scenarios.
No alternative approach is suggested that could be used.</td></tr>
<tr><td>3.54</td><td>As set out in the main representations and above, we consider that the differences in the Jersey housing market compared to those in the UK make it difficult to assess viability and implement a CIL charge altogether. However, the Viability Study provides some comparisons of CIL rates set in local authority areas in England, which appear to support the Study's conclusion.</td><td>In this section all the points they make are fair – the point ignored is that all the other places referred to require affordable housing (up to 50% of developments), unlike Jersey.</td></tr>
<tr><td>4</td><td>Regrettably, the Viability Study is not a robust assessment of viability in Jersey upon which to set a JIL charge. Notwithstanding that the JeCC considers the principle of a JIL on the Island itself to be not possible, we have identified a number of flaws within the Study. Most of these criticisms alone would undermine the proposed JIL; however, when considered in combination, they demonstrate the degree to which viability has been overstated for the Island.</td><td>HDH are very comfortable with the work undertaken and consider that is provides a robust evidence base for taking forward the principle of adopting a levy. We do recognise however that it would be worthwhile giving further consideration to industrial and retail land values should further data be made available over the coming months.

With regards to cost, these have been cross checked once more using direct independent professional advice and we are also comfortable with the approach taken on build costs

Should the principle of the levy be adopted then we will in any event revisit all of the assumptions and gather new evidence where available from either further research or new evidence presented.</td></tr>
</table>

12.7 Ports of Jersey – key points from letter dated 11th September 2017

Note: Many of the issues and direct questions raised by this submission were addressed in the published consultation document and so have been re-used in the States response.

Ref	Comment	States of Jersey
1	Please clarify the extent to which the proposed "updated and improved Planning Obligations Agreement (POA)" system and JIL will compliment/cross over. Why is there a need for both POA and JIL?	The recently published POA guidance has made the policy clearer but POA's are limited to site specific matters and would not be able to provide the area wide benefits envisaged by the levy. Further information is found in the Jersey infrastructure levy proposal consultation document pages 10 & 20
2	The supporting background study for the JIL recommended exemption of industrial and hotel development from the levy. Is this the case with the JIL as proposed, as that is not clear?	The consultation is clear that the levy will only be applied to Residential office and retail developments
3	The JIL proposal in addition to costly Planning Application fees (when compared to the UK for example) could be prohibitive for large developments; is there a proposal to cap the JIL and/or Planning Application fee at a total amount for both? Is there a plan to reduce Planning Application fees if JIL is introduced?	All costs, including planning fees were included in the viability testing on the levy and there are no plans to reduce or cap fees if a levy in introduced.
4	Please clarify plans for payment of the levy. The proposal is for JIL to be payable in instalments; however, many developments do not make money until they are complete meaning developers will need to find additional funding upfront to cover these costs? Is this the intention?	The mechanism for paying the levy has not been detailed, although the Jersey infrastructure levy proposal consultation document makes it clear that only a percentage of the levy will be paid at the start of the construction phases (page 16) and the majority at the end in line with the English system. The payment schedule will be detailed when developing the regulations on this part of the levy and be subject to further consultation.
5	The proposal document states that the JIL will generate an income of £1.5m to £2.5m per annum. Can you please confirm the basis of that assumption?	This figure is based upon a levy rate of £85 applied to the typical rate of development built over the past 5 years.
6	The JIL proposal document suggests the proposed levy has been set at £85/m^2 level to protect developer profit of at least 20%. If the developer profit is less than 20%, does the levy still apply?	The viability modelling is a high level generalised study using industry standard methodologies across a wide range of developments by type and size. Some sites even without a levy will not generate sufficient profit and some will generate profits far in excess of 20%. The 20% profit level was used as part of the generalised modelling to demonstrate general viability rather than to be used for future specific testing of sites.
7	The JIL proposal states that the introduction of the scheme will "give developers certainty and quicker planning decisions". Is the intent to implement a statutory limit on the planning decision process to ensure all decisions are delivered within the published timescale? If the States of Jersey is expecting payment of a Levy then there should be published statutory timeframes for planning decisions to be determined and Planning Approvals granted to give developers certainty on scheme delivery.	Improving and reducing the POA process with a levy will streamline this part of the planning application process and will give developers certainty and quicker planning decisions. There are no plans to introduce a statutory time limit on determining planning applications as this would not be practical given the complexity of some schemes.
8	Our understanding of the proposal is that SoJ schemes are exempt from the Levy; does that apply to wholly owned States of Jersey Incorporated bodies?	Only public services based developments will be exempt. Any commercial residential, office or retail developments would have to pay the levy.
9	Other than public buildings, what other zero rate developments will be included?	The Jersey infrastructure levy proposal consultation document makes it clear that the following exemptions will be made (page 14): • Development resulting in the creation of less than 75 sqm of net floorspace, unless it involves the creation of a new residential unit. • Dwellings constructed by Registered Affordable Housing providers • Developments constructed by Registered Charitable Trusts • Refurbishment of existing floorspace unless it results in a net increase of floorspace over 75 sqm

Ref	Comment	States of Jersey
10	PoJ maintains a number of operational buildings; from time to time PoJ will need to redevelop sites to replace time expired assets and improve public service. PoJ often needs to include commercial development as part of any redevelopment of assets to make them sustainable as investment decisions. Will these developments be subject to JIL?	Yes
11	Operational buildings are exempt under the UK Construction Infrastructure Levy (CIL); will operational buildings be exempt under JIL?	Yes
12	When is a building not a building, for example, plant rooms, walls, power, etc? Please clarify the definition of a building under the proposed JIL.	The definition of a building used in the viability work was based upon total net floor area. The definitions will be detailed when developing the regulations on this part of the levy and be subject to further consultation.
13	The intention of the CIL was to incentivise building owners and developers to better utilise existing building assets and reduce development of new buildings on green/brown land, for example through the introduction of mezzanine floors to improve building efficiency. As such, developments that facilitate better use of existing buildings without incremental increase in building footprint are largely exempt; will this be the case for Jersey?	The Jersey infrastructure levy proposal consultation document makes it clear that the following exemptions will be made (page 14): • Refurbishment of existing floorspace unless it results in a net increase of floorspace over 75 sqm
14	PoJ has a Public Service Obligation (PSO) to maintain assets for use of the wider public, but which would not normally be considered viable by a commercial organisation. Would redevelopment/improvement of these PSO assets be subject to JIL?	See response to 2 and 13.
15	The proposal suggests that 90% of the JIL income is to be spent in and around St Helier? However, if the development schemes are outside of St Helier how does that support the concept of improving the infrastructure relevant to the development?	The intention is that the areas that accept new development will benefit from receiving levy funds Given that St Helier has the largest share of new developments it is going to receive the greatest proportion of levy funding, which is the current focus of improvement. Priorities may change over time.
16	The proposal document refers to a review of the CIL in the UK and specifically highlights the comments from the review that it was most widely adopted in more affluent areas, not affected by the viability of developments in its own right and that the majority view is CIL payments come off the land value. However, this overlooks the fact that in the UK developers can decide to move areas/regions to develop and/or to find the most viable model for their development. How has this been take in to account in the JIL proposals?	This has not stopped the widespread adoption of CIL in the UK and given the low levy rate when compared to GDV it is considered to be viable in Jersey as presented in the viability assessment for review of developer contributions report
17	In Jersey, there is a limited amount of land space. Within the island, there is limited land available for development, as defined in the Island Plan. How does the Department reconcile a UK model with the significantly different Jersey model? Furthermore, the example of how CIL was used in London to help fund the CrossRail project, a major infrastructure scheme; how is this example relevant to Jersey?	Jersey has very similar limitations relative to its size as many other areas in the UK where strong green belt and other policies restrict the development opportunities. The cross rail is a major infrastructure development and Jersey clearly does not operate on this scale.
18	Introduction of the CIL in the UK corresponded with a reduction in business rates; is the intention to reduce business rates at the time of introduction of the JIL?	This is not planned and no evidence has been presented to do so.
19	Are matters of safety/security exempt from the levy as per the UK CIL?	We are not and are not required to follow a UK policy
20	Is redevelopment of a multi building site that does not increase overall public area/commercial space exempt as per the UK CIL?	See response to 13.
21	The UK CIL specifically exempts development and reinstatement of space currently redundant and introduction of additional space through mezzanine flooring. Is that the intention for JIL?	The UK policy has become an unwieldy and over complicated policy, which was recently reviewed and recommendations made to streamline it. Jersey is seeking to develop a simple, fair and equitable policy proposal. Should the principle of the levy be approved, there will then follow detailed discussions and consultation on the exemptions as part of the detailed policy proposal and accompanying regulations.
22	UK CIL is enforceable for developments over $100m^2$, why is Jersey set at $75m^2$?	There needed to be a balance between allowing for incremental development improvements and capturing a reasonable levy to pay for community improvements. The 75 Sqm is equivalent to a 2

Ref	Comment	States of Jersey
		bedroom flat in size and was chosen because of the view that it was reasonable to allow families to develop their homes to create more family space for immediate or dependent relatives for example. Equally statistics from the planning register indicated that the 75 Sqm was the upper boundary of what is seen as more domestic scale developments.
23	Is reinstatement of redundant buildings that may need some development to reinstate impacted under the plans?	See response to 13.
Final para	Of course, some of these questions would not be material if our assumption that Ports of Jersey is exempt from the JIL is correct.	Ports of Jersey are liable to pay the levy if they are developing commercial office, residential or retail space that do not meet the exemptions listed.

12.8 States of Jersey Development Company – key points from letter dated 11th September 2017

Ref	Comment	States of Jersey
i	There should be a comparison between green field/windfall sites and brown field sites as the latter carries significantly higher costs	Green fields were omitted as they would not normally get permission for anything other than affordable housing or agricultural related developments.
ii	There should be a differential in the residential levy between houses and flats as the latter carries additional costs; for example basement parking (which costs more than the end value) and the building fabric for example lifts and sound proofing.	There was no evidence found to indicate difference between the two types. Parking was included in the costs for the viability appraisals.
iii	The calculations should be based on saleable/lettable areas. Apartment developments for example contain circulation space of around 15% to 20% of the gross internal area that costs the developer to build and is not saleable. To be charged a levy on this space would not seem equitable.	A 15% communal space figure for flats was netted off and is included as part of the viability modelling.
iv	Retail values vary significantly and are driven by location. The existing retail core is already fully developed and regeneration of other parts of St. Helier should encourage active uses on the ground floor however, these end value of any retail in these areas will not match the value of units in the established retail core. In our opinion the level of the CIL for retail would appear to be a disincentive for developers to produce new retail spaces.	Table 5.1 breaks down retail into two distinct values - primary shops (£500/Sqm) and secondary (£375/Sqm) areas were reviewed and included in the overall modelling. Retail demonstrated a high viability rate of up to 150/Sqm and so given the proposed lower rates it is not considered that there will be any significant disincentive.
v	There should be no charge for non-habitable basements	There was no evidence and the modelled the cost in the appraisals
vi	Developer's contributions to public realm and public infrastructure should be taken into account and JIL contributions reduced accordingly. For example, JDC spent £1m on public realm around IFC 1 and will be spending more on IFC 5. Looking to the future, JDC will be delivering a new underground public car park at the IFC. This is a significant piece of public infrastructure that will have a net cost of c.£20.	The Minister is currently establishing the principle of the levy and one of the clear intentions is that there will be no "double dipping", in other words POA's and the levy will not be imposed on developments to pay for the same item. Should the principle of the levy be approved then a review will be undertaken of the current POA guidance alongside the development of the levy policy and be subject to full public and direct industry consultation

13. Comment.gov.je Responses

A number of comments were received through the consult.gov.je web site (https://comment.gov.je/jersey-infrastructure-levy) in response to a blog set up to ask what the levy should be spent on.

These will be considered as part of the development of a more detailed policy should the levy be adopted

Date	Comment
2017-07-05	Trees improve health and well-being, and provide habitats for wildlife. Too often I see trees being cut down and not replaced - including listed trees, which people seem to be able to get de-listed at the drop of a hat!
2017-07-05	There seem to be a lot of trees being cut down at the moment eg SW airport, around Le Squez which are not seeming being replaced. We should always replace any trees that are cut down and maybe should not cut down the trees in the first place. Trees are beneficial to us as well as to the many species that rely on them for habitat, food, shelter.
2017-07-05	The parks should no so much be re-furbished as re-wilded. Plant wildflower meadows and make the parks bigger. The Millennium Park should be extended. More trees should be planted in other public spaces.
2017-07-17	Both Minden place and Green street are overflowing for bike parking in the summer There is a seasonal need for more motorcycle and bicycle parking and undercover parking in winter at more locations around town
2017-07-17	I think better cycling paths are definitely a great idea, could also be used to attract more tourists.....

Appendices – Individual submissions in full

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Cyril Le Marquand House
St Helier, Jersey, JE4 8QT
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States of Jersey

Mr Ralph Buchholz
Department of the Environment
South Hill
St. Helier
JE2 4US

4 August 2017

Dear Mr Buchholz,

Proposed Jersey Infrastructure Levy

I am writing in support of the principle of introducing a Jersey Infrastructure Levy. I believe that it is appropriate for land owners and developers – who benefit from the uplift in land value when planning permission is awarded – to make a contribution towards mitigating the impact development has on community infrastructure.

The proposed levy is consistent with the Jersey Housing Strategy, which I published in March 2016. One of the aims of the strategy is to *"create strong communities and neighbourhoods,"* and the proposed levy will provide a mechanism to achieve this aim. I particularly support the use of funds generated by a levy to deliver regeneration in St. Helier.

I am also pleased to note that registered affordable housing providers will be exempt from the levy. Affordable housing providers make a significant contribution towards meeting the housing needs of the community – such as first-time buyers and households who are unable to access suitable housing in the private sector – so it is right to exempt them from the levy. I agree with the consultation document that there is potential for the exemption to encourage the provision of more affordable housing.

I recognise concern about the impact that the proposed levy might have on the price of housing in Jersey. Clearly, it is important that the levy does not have an adverse effect on the feasibility of new housing development, and it is reassuring to note that the viability study confirms there is scope to introduce a levy on larger-scale developments. I further note that the States of Jersey Economics Unit has concluded that a levy would be unlikely to affect land values because, in a competitive market like Jersey, developers have a strong incentive to factor in a levy and press for a drop in the price of the land.

Moreover, I agree with the assessment that the proposed levy will not increase house prices, which are determined by the market and the interaction between the supply and demand of housing.

Overall, I believe that the introduction of a low, broad and straight-forward infrastructure levy will help to offset the impact of development and provide many benefits for the community, including the enhancement of the public realm for people living in St Helier.

Yours sincerely,

Anne Pryke

Deputy Anne Pryke
Minister for Housing
a.pryke@gov.je

PATRON: Colin Perchard, CVO OBE
PRESIDENT: Colin Buesnel BA (Hons) Dip Arch (Hons) RIBA

Date: 6th September 2017

Mr Ralph Buchholz
Department of the Environment
South Hill
St. Helier
JE2 4US

By Post & Email

Dear Ralph

The Jersey Infrastructure Levy — The views of the Association of Jersey Architects

Having reviewed the proposed Jersey Infrastructure Levy (JIL) proposals the Association of Jersey Architects (AJA) are unable to support this proposal in its current form. We question the practicalities of taking such a proposal to the main body of the States for debate in this preliminary form to establish the principle when much more clarity, detail and certainty is required as to how it will be implemented and enforced.

Outlined below are a selection of our specific concerns, observations and comments, which have been raised by our Association membership and we trust that these matters will be fully reviewed and considered by the Department of the Environment, the Departmental advisors and personally the Minister, before any such proposal is taken forward.

1. We agree with the sentiment expressed by the Minister and his opening statement within the JIL consultation document in that 'the spaces around and between buildings including parks, squares and streets, has a major part to play in the character, attractiveness and success of places' we also recognise the Ministers view that the 'delivery of a successful place requires strong partnership between government, land owners, developers and the public'.

2. As architects we have required skills and knowledge to advise and deliver these places and our profession should be at the forefront of these types of regeneration projects / improvement schemes which aim to enhance the public realm and we believe that consultation and engagement with our association members should be at the forefront of any proposed public realm improvement proposals.

3. Our Association fully understands the Planning Ministers desire to enhance and improve the public realm within St. Helier but we do not accept that the proposed Jersey Infrastructure levy (JIL) is a fair or reasonable method of delivering these improvements.

4. The improvements proposed which will benefit from the introduction of this Levy are not clearly defined and are merely representative and they lack clarity and focus. The concept of introducing this levy (development tax) without the presentation of a coherent plan showing the public realm improvements is not acceptable.

5. If adopted we do not accept that this fund / pot as it is defined in the executive summary should be managed only by the Minister for the Environment.

6. We have grave concerns regarding the use of the term 'infrastructure' and the wide definition of this term and the types of projects that could be deemed as infrastructure projects which could then seek funding from this income source / levy (if adopted).

7. We do not accept that construction projects are singularilary responsible for the Islands infrastructure requirements and it is therefore fundamentally unacceptable for the construction industry to be individually targeted and subjected to an additional taxation to fund infrastructure projects.

8. We do not accept that the proposed infrastructure levy will not be passed on in some way either in full or partially from the landowner to the developer and then onto the purchaser and it is naive of the Planning Department to suggest otherwise.

9. We do not believe that any levy or tax applied to any planning approval should be used for matters such as improved transport services, drainage systems or flood defences as noted in the infrastructure levy consultation document. We also note that within the ARUP report infrastructure is defined as: (a) roads and other transport facilities, (b) flood defences, (c) schools and other educational facilities, (d) medical facilities, (e) sporting and recreational facilities (f) open spaces and (g) affordable housing (although it's accepted that affordable housing will not be funded by this tax). These simple definitions clearly show how the funds generated from this levy (if introduced) could be used or miss-appropriated. All of the above should be funded through general taxation.

10. We are concerned that the control of these funds could be passed to another States department or Minister simply be Ministerial order without any consultation with industry.

11. We are concerned that the current infrastructure budgets / income raised from general taxation will be reduced on the basis of this new income stream.

12. We are concerned that the levy rate as proposed has not been based on a considered view of what projects will be undertaken or funded through the levy. In its current form it is simply an additional tax (fund generator) that will then be spent.

13. If adopted we have concerns as to how the payment system will be implemented. We have been advised that this may be administered through the building control work stage notification process, so could this mean that if payment is not made building control would not visit the development.

14. It is unclear from the proposal document how the charges and the threshold levels will be assessed. If the threshold is $75m^2$ and a development proposal for a net gain of $85m^2$ is granted approval, is the charge applied to $10m^2$ or to the whole $85m^2$

15. Within the Levy proposals, reference is made to the current Planning Obligation Agreements (POA's) being significantly reduced and simplified, but there is no reference or detail of these proposals and we do not accept that the introduction of any additional charge should be proposed without the proposed reductions in the POA's being clearly defined.

16. There is no acknowledgement within the proposal that other Island industries / sectors will benefit from the improvements to the public realm and improved public spaces, alfresco opportunities, tourism benefits. We would use the example of the benefits to Bellagio's at Charing Cross, which now benefits from alfresco tables adjacent to the new pedestrian improvement scheme. This is clearly a direct benefit to a private enterprise that in the future would be funded by the proposed Jersey Infrastructure Levy.

17. Before the introduction of any Levy or additional taxation we would expect the Department of the Environment to provide evidence of the States of Jersey Development Companies payments (both forecast and actual payments) which are due to be paid under P.60/2008, which were to be ring fenced for the regeneration of St. Helier. We also expect the Planning Minister to provide a coherent plan for how these monies are spent and on what regeneration projects they are to be used on.

18. We are concerned that there is no acknowledgement or recognition of the Islands immigration policy and the impact that this has on the Islands infrastructure needs.

19. Before the adoption or introduction of any proposal which has the potential to place an additional taxation on the construction industry / landowners we would expect the States assembly to demand a fully detailed proposal for debate.

In conclusion, the AJA do not consider that it is appropriate for the Jersey Infrastructure Levy Proposal to be taken forward by the Planning Minister in its current form for debate in the States. It does not provide the reassurances that development in the Island will not be adversely affected by this additional taxation.

It individually targets the construction industry with an additional tax burden that does not accord with the long term tax policy principles agreed to by the States as part of the Strategic Plan 2015-2018, namely that:

- Taxation must be necessary, justifiable and sustainable
- Taxes should be low, broad, simple and fair
- Everyone should make an appropriate contribution to the cost of providing services, while those on the lowest incomes are protected
- Taxes must be internationally competitive
- Taxation should support economic, environmental and social policy

The use of the term 'Infrastructure' and the lack of definition of this term, leaves the proposed levy open to interpretation and miss-use, which is further compounded by the omission of any detailed proposals of what improvements are proposed. There is no recognition of any other factors which impact on the Islands Infrastructure and the proposed Levy charges have not been justified on the basis of any specific requirements.

The levy has clearly been set as a tax generator which is exemplified within the viability study (item 3.4) which states *'the purpose of this study is to quantify the costs of the various policies in the Island Plan, and to assess the effect of these and of developer contributions and then to make a judgement as to whether or not land prices may be squeezed to such an extent that the Island Plan is threatened.'*

The proposal does not recognise that property ownership does not directly equate to income or that an increase in property value equates to the owner having the means to pay an additional property tax.

We look forward to receiving the Minister's views and comments in response to these issues.

Yours Sincerely
For and on behalf of the Association of Jersey Architects

Colin Buesnel BA (Hons), Dip Arch (Hons), RIBA
AJA President 2016 – 2018

cc. AJA Membership / Jersey Chamber of Commerce / Island Press

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Jersey Infrastructure Levy and Public Art

Context

Jersey's public realm contains many examples of public art which give interest, atmosphere and a strong sense of place to their immediate environment. The best examples illuminate Jersey's unique cultural history.

The Royal Square would not be the same without the statue of King George II dating back to the mid C18th; neither would other more contemporary spaces have the same public appeal without equally striking examples of public art. West's Centre benefits from strong public engagement with La Vaque dé Jèrri, the grouping of Jersey cows which mark the 50th anniversary of the World Jersey Cattle Bureau and the proximity of the old cattle market; the same is true in Liberation Square with the Philip Jackson sculpture erected on 9 May 1995 which invariably attracts visitors keen to understand the significance of the celebratory figures.

However, the contribution is far greater than might be assumed from these more obvious examples. The full extent of public art (to 2010) in and around St Helier is set out in a leaflet published by the Jersey Public Sculpture Trust 'Public Art in St Helier'.

States Policy

Much of the recent work was created as a consequence of the energy of the Jersey Public Sculpture Trust during the 1990s; the Trust was responsible for – or played a significant part in - the delivery of the Liberation Sculpture and works in Queen Street, Colomberie, the Albert Pier and Jardins de la Mer, to give only a few examples. It campaigned for the introduction of the percentage for art policy as a means to increase the quality of the public realm through provision of works of art.

States Policy on public art in the environment and the broader public realm was informed by these initiatives and is set out in the States Cultural Strategy (2005):
www.gov.je/government/pages/statesreports.aspx?reportid=714 ;

Two objectives in the Cultural Strategy relate specifically to art in the public realm:

- To improve the public domain by developing and extending the current Public Art Policy and by developing public art strategies for different locations. (4.1)
- To strengthen the existing Percent for Art policy for all future developments, both public and private. (4.2)

The DoE followed one of the specific recommendations of the Strategy, in relation to strengthening policy, by issuing the Supplementary Planning Guidance that encourages the Percent for Art policy:

www.gov.je/planningbuilding/lawsregs/spg/advicenotes/pages/percentageart.aspx

The policy has resulted in a number of important public art commissions which have not only served to enhance the public realm but also to consolidate a distinctive sense of place. In addition, some have resulted in talks and workshops for the local community and others in commissions for local artists. There are, therefore, educational and economic outcomes alongside the principal objective of enhancing the public realm.

The importance of the percentage for art policy as a mechanism to deliver art in the public realm is consolidated in the Island Plan (Policy GD8).

The Implications of the Infrastructure Levy

Surprisingly, given the importance of percentage for art, the consultative document on the Infrastructure Levy does not mention the enhancement of the public realm through public art; nor does it consider the implications of introducing the Levy on existing policy.

Neither public art nor a percentage for art scheme are mentioned among the examples of potential beneficiaries. It is true that public art contributes to improved streets and public spaces but there appears to be no specific intention to use the Levy to support the States policy on public art, nor percentage for art as a prime delivery mechanism.

This raises the question of whether the existing percentage for art policy would continue to be advocated and encouraged alongside the Levy; it is not clear from the document that this is the case. On the contrary, the assurances given about the commercial impact of the Levy do not address the simultaneous application of the percentage for art policy, so that the implication is that it would not be advocated. Even if it were, given that it is a voluntary policy, the likelihood that it would continue to deliver benefit must be minimal.

Officer discussion preceding the development of the consultation paper broached the issue of the importance of percentage for art within the policy development around the proposed Levy. This appears to be outstanding.

In the context of strengthening the percentage for art scheme and enhancing the public realm through public art of all kinds, it is important that the benefits of this States policy continue to be delivered. Under the Infrastructure Levy proposal it is not clear how this would be achieved.

Rod McLoughlin
Cultural Development Officer, EDTSC

The Jersey Chamber of Commerce

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8th September 2017

Response to the Planning Minister, regarding the Jersey Infrastructure Levy Consultation

Joint letter from:
Jersey Chamber of Commerce
Jersey Construction Council
The Jersey Hospitality Association
Jersey Farmers Union
Ports of Jersey
The Association of Jersey Architects

CC All States Members
Local Media

Dear Minister,

This is a joint, open letter on behalf of the Jersey Chamber of Commerce Building and Development Committee and all of the above listed business representative organisations in Jersey, in direct response to the proposed Jersey Infrastructure Levy (JIL) Consultation. Each of these organisations will individually respond to the consultation and we would very much encourage you to read those responses, in conjunction with this letter.

By virtue of the fact that all our organisations are contributing towards and in agreement with the contents of this response, it should illustrate the considerable concern felt by the sector regarding JIL.

Such is the extent of apprehension for JIL, Chamber held an emergency meeting in August to discuss the levy, which can only be viewed as a new additional construction specific business tax. As you will see from this response, there is considerable concern, confusion and frustration felt by the sector as to the potential implications for local development, the construction industry, the islands economy and Jersey, all of which should not be underestimated.

While commerce is appreciative of your desire to consult, we would very much hope that you, as the Planning Minister, along with the Planning Department, the Council of Ministers and fellow politicians, will take seriously the sentiment expressed in this response.

As would normally be the structure of each of our organisations response to such legislative proposals and consultations, feedback would be provided on specific elements that our members highlighted as areas of concern. However, having read through the entire consultation document, we **all** feel that the proposed levy is fundamentally flawed and despite having previously provided detailed, targeted and critical comments on elements of JIL, they do not appear to have been taken on board or directly answered and there remains significant anomalies, grey areas and flawed information within the consultation document.

Therefore, we have jointly reached the following conclusions:

1. Critical JIL questions, (listed in the consultation responses from each of the above listed organisations) have not been addressed or responded to now or previously
2. Scrutiny have not carried out a review of the proposed levy, with regards the impact it may have on development and the islands economy
3. In light of Brexit, the fall in the value of sterling and the impact it is having on the cost of goods and a reduced migrant workforce, commerce is looking to Jersey's government to implement measures that boost confidence and grow the economy, not increase the tax burden and costs associated with doing business in the island

Our joint response to the JIL consultation has deliberately been kept brief, as we feel the sentiment expressed is clear, that JIL must not be implemented.

If you require further information in respect of our joint comments, or would like a joint meeting with our organisations to discuss this further, we would be happy to facilitate.

Yours Sincerely,

Jersey Chamber of Commerce, Building & Development Committee

Jersey Construction Council

Jersey Farmers Union

The Association of Jersey Architects

The Jersey Hospitality Association

Ports of Jersey

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Ralph Buchholz
Department of the Environment
South Hill
St. Helier
JE2 4US

Date: 8h September 2017
Our ref: 15974/MS/BHy/14726914v3
Your ref:

Dear Mr Buchholz

Jersey Infrastructure Levy Proposal

Lichfields has been instructed by the Jersey Construction Council (JeCC) and associated member companies (Dandara Ltd, Comprop Ltd, C Le Masurier Ltd, Grange Developments Ltd and the Jersey Farmers Union) to review the Jersey Infrastructure Levy (JIL) Proposal (June 2017) ("the JIL Proposal") and the Viability Assessment for Review of Developer Contributions (May 2017) ("the Viability Study") which underpins the Proposal, in response to the consultation on the proposed introduction of a JIL. This letter and its Appendix represents the JeCC's representations to the JIL Proposal consultation.

Background

We recognise that a levy for Jersey needs to respond to the States of Jersey's own requirements and legislative and policy context, but in framing JeCC's consideration of the JIL Proposal, useful reference can be made to current practice in England as a guide for what may or may not be effective[1]. The principles for consideration of viability within a levy-based approach are set out within England's National Planning Policy Framework (NPPF) and accompanying Planning Practice Guidance (PPG) which we consider in more detail in the Review we carry out of the Viability Study which is attached as Appendix 1 to this representation. The underlying message outlined in the NPPF and PPG is that viability assessments should be evidence-based and any scale of planning obligations should not be of a scale which threatens development and delivery of a plan.

The JeCC represents members from across the construction industry in Jersey, including the largest and most active firms in delivering new development. They therefore have unparalleled experience and knowledge of the property market in Jersey and we have sought to leverage this experience and insight in preparing this response to the JIL proposals.

[1] We note that the Viability Assessment for review of Developer Contributions used to justify the Proposal makes similar reference to the NPPF and PPG, as well as to the RICS Guidance and Harman Review, to which we have also given consideration.

Lichfields is the pre-eminent planning and development consultancy in the UK. Through our work in England and Wales, we have been involved in the development and application of the Community Infrastructure Levy (CIL), including participating in the examination of CIL rates across England and Wales, providing us the necessary insight on the practicalities of an infrastructure levy-type of approach. Lichfields was RTPI planning consultancy of the year for three successive years 2012-2014 and we advise central Government, local authorities and private developers (including the largest housebuilders and developers) on projects throughout the UK.

Based upon a review of the evidence, the JeCC has significant concerns and reservations about the proposed introduction of an infrastructure levy in Jersey. The Viability Study upon which the proposed JIL is based contains a number of flaws and significantly overstates the viability of development in Jersey, and fails to recognise the inherent difficulties in assessing viability in Jersey altogether. The distinct circumstances that exist within Jersey mean that the infrastructure levy system cannot simply be transferred over from England and Wales, and in any case the UK Government's recent independent CIL review has demonstrated that the system adopted has not met its expectations. In this context, the JeCC strongly urges the States of Jersey to reconsider its proposals to introduce JIL, until at least the issues identified with the Viability Study can be resolved.

Lichfields' review of the Viability Study (Appendix 1)

Appendix 1 of our representation sets out a review of the Viability Study, which underpins the current JIL proposal (and its rate of £85/sqm). This shows that Lichfields has a number of concerns about this Study, which are summarised as follows:

1 The alternative use value of most of the sites assessed is based on an assumption of industrial value; however, the Study has no evidence to support this figure;

2 With the exception of a few schemes, the Study assesses all brownfield sites as being in industrial use, despite the fact that in Jersey relatively few brownfield sites are actually likely to be in industrial use, and are more likely to be other uses which have higher values (e.g. hotels, retail space and office space). Our estimation of land values of secondary retail space shows that the residual values would not sufficiently exceed the viability threshold across most developments;

3 The viability threshold used in the Study assumes a 20% uplift on existing use value (EUV) would incentivise a landowner to sell. It is questionable how, in the case of Jersey, it is possible to determine such a value, given the specific tax and land ownership circumstances on the Island, which vary compared to the UK. It is of note that in London (with different tax and land ownership circumstances), the Mayor of London's recently produced Affordable Housing SPD proposes viability approaches based on an EUV+ with an uplift of up to 30%, at the same time as giving flexibility to use an alternative use value. JeCC members' experience is that a significant premium is often required, to reflect taxes and profit margins. It is also likely that the premium will vary depending on the type of land; for example, owners of paddock land likely to demand a much higher premium given the amenity value of such land; and

4 The construction costs are likely to be a significant under-estimate, not least because BCIS data (on which the Study relies) has limited information which directly relates to Jersey. Stakeholders suggested higher costs during consultation, and figures put to Lichfields by members of the JeCC (based on local QS surveys) demonstrate that the underestimation in build costs alone would entirely wipe out any potential JIL contribution.

In addition to our concerns about the specific approach and assumptions in the Viability Study, the JeCC also have a number of concerns about the overall principle of adopting such a levy in Jersey. We turn to these below.

The principle of an Infrastructure Levy for Jersey

We note that many of the underlying principles behind the scheme design for the CIL in England and Wales have been carried forward to Jersey. However, there are a number of fundamental differences in the property market which mean that an England and Wales-style infrastructure levy charge cannot be seen to directly translate into the circumstances of Jersey. Most significantly, there are fundamental difficulties in assessing viability on a consistent basis, given the significant variations in residential land values seen on the island.

Accurately assessing viability

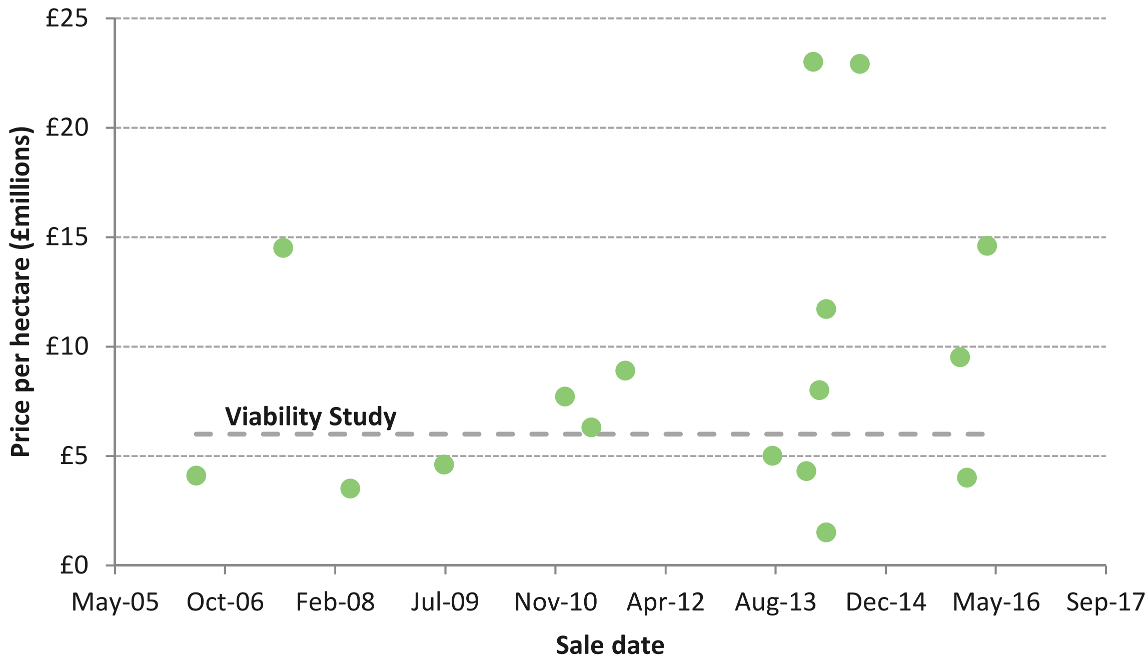
The Viability Study noted that concerns were raised during consultation about the overall ability to assess viability in Jersey, but the authors of the Viability Study rejected them. However, the evidence set out within the Viability Study itself seems to support those concerns rather than the conclusions of the authors, i.e. that viability is too difficult to determine accurately enough to justify imposing a fixed flat-rate cost on development, i.e. JIL.

As set out in paras 3.15-25 of our Review of the Viability Study (Appendix 1), there are relatively few sales of housing land in Jersey, averaging around 1-2 sites per year over the last 10 years which itself raises significant questions about sample size and whether it is a sufficiently strong evidential platform for making assumptions on viability. Even across this small sample, the price paid (per hectare) on these sites ranges significantly, from £1.4m[2] per hectare (similar to land values in Coventry[3]) to £23m/ha (similar to land values in central London), as shown below. Placed in this context, it would clearly be very difficult to assess viability (and conclude upon a CIL rate, which did not threaten viability) in an English local authority area where land values varied to this extent.

[2] £1.4m/ha is the lowest value which appears in Table 6.1 of the Viability Study, however para 6.20 of the Viability Study cites the lowest value being £716,418/ha. The source of the £716,418 figure is not known.

[3] Source: DCLG Land Value Estimates for Policy Appraisal, 2015

Figure 1 Range of Residential Land Values in Jersey - 2006-17



Source: Lichfields based on Viability Study

Whilst the Viability Study has attempted to make a judgement over the approximate average of these values - estimating £6m/ha – it is it evident that sites actually sell for figures well above and below this. The use of an average land value in determining viability is only robust if most sites have a value which is the same or clusters closely around the average, and where there are few if any values which deviate significantly from it. In Jersey, this is clearly not the case.

The principle of assessing viability across all residential development on the island is therefore undermined by the fact that land values vary so significantly from the average, with no clear pattern over location, time or size of each site. This would make it extremely difficult, if not impossible, to determine a single infrastructure levy rate with any reasonable or justified confidence that it would not undermine the viability of a significant number of sites in Jersey.

Incentivising land sales

Another key difficulty in determining viability within Jersey relates to how much uplift is required on land values to incentivise landowners to sell. The absence of inheritance tax in Jersey means that landowners are not subject to the same financial 'penalties' as their English counterparts, should they wish to maintain ownership of their land. In England, the prospect of inheritance tax is likely to result in landowners accepting a price which is lower were inheritance tax not applicable, thus making it easier to estimate the scale of uplift on existing value required to incentivise a sale. The estimate of the scale of uplift is also undoubtedly assisted by the fact that there are simply more land transactions.

In Jersey, the absence of inheritance tax means that landowners may require a greater incentive to sell than in England (if at all), and different landowners may require different premiums depending on individual and wider circumstances. This makes it inherently difficult to determine what scale of uplift is considered necessary to incentivise a landowner to sell, adding yet more complexity and uncertainty to the viability assessment. The existence of a 20% tax (via shareholders) also puts further upward pressure on the uplift required to incentivise sales. This means the 20% uplift to EUV on which the Viability Study is based is likely to be a significant under-estimate of what is required. These factors have not been adequately considered by the Viability Study.

Regeneration areas

The need to incentivise land sales (and subsequently develop sites) is of particular importance for sites within St Helier (and other built up areas) which are part of regeneration areas. The Viability Study accepts that such sites typically have lower values due to their setting (para 4.33-4) and the costs are likely to be high given the more complex nature of these sites (compared with, for example, paddock land on the edge of settlements). This already means such sites are already likely to be operating at the margins of viability.

The Island Plan's policies (notably Policy SP1) seeks to direct much of the Island's developments to St Helier (and other built-up areas), with release of greenfield land almost completely restricted. Policy H1 of the Island Plan states that leading the regeneration of the Island's urban areas through residential development is one of the housing objectives. This means that the Government will need to ensure these regeneration sites remain viable, so as not to undermine the Plan overall. The implementation of an additional, flat-rate charge (i.e. JIL) which does not reflect the nature of such developments is likely to be detrimental to (and ultimately undermine) the Plan's ambitions for regeneration.

A potential solution to this would be to introduce varying JIL rates or exemptions by area or for certain types of development. However, Lichfields does not consider this to be appropriate given our review of the Viability Study has indicated that a JIL charges should not be implemented at all on the Island (see our recommendations below).

Existing planning contributions

In deciding whether or not to introduce an infrastructure levy, it would be helpful to note the existing contributions the development industry already makes to infrastructure and the wider economy in Jersey. These include (but are not limited to) bus stops, the Eastern Cycle Route, percentage for Art, carrying out bat surveys (and associated mitigation), stamp duty and planning fees (and associated professional fees). The industry has recently also seen increases in costs associated with building regulations, increases in stamp duty and the costs/requirements associated with state-owned utilities. The recently adopted POA Supplementary Planning Guidance (SPG) (July 2017) sets out indicative costs of POAs for travel and transport which includes, amongst others:

1 £1,350 per residential unit for cycle and walking routes;

2 £1,350 per residential unit for the Eastern Cycle Route;

3 £240-£800 per unit for cycle lockers (against a minimum requirement of 1 per bedroom for residential units);

4 £6,500 per connected street lamp, applicable on sites of more than 20 units; and

5 Varying contributions for highway access and junction/carriageway alterations (depending on site specific issues).

So, without a JIL, developments have and will continue to make appropriate contributions for infrastructure that the JIL proposal is suggesting would be addressed via the new levy. Even without the concerns about the impact on viability (which could reduce the scale of development and therefore infrastructure provided), the JIL's scale of 'added value' in terms of additional infrastructure delivery is therefore relatively limited.

Relationship between JIL and existing POAs

With regard to the relationship between existing POAs and JIL, we note that the JeCC has already highlighted some of these issues within its letter to the Planning Policy and Projects Team, dated 22 May 2017.

The most recent review of POAs has been adopted via the SPG advice note. The JeCC's main concerns relate to the fact that the proposed introduction of JIL has not been considered in conjunction with reviews to POAs. As we set out below, it appears POAs and JIL are expected to fund similar infrastructure, and there is a lack of clarity as to exactly what each is expected to fund. This gives rises to a concern that is described in England and Wales as "*double dipping*" and something that the PPG in England specifically seeks to avoid, where it states[4]: "*There should be not actual* <u>*or perceived*</u> *'double dipping' with developers paying twice for the same item of infrastructure.*" (<u>our emphasis).</u>

Appendix 1 of the POA SPG sets out where planning obligations may be sought. These include (but are not limited to);

1 Natural Environment – including off-site landscaping, tree-planting, environmental improvements, and ceding land to the public;

2 Historic Environment – including restoration of a listed building, ongoing maintenance, ceding property to the public, removal/recording of archaeological artefacts;

3 Social, Community and Open Space – including works to land on or off site to improve quality and accessibility;

4 Travel and Transport - footpath enhancements, cycle routes, pedestrian crossing, off-site cycle parking, bus shelter, bus service subsidy;

5 Natural resources and waste management facilities.

The JIL Proposal states that the POA process will change if a JIL is introduced to cover only site-specific issues and the new JIL levy will cover area-wide improvements. However, an equivalent to the English 'Regulation 123' list of infrastructure which JIL would be expected to cover has not yet been prepared, hence is it unclear whether there would be 'double-dipping' leading to perceptions of potential 'double-dipping'. However, it is clear that the existing POA obligations cover a wide range of on and off-site infrastructure - the list above of areas where POAs could be required is remarkably similar to the list of potential infrastructure which could be funded by JIL set out on page 19 of the Jersey Infrastructure Levy Proposal. The benefit of JIL is thus wholly unclear.

Percentage for Art

We note that the Viability Study excludes the 0.75% of construction costs which developers are encouraged to make as a contribution to Art in Jersey. This represents another existing cost which is currently already being absorbed by developers.

The Viability Study states that this contribution is assumed to be assimilated into any new levy. However, there is no mention of this and any potential changes to do so within the Proposal. This represents just one element of the calculation which undermines the proposed £85/sqm JIL charge proposed.

[4] At PPG ID: 23b-002

Exemptions of sites for affordable housing

Under the Proposal, affordable housing schemes will be exempt from JIL. Unlike in the UK, affordable housing is not required on market-led developments, instead being provided directly through 100% affordable housing schemes. At present Andium Homes (the former States of Jersey Housing Department, which is now an arms-length corporatised state-owned housing company) is the only development body with access to Government funding to provide such affordable homes. The assumption in the Viability Study (and the entire premise of the JIL charge) is that the costs of a JIL will come off the land value (as opposed to, for example, being a cost fronted by the home-buyer, which in the case of affordable housing would benefit first time buyers). JeCC has real concern that this effectively makes the introduction of a JIL an anti-competitive policy which, in terms of accessing land for development in the market, disbenefits private developers on the Island in favour of, what is effectively, a State body.

Lessons from the UK: the CIL Review (2017)

As intended in Jersey, CIL in the UK came into force with the intention of providing certainty to developers, local planning authorities and communities on infrastructure and funding as part of new development. In the UK, local authorities have been able to set CIL charges since legislation came into place in April 2010. Despite the Government's intention of providing of a simple system of land value capture, CIL has (famously) been subject to repeated legislative changes to try and deal with unforeseen problems and unintended adverse consequences. In November 2015 the Government commissioned an independent review of CIL to assess its effectiveness. The review comprised:

1 A research report (prepared by University of Reading and Three Dragons), which looked at the value of CIL, who is paying, how much is being passed to neighbourhoods and whether CIL is affecting viability; and;

2 A report by the CIL Review team, which is informed by the findings of the research report. This looked at (amongst others) the relationship between CIL and Section 106, exemptions and reliefs, administrative arrangements regarding CIL, any impact on viability and the geography of CIL.

The reports' findings were published in February 2017, and include some relevant findings and lessons which are of use to the Government of Jersey. We note the JIL Proposal acknowledges b0th of these reports and claims that Jersey can 'learn' from the lessons of CIL in the UK. Unfortunately, it is wholly unclear exactly what this means, or how it has been reflected in the concept or design of JIL. Amongst other things, the CIL Review Team report sets out that:

- The CIL Review Group does not believe CIL is raising as much money as envisaged by Government when it was introduced;
- It is estimated that CIL is yielding between 5% and 20% of the cost of new infrastructure, leaving significant funding gaps. It is recognised that, although ideally, the level of CIL would be set by the cost of infrastructure which is needed, in reality this ends up being based on viability and what development can afford to pay;
- The strategic nature of CIL means that in order to ensure all schemes are viable, some higher value developments are paying less than under the previous system. This is recognised as one benefit of the Section 106 system (equivalent to POA in Jersey);
- In many cases local authority have adopted nil or very low CIL rates for commercial uses as a way of encouraging economic growth;
- Overall, "*CIL has not provided the universal and therefore 'fair for all' approach to developer contributions that was originally envisaged*" (Report by the CIL Review Team, para 4.1.3).

In applying a 'flat rate' levy approach in Jersey - an area that is both distinct and modest in scale - there is significant risk that a 'mis-calibrated' approach (as has occurred in local authorities across England and Wales) will have a significant deleterious impact on the flow of development. In turn this would seriously undermine implementation of the Island Plan.

JeCC Recommendations

Based on our review of the Viability Study, on behalf of the JeCC, we propose the following recommendations for the States of Jersey:

1 The evidence in the Viability Study shows significant variations in the cost of residential land, and there is little available evidence on the cost of other types of land due to the limited number of transactions that take place. Given the difficulty in determining a single charge across all development which would not undermine the viability of a significant number of sites, the States of Jersey **should not seek to implement a JIL**. **It should instead continue with the existing POA system**.

In the event that the States of Jersey decides nonetheless to continue with preparation of a JIL charge, we have identified a number of significant flaws within the Viability Study which should be corrected. These are essential in order for the States to demonstrates that any proposed JIL charge is underpinned by suitable and robust evidence (which, at present, we believe it is not) The flaws should be remedied by the following:

2 Test brownfield sites based on a range of existing uses, including office, retail and hotel uses, which are more reflective of the site typologies likely to come forward in the Plan period;

3 Sensitivity test these values to allow for higher viability thresholds and a more diverse range of potential values, reflecting the greater incentive often needed to make a sale and the taxes which apply to profits, as well as better reflecting the diverse range of outcomes experienced in previous transactions;

4 Consult with stakeholders and local quantity surveyor firms to reach an agreed consensus over build costs on the Island, including sensitivity testing of this; and

5 Provide significantly greater clarity over the relationship of JIL with POAs and the infrastructure to be funded by each to avoid potential for actual or perceived 'double dipping'.

Once the above have been corrected and agreed upon by all parties, we consider that these will demonstrate it is not possible to implement a JIL without undermining the Island Plan. In the event that this work suggests implementation of a JIL may still be possible, it is in our view likely to be at a significantly lower rate than the level currently proposed, and may demonstrate that in certain areas (e.g. within built-up areas) or specific types of site or development, a nil JIL rate should be imposed.

Conclusion

We trust that the above representations and the enclosed Review of the Viability Study are of assistance to the States of Jersey in understanding the concerns of the JeCC over the current JIL proposals, and provide the basis for a significant reconsideration of the proposals. Neither the JeCC nor the States of Jersey will wish to see the Island Plan's objectives and spatial strategy for development undermined by a mis-calibrated levy-based approach and our recommendations above are designed to assist the States of Jersey in ensuring this does not occur.

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If you have any queries on these representations or require further information, please do not hesitate to contact me.

Yours sincerely

Matthew Spry
Senior Director

Copy
Jersey Construction Council

Appendix 1: Lichfields review of Jersey Viability Study

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Jersey Infrastructure Levy Proposal

Review of Viability Assessment

Jersey Infrastructure Levy Consultation

Jersey Construction Council

September 2017

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Contents

1.0 Introduction

1.1 Lichfields has been asked by the Jersey Construction Council ("JeCC") and other stakeholders to make representations on their behalf to the States of Jersey consultation on the proposed Jersey Infrastructure Levy ("JIL"). This report provides a review of the Jersey Viability Assessment for Review of Developer Contributions ("the Viability Study" "the Study"), published in May 2017 and prepared by consultants Arup and HDH.

1.2 The Study concludes that a JIL rate of between £50/sqm and £150/sqm would be supported on the Island. The States of Jersey proposes a charge of **£85/sqm** on residential development (resulting in a net increase of at least 75 sqm or any new dwelling) and £85/sqm on office and retail space.

Background

1.3 The concept of an infrastructure levy is an established one in a UK context. Within England and Wales, legislation came into force in 2010 to allow local planning authorities ("LPAs") to implement a community infrastructure levy ("CIL"). This was a flat rate contribution made across developments (although LPAs can vary rates across their area, by type of development or scale of development) to contribute to local and wider infrastructure.

1.4 As at 2017, coverage of CIL charging schedules is patchy across England and Wales. Some LPAs have simply not opted to implement a CIL charging schedule (for example, due to favouring Section 106 agreements), some have found CIL to be unviable so are not able to implement CIL, and others have used CIL in combination with Section 106 (the England and Wales equivalent of Jersey's Planning Obligation Agreements) to varying degrees. The success of CIL has been considered by an independent report commissioned by Government, published in 2017, which we discuss in our main representation.

1.5 The States of Jersey is currently seeking to implement a broadly similar levy – a Jersey Infrastructure Levy ("JIL") on residential, office and commercial developments. It proposes to give the Parishes 10% of these levies and potentially more where a Village Plan is in place.

1.6 The Study underpins the proposed JIL rate. However, Lichfields and the JeCC have a number of criticisms of the Study's assumptions and approach, as well as the principle of the introduction of a JIL altogether in the unique context of Jersey. The criticisms of the Study are explored in this report, which should be read alongside our main letter of representations.

2.0 Policy Context and Guidance – England

2.1 Whilst the planning system, development industry and housing market are self-evidently not the same between England and Jersey, there are similarities in terms of the principles underpinning both CIL (in England) and the proposed JIL. In practical terms, the same challenges exist in terms of devising a levy-based approach that is effective in delivering its objectives of trying to fund infrastructure whilst at the same time not stymieing development across the area. It is in this context that the principles and guidance set out within England's national policy provides useful context for considering how a JIL might be framed and the basis for reviewing the viability evidence underpinning the JIL as proposed. Clearly, this analysis is not put forward as being the applicable policy framework for Jersey as that is a matter for the States of Jersey itself.

National Planning Policy Framework

2.2 The National Planning Policy Framework (NPPF) is the Government's approach to operation of the planning system in England, underpinned by a focus on 'sustainable development'. In ensuring sustainable development, the NPPF references the need to ensure development is viable (para 173), stating:

"Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, the sites and the scale of <u>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</u>. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable." (<u>our emphasis</u>)

2.3 In other words, this establishes the key principle that any infrastructure levy should not be set at such a level or in such a way as to fundamentally undermine viability and sterilise growth/development across an area.

Planning Practice Guidance

2.4 The principles set out in the NPPF are supplemented by guidance on viability and CIL within England's Planning Practice Guidance (PPG), which reiterates the need for planning authorities to set the scale of obligations such that the Local Plan is not undermined. Against, the below is not set out because it is the relevant guidance for Jersey, but because it sets out some useful principles to which the design of a JIL might usefully subscribe. The PPG clarifies, amongst other things, that:

"Charging authorities should <u>set a rate which does not threaten the ability to develop viably the sites and scale of development identified in the relevant Plan"</u> (ID 25-008)

The levy is expected to have a <u>positive economic effect</u> on development across a local plan area. When deciding the levy rates, an <u>appropriate balance must be struck</u> between additional investment to support development and the potential effect on the viability of developments….

This balance is at the centre of the charge-setting process. In meeting the regulatory requirements (see regulation 14(1), as amended by the 2014 Regulations), <u>charging authorities should be able to show and explain how their proposed levy rate (or rates) will contribute towards the implementation of their relevant plan and support development</u> across their area….(ID 25-009) (<u>our emphasis</u>)

2.5 When setting out how development should be valued for the purposes of CIL, the PPG states;

"A charging authority should use an area-based approach, involving a broad test of viability across their area, as the evidence base to underpin their charge. The authority will need to be able to show why they consider that the proposed levy rate or rates set an appropriate balance between the need to fund infrastructure and the potential implications for the economic viability of development across their area.

There are a number of valuation models and methodologies available to charging authorities to help them in preparing this evidence. There is no requirement to use one of these models, but charging authorities may find it helpful in defending their levy rates if they do.

A charging authority must use 'appropriate available evidence' (as defined in the section 211(7A) of the Planning Act 2008) to inform their draft charging schedule. The government recognises that the available data is unlikely to be fully comprehensive. <u>Charging authorities need to demonstrate that their proposed levy rate or rates are informed by 'appropriate available' evidence and consistent with that evidence across their area as a whole</u>.

A charging authority should draw on existing data wherever it is available. They may <u>consider a range of data</u>, including values of land in both existing and planned uses, and property prices – for example, house price indices and rateable values for commercial property. They may also want to build on work undertaken to inform their assessments of land availability.

In addition, a charging authority should directly sample an appropriate range of types of sites across its area, in order to supplement existing data. This will require support from local developers. The exercise should focus on strategic sites on which the relevant Plan (the Local Plan in England, Local Development Plan in Wales, and the London Plan in London) relies, <u>and those sites where the impact of the levy on economic viability is likely to be most significant (such as brownfield sites)</u>.

A charging authority's proposed rate or rates <u>should be reasonable</u>, given the available evidence, but there is <u>no requirement for a proposed rate to exactly mirror the evidence</u>. For example, this might not be appropriate if the evidence pointed to setting a charge right at the margins of viability. There is room for some pragmatism. It would be appropriate to ensure that a 'buffer' or margin is included, so that the levy rate is able to support development when economic circumstances adjust. In all cases, the charging authority should be able to explain its approach clearly. (ID 25-019) (<u>our emphasis</u>)

2.6 When discussing how development costs should be reflected when setting CIL, the PPG clarifies that planning authorities need to have *"a realistic understanding of costs"* (ID 25-020) and that these should include costs from existing regulatory requirements and any policies on planning obligations in the relevant Plan. The PPG goes on to confirm that LPAs can set different CIL rates by area, type of development or size of development (ID 25-021). The JIL does not propose differential rates by area, although it does propose different rates by certain types of development; industrial and some forms of commercial development are proposed to have a nil

JIL charge, while residential, office and retail development is proposed to have a charge of £85/sqm.

Other Guidance

2.7 Other forms of guidance exist in the form of the Harman Guidance[1] and the RICS Guidance[2]; however these are set out in Chapter 2 of the Viability Study and throughout and hence are not repeated here.

[1] Viability Testing Local Plans: Advice for planning practitioners - https://www.local.gov.uk/sites/default/files/documents/viability-testing-local-p-50c.pdf
[2] RICS Professional Guidance, England: Financial Viability in Planning http://www.rics.org/Documents/Financial%20viability%20in%20planning.pdf

3.0 Review of Jersey Viability Study

3.1 The Study's conclusions, and the conclusions on the level of JIL that development in Jersey could bear, are ultimately drawn from a number of viability appraisals for different types of development which each embed a series of assumptions around the values and costs of development on the island. The robustness of the Study's conclusions is therefore directly related to the reasonableness of those individual assumptions. Lichfields and the JeCC have considerable concerns with the assumptions and approaches adopted within the Study and these are set out as follows.

Land Prices

Alternative use values

3.2 Developments on brownfield land have an assumed alternative land use value of industrial land (para 6.8). The study (para 6.28) indicates that this value is £1.9m/ha.

3.3 As a preliminary issue, the Study states that *"we have no evidence of warehouse land transactions at this time." (para 6.27)* before going on to make an assumption on the value of industrial land. This estimate does not appear to be evidence-based and does not cite specific examples of the value of industrial land in Jersey. This reflects the fact that there is little industrial land within Jersey; historically the main industries have been farming and hospitality. It is therefore questionable how this figure can be used as a benchmark when testing viability. The Study itself states that this is a "*relatively low*" value (para 10.13).

3.4 In addition, not all brownfield sites will have been previously in industrial use, and these may have a much higher value than assumed in the Study (which, as noted, does not appear itself to be based on any evidence). Within its assessment of viability, the Study assumes (with the exception of small paddock site developments, one residential conversion scheme and two office conversions) that all brownfield sites are in industrial use and therefore have industrial land value (of £1.9m/ha). The Study itself accepts this limitation, but it is not then reflected within the viability modelling, meaning one should be very cautious indeed about basing conclusions upon it:

"It is important to note that much of the development that does come forward in St Helier in particular is on previously developed land that has a value that is greater than an industrial value." (para 6.61)

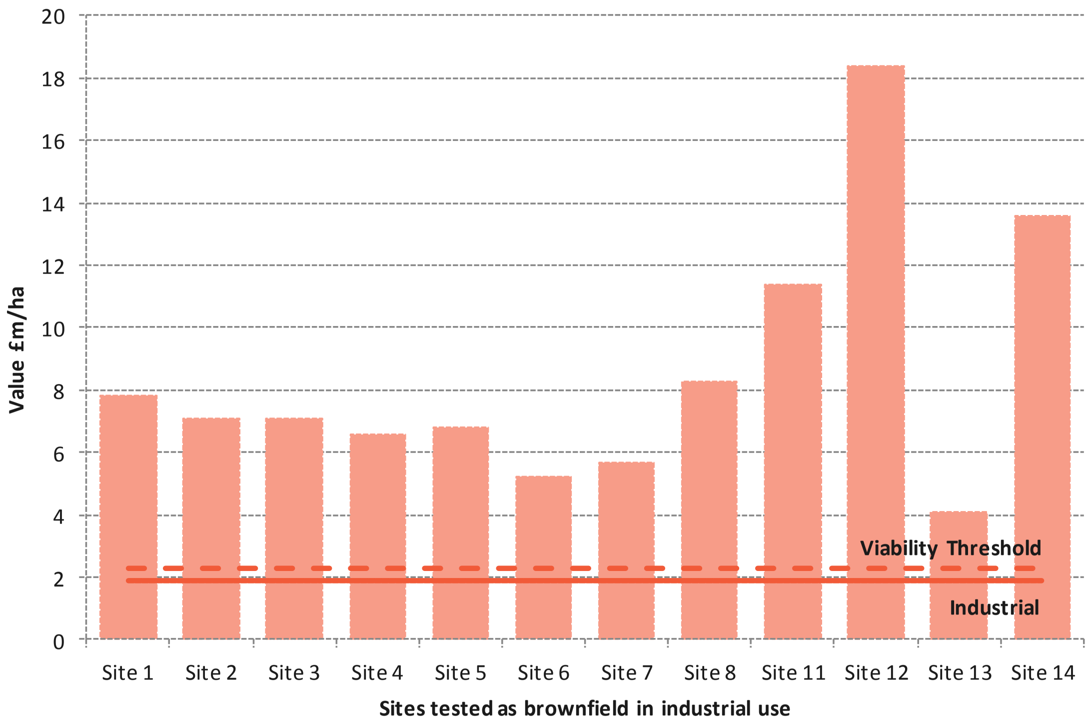
3.5 Brownfield land located in built-up areas - which is where the Council intends to concentrate most development - may have different alternative use values higher than industrial. These brownfield sites may have been in a number of previous uses including hotels or offices, and one member of the JeCC gave examples of brownfield sites which were currently in use as car parking/retail, and another in use as a bank. We note that while the Study has modelled office conversion schemes, it has not modelled any brownfield developments in other previous uses either as conversions or redevelopments. These sites could have a substantially higher alternative use value to the £1.9m/ha assumed (again, noting that this figure is not evidence-based).

Alternative use - Retail

3.6 By way of illustration, the Study gives the value of secondary land values for retail sites of £375-£700/sqm (para 6.35), which is substantially higher than the £320/sqm (para 6.27) for industrial land. The value of secondary sites per hectare therefore range from £3.75m/ha to £7m/ha (although this assumes 100% coverage which may be over-representative).

3.7 The Study's existing figures (for residual value vs existing value and viability threshold) for the brownfield sites, based on an industrial value, are shown graphically in Figure 3.1 below. It is clear that for these sites, the residual value would appear to exceed existing use value (EUV) and viability threshold comfortably.

Figure 3.1 Residual Value of Brownfield Sites compared to Alternative Use Value (**Industrial**) and Viability Threshold

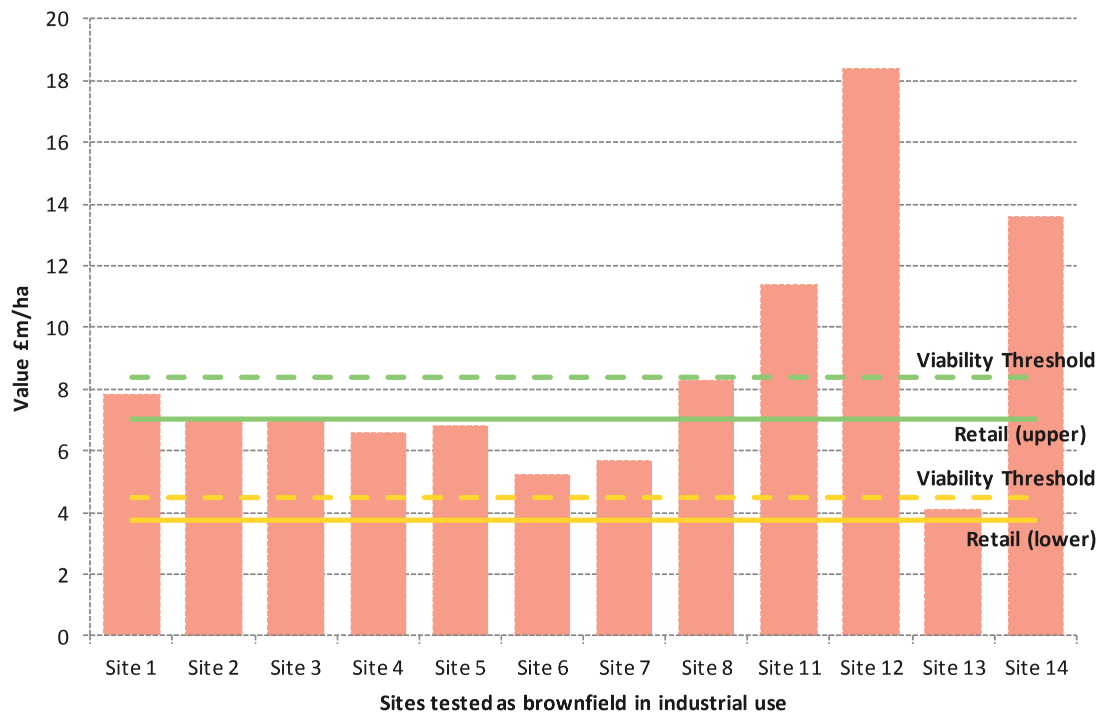


Source: Lichfields based on Table 10.2 of the Viability Study

3.8 However, for comparison, the residual values of these sites when compared with secondary retail values are shown in Figure 3.2. For simplicity, the values (£m/ha) have been calculated assuming 100% coverage (which may not be the case for all sites, and may be slightly lower), however it is evident that there are very few sites which comfortably exceed the upper end of the range.

3.9 Despite the Study accepting that brownfield land values in the built-up areas are likely to be higher than industrial values, which has been supported by information provided to Lichfields by members of the JeCC and their experiences in developing brownfield sites, this is unfortunately not reflected in the Study's assessment. The sensitivities undertaken for alternative viability thresholds (see Table 10.3 of the Study) are tested up to a threshold of £6.5m/ha (at which six of the total sites become unviable), however this is still below the upper end of the range for secondary retail space. Secondary retail space is a likely future contributor to housing development in Jersey and the Study is flawed by failing to adequate assess these scenarios.

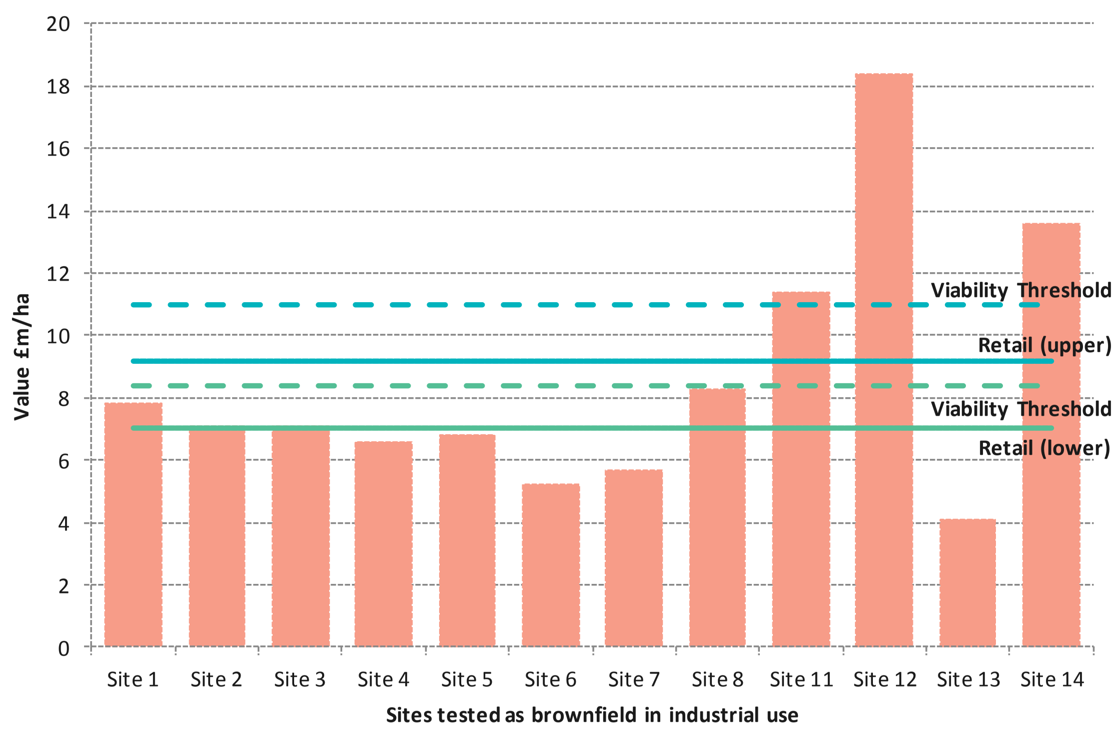
Figure 3.2 Residual Value of Brownfield Sites compared to Alternative Use Value (**Secondary Retail**) and Viability Threshold



Source: Lichfields based on Table 10.2 of the Viability Study

3.10 By way of further illustration, Figure 3.3 shows the residual values compared with primary retail land values. Again, while these could be slightly over-estimates of land value, they nonetheless demonstrate that many sites would be at the margins of viability. Development of primary retail space may be a realistic source of brownfield land for housing; the Study states that there is little demand for additional retail units, with even the primary areas seeing some long term vacancy across several units (para 6.32 onwards).

Figure 3.3 Residual Value of Brownfield Sites compared to Alternative Use Value (**Primary Retail**) and Viability Threshold



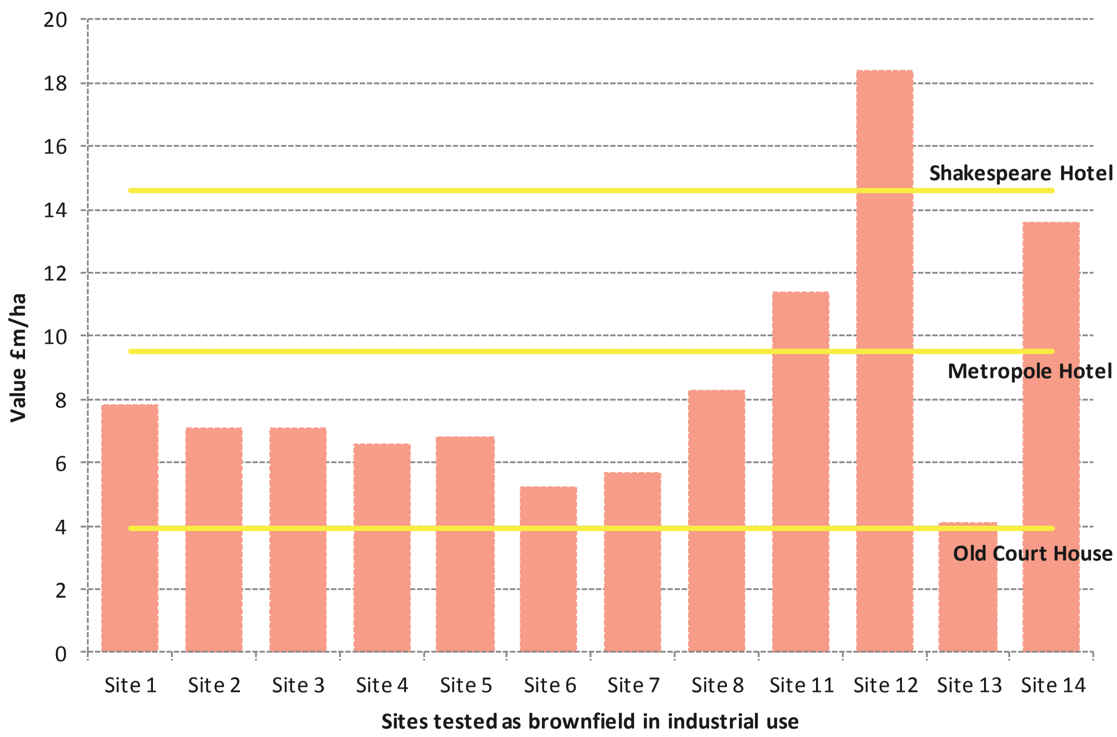
Source: Lichfields based on Table 10.2 of the Viability Study

Alternative use - Hotels

3.11 In addition to retail sites, there are also examples of brownfield sites which are conversions from hotel to residential uses. The Study cites examples of the Metropole Hotel (sold for £9.5m/ha), Shakespeare Hotel (£14.6m/ha) and Old Court House Hotel (£3.9m/ha). With the exception of the Old Court House Hotel, the sales values of these sites exceed almost all the residual values of the brownfield sites, as shown in Figure 3.4. It is possible that the value of such sites will increase in the future as the supply of vacant hotels available for residential conversion diminishes.

3.12 Again this represents a realistic future scenario for housing development in Jersey which the Study has failed to adequately assess. It further demonstrates the degree of underestimation of alternative land values of brownfield sites likely to come forward for development, leading to the Study significantly overstating the viability of such sites.

Figure 3.4 Residual Value of Brownfield Sites compared to Sales Values of **Hotel** Sites



Source: Lichfields based on Viability Study

Alternative use – Offices

3.13 The Study assesses the value of secondary office space for conversion at £2,389/sqm. The Study assesses two conversion schemes of secondary offices, into six and 25 flats respectively.

3.14 As set out above, the Study has assessed the majority of its brownfield sites against an industrial land value of £1.9m/ha, which equates to a value of £320/sqm (assuming 60% coverage on a site). On a per sqm comparison basis, the value of secondary office space is therefore over seven times the industrial figure used for most brownfield site assessments. The absence of any further testing of office sites (either as conversions or complete redevelopments) is yet another significant flaw of the Study. The concentration of development in built-up areas means redevelopment of office space is likely to contribute to future housing supply and it is imperative these typologies are properly assessed for viability.

Summary

The Study has not provided any evidence for the industrial values assumed in its modelling and it even appears to accept these are *"low"*. There are clearly other site typologies likely to come forward for development in Jersey where the alternative use value is higher than industrial, including retail, office and hotel uses.

The Study ultimately fails to adequately test the range of developments likely to come forward in Jersey, reflecting the fact that development is mostly concentrated within built-up areas which contain a range of uses.

Comparing the Study's residual values to other alternative land value estimates and viability benchmarks shows significant variation in viability with many sites at the margins of viability or unviable altogether. This is also likely to be the case when assessing sites in secondary office use, given values of these sites are substantially higher than the industrial value per sqm currently used.

Residential land values

3.15 Table 6.1 of the Study shows the sales values of development sites between 2006 and 2016; in total it shows just 17 sites over a 10 year period, an average of 1-2 sites per year. As a matter of principle, this is an exceptionally small sample size upon which to determine average values and subsequently infrastructure levy charges, particularly when the values vary to the degree that is seen in Jersey. The lowest value seen in the sample is £1.5m/ha (in Les Pieces St Martin, in 2014) but this ranges up to £23m/ha at Waverley House. We note that within the text (para 6.20) the Viability Study suggests land values as low as £716,418/ha, although this cannot be seen in the corresponding table.

3.16 The Study has removed two 'outliers' which were sold for a price of £23m/ha. These are;

- Waverley House, a site of 0.05 ha which sold for £1.15m in 2014, or £23m/ha; and
- 22 La Colomberie, St Helier, a site of 0.07 ha which sold for £1.6m in 2014, or £22.8m/ha.

3.17 These sites may appear outliers in the view of the Study's authors, however, given that even once they are removed values still range from £1m-£14m/ha, and that these represent two of the 17 sites, they should arguably not be removed from the sample. Indeed, 22 La Colomberie represents a conversion scheme in St Helier built-up area; this is precisely the type of development which is encouraged within the Island Plan, which severely restricts development in the countryside.

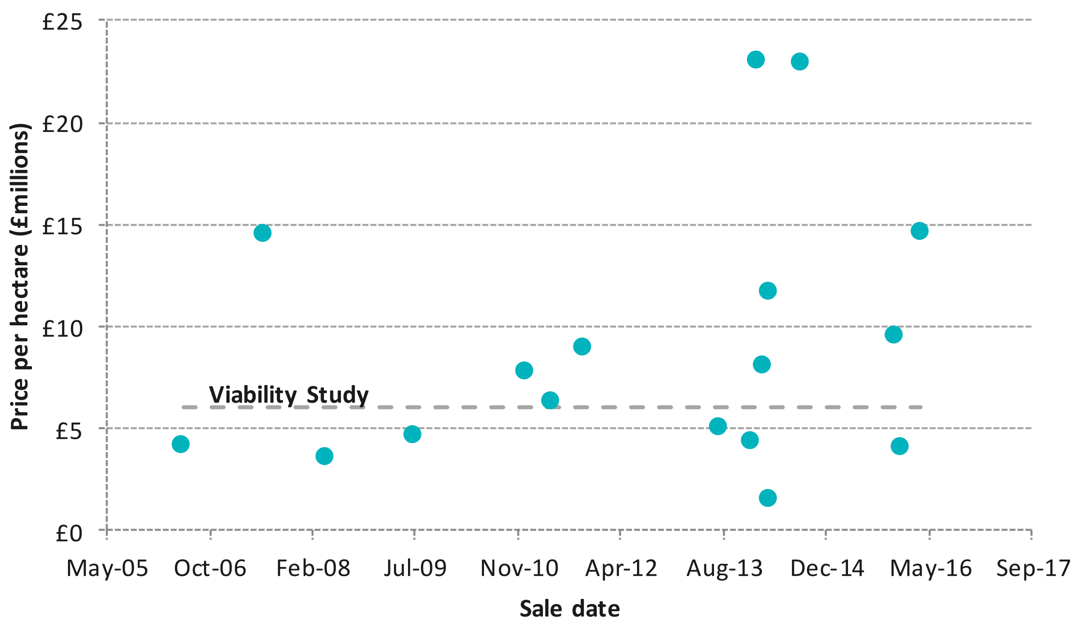
3.18 Having removed the purported 'outliers' the Study has considered the average of these values (median and mean) before reaching a judgment value of £6m/ha which it takes forward in the Viability modelling. Whilst taking the average land value may not be an unreasonable approach, this is only likely to be an appropriate representation of average land values where:

- The overall sample size is large;
- There is a clear clustering of values around the average, which is the value that could be expected for most sites; and
- There are few instances of severe values at the extremes, above or below the average.

3.19 The available data for Jersey is shown in Figure 3.5 below. As expected due to the small number of sites, there is a significant range above and below the average. The lowest land values seen are one quarter of the average (£1.5m/ha), while the highest values are four times the average. Even once these 'outliers' are removed, the highest values in the sample (c.£14m/ha) are still over double the average.

3.20 This observation alone represents a significant shortcoming when attempting to assess viability and set a JIL charge for the Island. If a JIL is to be imposed as a charge on all developments, it needs to ensure that development across Jersey remains viable, which often means looking at the 'worst-case scenario', or 'lowest common denominator'. This is one of the limitations of CIL in England, identified within the CIL Review Group Report (which we discuss in our main representations).

Figure 3.5 Residential Land Values in Jersey and Viability Study assumption

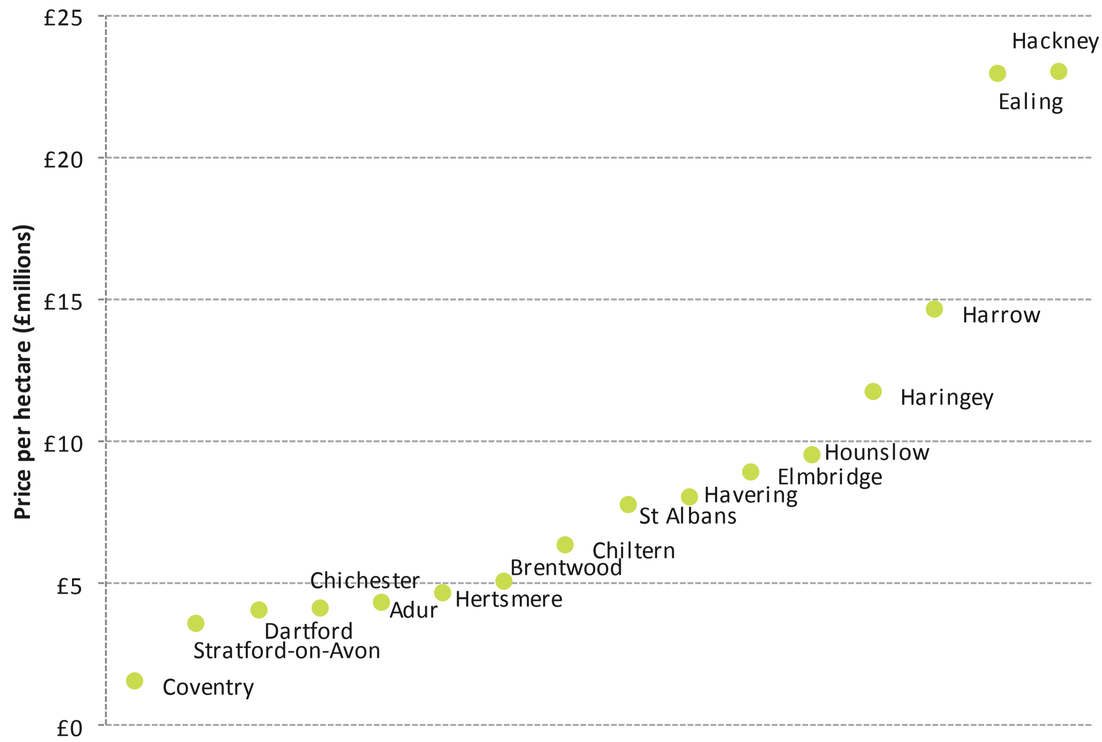


Source: Lichfields based on Viability Study

3.21 To demonstrate the difficulty in setting CIL rates based on the range of land values seen in Jersey, Figure 3.6 shows the price paid (£m per hectare) for the sites in Jersey, labelled with comparator Local Authorities from England (i.e. where residential land values are similar). It shows that land values at the lower end of the range in Jersey are akin to values seen in parts of the West Midlands (Coventry, Stratford-on-Avon) whilst the highest values seen in Jersey are akin to those seen in Central London (Haringey, Harrow, Hackney and Ealing). A direct comparison with values seen in Jersey is not wholly applicable because the comparator values for England exclude any effect from s.106 agreement obligations, whereas those in Jersey will reflect the imposition of POA costs.

3.22 Shown in this context, it would clearly be extremely difficult to set a CIL rate for an area where some land values were as low as in Coventry, while in other areas as high as in Central London. It is highly questionable how it would be possible to set a CIL rate in such an area which would not undermine viability across some sites. This demonstrates that the use of an average residential land value in Jersey is not appropriate given the wide range of values seen. There is a real and significant risk that the introduction of an infrastructure levy, based on the viability study would undermine viability of a significant proportion of sites. This further lends support to the existing POA system whereby infrastructure contributions are considered on a site-by-site basis.

Figure 3.6 Residential Land Values in Jersey and England LA comparators



Source: Lichfields based on Viability Study and DCLG Land Value Estimates for Policy Appraisal (2015)

Residential values used in viability assessment

3.23 Notwithstanding our criticisms of the approach taken to land values, it would appear that the Study has not taken forward its £6m/ha valuation when assessing the viability of Site 16. This site is an example of 3 larger detached dwellings, modelled as the redevelopment of an existing residential site. The Study assesses this site as 'marginal' on the basis that its residual value exceeds the EUV, but not the viability threshold (EUV + 20%).

3.24 Its existing use as a residential site would imply a value of £6m/ha should be used, as stated throughout the Study. However, Table 10.2 of the Study show the assumed alternative use value for this site is £4m/ha (with a viability threshold of £4.8m), not £6m/ha. We note that the existing dwelling is assumed to have a value of £800,000 (as stated in 10.13 of the Study) although this does not explain the difference in EUV.

3.25 With a residual value of £4.2m, this would make the site unviable, not marginal, as the Study implies. A review of the residential development appraisals provided in Appendix 6 of the Study confirms that the value of £4m has been used in the assessment.

Summary

Residential land values in Jersey are in principle difficult to establish due to the small number of transactions that take place. As a matter of principle, this highlights the overall difficulty in establishing a JIL, because the imposition of such a charge should not undermine the viability of certain types of site.

The variation in land values is clear when comparing to values in English local authorities; the difficulties in assessing viability in Jersey become clear when set in this context. The average value used is of little assistance in testing viability, as demonstrated there are a number of sites sold for £millions/ha higher than this.

We also note an error in the existing use value of site 16, which should be assessed as unviable, not marginal.

Build costs

3.26 Section 7.0 of the Viability Study sets out the assumed development costs which have been used in assessing viability. The Development costs set out in paras 7.2-24 cover baseline construction costs, other normal development costs, abnormal development/brownfield costs, fees and contingencies. We have looked at each in turn to assess the reasonableness of these assumptions.

3.27 It is evident from Table 7.1 of the Viability Study that build costs in Jersey are subject to significant fluctuations. The current data shows that the Build Cost index has been as high as 1.39 in February 2014. The Study states that during consultation, comments were received which suggested the index was as high as 1.4 or 1.56; however, these were not taken into account within the study and an index of 1.2 is used. As BCIS data for Jersey is also based on values seen in the Isle of Man and Isle of Wight, with a very small data sample from Jersey, this undermines the reliability of the BCIS figures to provide an appropriate estimate of build costs in Jersey.

3.28 Furthermore, the Study itself states that during stakeholder consultation, there was a consensus that inflation in the current year would be greater than anticipated due to impact of the weak pound (as a result of the UK's decision to leave the EU).

3.29 Dandara has provided Lichfields with additional information on build costs in Jersey which suggests that the Viability Study significantly under-estimates this. Dandara is the biggest property developer in Jersey, focusing on new homes, homes for the elderly and commercial premises. This build cost information provided by a local quantity surveyor firm, and verified by Dandara against their own experience, estimates build costs of a residential-led mixed used scheme c.25% higher than those assumed in the Study, at £2,368/sqm. This equates to an under-estimate of build costs of £450/sqm. This estimate would appear to be in line with comments received from stakeholders during consultation, which suggested a higher index (of 1.4-1.56) should be used, and reflect other factors such as the weaker pound.

3.30 Evidently, if build costs have been under-estimated by anything over the £85/sqm JIL charge proposed, this means it will not be possible to implement this charge without making schemes unviable. The degree to which the Study under-estimates likely build costs is sufficient alone to wipe out any potential viability headroom for a JIL charge.

3.31 However, in addition to this, during consultation with stakeholders, it was suggested that increased building standards in Jersey would add a further 4% to the build costs. By way of comparison, viability studies undertaken in England have made specific allowances for additional build costs associated with building to higher standards, including Code for Sustainable Homes level 4[3]. However, the Study has opted not to make an adjustment for any similar costs, keeping build costs at the BCIS costs, with a 1.2 index. This further demonstrates the degree to which build costs have been underestimated in the Study, leading to viability being significantly over-stated, leading to the conclusion that it would not be viable to introduce a JIL charge on development.

Summary

Overall the Viability Study has significantly under-estimated construction costs. The Study itself notes that during consultation stakeholders indicated build costs were substantially higher than those assumed in the Study, and Dandara have confirmed this to be the case. The BCIS data should be used with caution given little data is actually available for Jersey.

The scale of underestimation in build costs alone is sufficient to entirely wipe out any potential infrastructure levy contribution, currently proposed at £85/sqm.

Percentage for Art

3.32 As part of developments in Jersey, developers are encouraged to make a public art contribution equivalent to 0.75% of construction costs on sites. Whilst the Study states at para 7.31 that this will be assimilated into any new levy, the Jersey Infrastructure Levy Proposal consultation document makes no reference to the contribution for the Arts, and whether this will change following introduction of a new levy. Until is it clear that such a cost would be assimilated into any other charge, this should be included within current development costs. This represents a further development cost for which the Study has failed to account.

Company tax

3.33 The Study states that although it was suggested during consultation with stakeholders, an allowance for 20% 'income tax' was not accepted. However, shareholders of development companies in Jersey are liable to pay tax at 20% (which is generally paid out of the funds of the company). The effect of a company tax on development in Jersey is an important consideration for two reasons:

1 It is likely to affect the level of developer profit required; and

2 It is likely to affect the viability thresholds (which we return to later in this report), since the scale of uplift on existing use will need to be high enough to incentivise a sale, taking account of profit, taxes and other factors (such as no inheritance taxes). One member of the JeCC stated that it has sold land for a "*significant*" premium above EUV to allow for profits and taxes.

Viability Assessments

Viability thresholds

3.34 The Study assumes a viability threshold (being the scale above the existing/alternative use value exceeds for the site to be viable) of 20%. Para 6.54 of the Study states that this supported by "*work done elsewhere and appeal decisions, as set out in Chapter 2*". Chapter 2 of the Study sets out some of the various guidance within the English PPG regarding viability, and it is wholly

[3] For example, see South Oxfordshire Viability Study, which adds 6% for this. That Study cites research by Cyrill Sweett undertaken on behalf of the Department of Communities and Local Government on the impact of building to CSH standards.

unclear how these support the specific 20% uplift proposed for Jersey, as stated in the Study. The JeCC consider that this completely disregards local circumstances specific to Jersey, for example as there is no inheritance tax in Jersey, there is less of an incentive for individual landowners to sell, compared to in England. The JeCC states that there are many examples of property being handed down through generations and only sold *"when the time and value is right"*.

3.35 Le Masurier is an example of a commercial property company in Jersey which has held land on the Island for long periods, in some cases since 1835. Members of the JeCC give examples of sites which were sold at "*significant premiums*" to residential developers to ensure a profit and tax free disposal. This demonstrates another fundamental difference between the property markets in England and in Jersey which means it is not possible to appropriately and robustly assess viability based on the identical approach as in England, then set a proposed infrastructure levy on development.

3.36 The existence of tax on land sales combined with the absence of inheritance tax means that the viability thresholds are likely to be in excess of those assumed within the Study. This is in addition to our previous criticisms raised about the value of brownfield land assumed, which, even under the Study's current assumption (of 20%) would undermine viability when comparing residual land values.

3.37 The viability threshold may also be higher where developers approach landowners in circumstances where the site is in use. This is because not only will the landowner require a premium above the EUV, but may seek a higher premium to compensate for the need to vacate the premises and the inconvenience.

Paddock land

3.38 When applied to the alternative use value on paddock land (£150,000/ha) the Study's viability threshold amounts to £180,000/ha (see Table 10.2). The Study itself accepts that paddock land already attracts a premium (around 4-5 times the value) over agricultural land (valued at £36,000/ha) due to being of amenity value, for use as pony paddocks or to provide protection/privacy. Therefore, it is questionable whether a landowner would accept an uplift of just 20% on a sites in EUV as a paddock (equivalent to an additional £30,000/ha) if there were a possibility of the land being developed for residential uses.

3.39 Those living on the edge of settlements who own small parcels of land along the edge of the settlement could decide never to sell such land for development, putting a significantly higher value on the amenity and privacy it provides; a value which cannot necessarily be measured through a viability study. This is likely to be further compounded by the absence of inheritance tax in Jersey allowing such land to be passed on with no financial penalty.

3.40 The Study's approach to development of paddock land is an extreme oversimplification of a very complex system, in which incentives to sell are affected by a range of personal and wider economic factors. No examples have been cited in the Viability Study which justify its assumptions.

Summary

A general 20% uplift has been applied to alternative use values to determine what value would incentivise a landowner to sell, however **this does not reflect the specific local circumstances (particularly related to tax) in Jersey**. Landowners in Jersey do not have the same incentive to release land as those in the UK, with higher premiums often required. The lack of evidence presented on sales and development of paddock land, and given landowners may place an infinitely higher value on their land for use as amenity space (or to protect their privacy) makes it difficult, if not impossible, for the Viability Study to determine a viability threshold for these types of site.

Study Outputs

3.41 As a result of the degree to which the Viability Study has under-estimated the EUV of brownfield sites:

- The 'Additional Profit' shown in Table 10.4 of the Study is incorrect – our analysis above shows that when comparing against more likely land values the residual land value does not exceed to viability threshold (even at 20%) for most sites;
- The Study's conclusion that this 'Additional Profit' demonstrates there is clear capacity for developer contributions is flawed and incorrect;
- The Study's subsequent assessments of the scale of a potential JIL are also flawed.

Alternative Viability Testing

Residual Land Values

3.42 Using the Homes and Communities Agency (HCA) Development Appraisal Tool[4] Lichfields has recreated the Viability Study's assessments for Site 3 (a 20 Unit Brownfield site), on the basis that the JeCC considers this one of the more likely types of site to come forward in Jersey. This uses the assumptions set out within the Viability Study and as shown in Appendix 6 of the Study. Lichfields has then made some amendments t0 the viability assessment based on the JeCC's alternative assumptions, which are:

- A construction period of 36 months (compared to 21 months in the Study);
- Sales period ending up to 12 months post-completion (compared to 6 months in the Study);
- 10% for contingencies (compared to 5% in the Study);
- Increasing developers return to 25% (compared to 20% in the Study, to allow for interest and tax); and
- Including the percentage for Art (at 0.75% of build costs).

3.43 Making the above changes shows a residual land value of £2.2m for this site, equivalent to £5.8m/ha, without the inclusion of the proposed JIL. When JIL is included, this falls to £5.1m/ha. Full outputs can be found in Appendix 1 of this report.

3.44 The Study notes that concerns were raised during consultation that the build costs were too low, and that an index of 1.4 should be assumed on the BCIS (as opposed to the 1.2 used in the

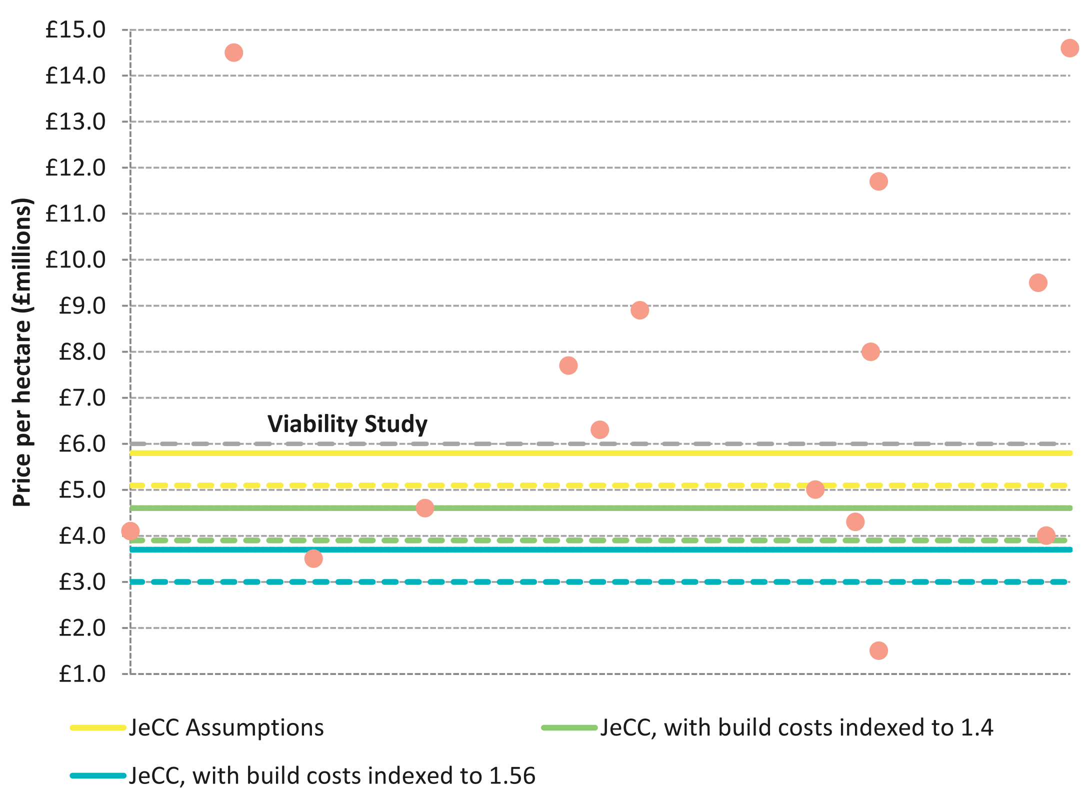
[4] See https://www.gov.uk/government/collections/development-appraisal-tool

Study). Adopting this index would give a residual land value of £4.7m/ha (as can be seen in Appendix 1). With the proposed JIL included, this falls to £3.9m/ha

3.45 However, members of the JeCC raise concerns about the BCIS overall for Jersey (since it includes few samples from Jersey and draws upon data from elsewhere, e.g. the Isle of Man), and Dandara has put alternative build cost figures to Lichfields of £2,638/sqm. The Viability Study also states that during consultation, a stakeholder indicated that values 30% higher than BCIS, equivalent to a 1.56 index was appropriate. On the basis of the build costs per sqm indexed to 1.56, the residual land value of Site 3 would be £3.7m/ha. Once a CIL charge[5] has been incorporated, this falls to £3.0m/ha.

3.46 The outcomes of the above assessments are shown in the context of the price paid per hectare of residential sites shown in the Study (as set out previously) in Figure 3.7. It shows that adjusting build costs to an index of 1.4 on the BCIS would, when proposed JIL is included, result in residual land value below the price paid on almost every site sold in Jersey since 2006. When using Dandara's higher estimate of build costs, residual land value is close to £0, and slightly negative when the proposed JIL is included.

Figure 3.7 Residual Land Values (Lichfields' Assessment) compared to Sales Values of Residential Sites in Jersey. **Dashed** lines show RLV when proposed JIL is included.



Source: Lichfields using HCA Tool and based on Viability Study/JeCC figures. **Two sites with value of £23m/ha not shown**.

Surplus/Deficit

3.47 In addition to the above, by way of example, Lichfields has also modelled four of the sites (Sites 2, 3, 4 and 5) to determine whether there is a surplus/deficit, making adjustments for build costs etc. (as set out above).

[5] To ensure that CIL is not set at the margins of viability, CIL is input into the HCA Development Appraisal Tool as £170/sqm; this effectively applies a 50% buffer to the proposed £85/sqm.

3.48 To provide a benchmark, the Study's assumptions have been input into the model. This gives a figure which aligns broadly with the 'Additional Profit' set out for each site in Appendix 6 of the Study (albeit with a small margin of error due to differences in the toolkits employed). This is shown in the first column of Table 3.1.

3.49 By allowing for Lichfields alternative assumptions (as set out above and in more detail in Appendix 2), and accepting (for the purposes of this exercise) the viability threshold of £2.28m/ha, it is evident that the purported surplus in the Viability Study is drastically reduced. For site 4 the surplus reduces from £1.2m to just £279,000. However, the practicalities of assessing viability and setting a JIL rate become even more clear when considering the variability of land values. This has been explored in depth above, which shows the variation in residential land values in Jersey based on previous transactions, the potentially higher values of retail and hotel sites, and the lack of evidence altogether relating to industrial land values. Table 3.1 shows that if land values increased to £4m/ha, one of the four sites would become unviable, at £6m/ha three of the four become unviable and over £8m/ha all are unviable. These increased land values are not outliers: 15 of the 17 transacted sites were at or above £4m and 10 were over £6m per hectare.

Table 3.1 Surplus/Deficit using Lichfields assumptions and at varying land values

	Study Assumptions	Lichfields Assumptions				
Site	Surplus/deficit at Study Viability Threshold	Surplus Deficit at £2.28m/ha	Surplus Deficit at £4m/ha	Surplus Deficit at £6m/ha	Surplus Deficit at £8m/ha	Surplus Deficit at £12m/ha
1	£5,132,000	£2,795,000	£1,179,000	-£701,000	-£2,580,000	-£6,338,000
2	£3,225,000	£1,769,000	£680,000	£748,000	-£1,855,000	-£4,389,000
3	£2,095,000	£1,098,000	£391,000	-£431,000	-£1,253,000	-£2,897,000
4	£1,221,000	£279,000	-£428,000	-£1,250,000	-£2,072,000	-£3,715,000

Source: Lichfields based on HCA DAT and Viability Study

3.50 The above highlights two fundamental issues with determining viability in Jersey;

1 The scale of viability has been significantly over-estimated in the Study, leading the authors to incorrectly conclude there is sufficient scope to introduce a JIL; and

2 The inherent difficulty in determining land values on the Island means that viability is nearly impossible to determine altogether. The sensitivity of viability to land values is clearly demonstrated above and earlier in this Section.

3.51 Lichfields findings using the HCA tool are in line with viability calculations undertaken internally by the JeCC which show that with its adjusted assumptions and inputs, viability would be marginal on this site, with a developer return after interest of just below 5%.

Impact of the UK leaving the European Union

3.52 Under the heading 'Sensitivity Testing' the Viability Study references concerns raised during stakeholder consultation about the impact of the weak pound following the EU referendum.

3.53 Whilst the Study does undertake sensitivity testing, varying build costs by between +5% and +20%, the outputs of these assessments are fundamentally flawed given they are underpinned by land value assumptions and viability thresholds (and various other assumptions) which themselves are flawed. Our analysis above adopts higher build costs and shows a significant reduction in residual land value results.

Comparison with English CIL Rates

3.54 As set out in the main representations and above, we consider that the differences in the Jersey housing market compared to those in the UK make it difficult to assess viability and implement a CIL charge altogether. However, the Viability Study provides some comparisons of CIL rates set in local authority areas in England, which appear to support the Study's conclusion.

3.55 Table 12.1 of the Study sets out CIL charging rates (where adopted) for areas slightly more and slightly less expensive (in terms of average house prices) than Jersey, from Oxford (£475,732) to Winchester (£432,557). However, to understand whether these are appropriate comparators for Jersey (which in principle, we consider they are not) it is necessary to understand what evidence has underpinned these CIL charges. Average house prices in isolation are not an appropriate comparator for CIL charges; areas with similar average house prices will have varying residential land values and build costs, and within local authority areas there are often varying CIL rates. This is evident, for example, in Kensington and Chelsea (the most expensive local authority in England) where CIL rates are actually nil in some parts of the Borough.

3.56 The Study gives the example of South Oxfordshire[6] which has a CIL charge of £85-£150/sqm for housing and £70 for supermarkets. Although having a similar average house price to Jersey, average residential land values are much lower in South Oxfordshire than the average which has been used in the Viability Study (at £3.7m/ha[7]) which is at the lower end of the range seen in Jersey. Land values for other types of land (e.g. office space) are also substantially lower than in Jersey, for example sites in current/historic employment use in South Oxfordshire are valued between £325k/ha to £750k/ha. This is likely to reflect South Oxfordshire's location, with office demand being concentrated within Oxford and Reading (i.e. neighbouring authorities). Build costs are also lower in South Oxfordshire than in Jersey, meaning there is likely to be more scope for CIL contributions.

3.57 The South Oxfordshire Viability Assessment includes a 10% allowance for contingency (double that used in the Jersey Study) and a further 6% for meeting Code for Sustainable Homes. As stated above the Viability Study already under-estimates build costs in Jersey, and were similar costs (to those applied in South Oxfordshire) to be included within the Viability, it is likely the scope for introduction of a JIL would further be reduced.

3.58 It is clear that whilst Jersey has similar average house prices to the examples given of local authorities in England, comparisons of CIL charges in those authorities (or even the existence of a CIL charge altogether) does not support the existence of CIL charge in Jersey[8].

Summary

The comparator authorities from England presented in the Study must be seen in the context of exactly what evidence and assumptions underpin those CIL charges, not just a simple comparison of average house prices. The lower land values in South Oxfordshire, for example, are likely to contribute to the scope for CIL, and such factors will vary between areas. These do not support the implementation of a JIL in Jersey.

[6] South Oxfordshire CIL Viability Study - http://www.southoxon.gov.uk/sites/default/files/CIL%20Viability%20study%20Oct%202014.pdf
[7] Source: DCLG Land Value Estimates for Policy Appraisal http://realestateappraisal.co.uk/wp/wp-content/uploads/2013/07/2015-DCLG-Land-Value-Estimates.pdf
[8] Although the Study correctly notes in England affordable housing is required on new market developments, the level of affordable housing set within a Local Plan is itself subject to viability testing, and varies between local authority areas. This will factor in build costs, sales values and developer profit which vary to Jersey hence do not provide a direct comparison.

4.0 Conclusions

4.3 Regrettably, the Viability Study is not a robust assessment of viability in Jersey upon which to set a JIL charge. Notwithstanding that the JeCC considers the principle of a JIL on the Island itself to be not possible, we have identified a number of flaws within the Study. Most of these criticisms alone would undermine the proposed JIL; however, when considered in combination, they demonstrate the degree to which viability has been overstated for the Island. In summary:

1 The alternative use value of most of the sites assessed is based on an assumption of industrial value; however, the Study has no evidence to support this figure;

2 With the exception of a few schemes, the Study assesses all brownfield sites as being in industrial use, despite the fact that in Jersey brownfield sites are likely to be other uses which may have higher values. This includes hotel sites, retail space and office space, which have a higher value, and as such the Study has failed to assess the types of site which are likely to come forward. The Study accepts that the industrial value may be low and sites may be in other uses, but it fails to carry forward any of these observations into its viability modelling. Our estimation of land values of secondary retail space shows that the residual values would not sufficiently exceed the viability threshold across most developments;

3 The viability threshold used in the Study assumes a 20% uplift on existing value would incentivise a landowner to sell. It is questionable how, in the case of Jersey, it is possible to determine such a value, given the specific tax and land ownership circumstances on the Island, which vary compared to the UK. JeCC members clarify that a significant premium is often required, to reflect taxes and profit margins. It is also likely that the premium will vary depending on the type of land, with owners of paddock land likely to demand a much higher premium given the amenity value of such land. In London, subject to UK-assumptions, the Mayor's latest affordable housing SPD assumes an uplift to EUV of up to 30% and its effect on market behaviour is so far untested; and

4 The construction costs are likely to be a significant under-estimate, not least because BCIS data has limited information which directly relates to Jersey. Stakeholders suggested higher figures during consultation, and figures put to Lichfields by members of the JeCC (based on local QS surveys) demonstrate that the underestimation in build costs <u>alone</u> would entirely wipe out any potential JIL contribution;

Additional calculations undertaken by the JeCC of Sites 3 and 4 show that correcting for construction costs (amongst other errors) would result in a return on investment of 1% to 5% on brownfield sites of 12-20 units – clearly this is unviable. Our own assessment using the HCA appraisal tool validate the JeCC's assessments.

Recommendations

4.4 Notwithstanding our concerns about the overall principle of a JIL (as set out in our main representations), in the event that the States of Jersey decides nonetheless to continue with preparation of a JIL charge, we have identified a number of significant flaws within the Viability Study which should be corrected. These are essential in order for the States to demonstrates that any proposed JIL charge is underpinned by suitable and robust evidence (which, at present, we believe is not) The flaws should be remedied by the following:

1 **Test brownfield sites based on a range of existing uses**, including office, retail and hotel uses, which are more reflective of the site typologies likely to come forward in the Plan period;

2 **Sensitivity test** these values to allow for higher viability thresholds, reflecting the greater incentive often needed to make a sale and the taxes which apply to profits;

3. Consult with stakeholders and local quantity surveyor firms to **reach and agreed consensus of build costs** on the island, including **sensitivity testing** to this;
4. Provide significantly greater clarity over the relationship of JIL with POAs and the infrastructure to be funded by each to **avoid potential for actual or perceived 'double dipping'**

4.5 Once the above have been corrected and agreed upon by all parties, we consider that these will demonstrate it is not possible to implement a JIL without undermining the Island Plan. In the event that this does demonstrated implementation of a JIL may be possible, it is likely to be significantly lower than the level currently proposed, and may demonstrate that in certain areas (e.g. within built-up areas) or specific types of site a nil JIL rate should be imposed.

Appendix 1: Outputs of HCA Development Appraisal Tool for RLV Calculations

Outputs – JeCC assumptions, with Viability Study build costs

Residual Land valuation					**£0**	
HCA DEVELOPMENT APPRAISAL TOOL	Press for Single Page Summary		SUMMARY		DETAIL	Press for 4 page detail
SCHEME						
Site Address	Jersey		Date of appraisal	27/03/2017		
Site Reference			Net Residential Site Area	0.384		
File Source			Author & Organisation			
Scheme Description	20 unit brownfield site		Registered Provider (whe	0		
CAPITAL VALUE OF OPEN MARKET HOUSING					**£9,209,170**	£ 4,623 psqm
BUILD COST OF OPEN MARKET HOUSING inc Contingency			**£2,909,241**	£ 1,460 psqm		
CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING						**£6,299,929**
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)					**£0**	
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING					**£0**	
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)					**£0**	
BUILD COST OF AFFORDABLE HOUSING inc Contingency			**£0**	#DIV/0!		
CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING						**£0**
Value of Residential Car Parking					**£0**	
Car Parking Build Costs			£0			
Capitalised Annual Ground Rents					**£0**	
TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME					**£9,209,170**	
TOTAL BUILD COST OF RESIDENTIAL SCHEME			**£2,909,241**			
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME						**£6,299,929**
CAPITAL VALUE OF NON-RESIDENTIAL SCHEME					**£0**	
COSTS OF NON-RESIDENTIAL SCHEME			**£0**			
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL						**£0**
GROSS DEVELOPMENT VALUE OF SCHEME					**£9,209,170**	
TOTAL BUILD COSTS			**£2,909,241**			
TOTAL CONTRIBUTION TO SCHEME COSTS						**£6,299,929**
External Works & Infrastructure Costs (£)			Per unit		% of GDV	per Hectare
Site Preparation/Demolition		£0				
Roads and Sewers		£0				
Services (Power, Water, Gas, Telco and IT)		£393,280	19,664		4.3%	1,024,166
Strategic Landscaping		£0				
Off Site Works		£0				
Public Open Space		£0				
Site Specific Sustainability Initiatives		£0				
Plot specific external works		£0				
Other 1		£0				
Other 2		£0				
		£393,280			4.3%	1,024,166
Other site costs						
Fees and certification	12.0%	£317,372	15,869		3.4%	826,489
Other Acquisition Costs (£)		£0				
Site Abnormals (£)						
De-canting tenants		£0				
Decontamination		£0				
Other		£0				
Other 2		£0				
Other 3		£0				
Other 4		£0				
Other 5		£0				
		£0				
Total Site Costs inc Fees		**£710,651**	35,533			
Statutory 106 costs		**£21,857**	1,093			
Total Marketing Costs		**£230,223**				
Total Direct Costs			**£3,871,973**			
Finance and acquisition costs						
Land Payment		£2,221,232	111,062	per OM home	5,784,458	per hectare
Arrangement Fee		£0	0.0%	of interest		
Misc Fees (Surveyors etc)		£0	0.00%	of scheme value		
Agents Fees		£0				
Legal Fees		£33,318				
Stamp Duty		£100,562				
Total Interest Paid		£679,792				
Total Finance and Acquisition Costs			**£3,034,904**			
Total Operating Profit			**£2,302,293**			
(i.e. profit after deducting sales and site specific finance costs but before deducting developer overheads and taxation)						
TOTAL COST			**£9,209,170**			
Surplus/(Deficit) at completion 1/6/2022					**£0**	
Present Value of Surplus (Deficit) at 27/3/2017					**£0**	
Scheme Investment MIRR		**13.8%**	(before Developer's returns and interest to avoid double counting returns)			
Site Value as a Percentage of Total Scheme Value		24.1%	Peak Cash Requirement			-£4,493,713
Site Value (PV) per hectare		£1 per hectare		£1 per acre		

Outputs – JeCC assumptions, with Viability Study build costs, including JIL

Residual Land valuation					£0	
HCA DEVELOPMENT APPRAISAL TOOL	Press for Single Page Summary		SUMMARY		DETAIL	Press for 4 page detail
SCHEME						
Site Address	Jersey		Date of appraisal	27/03/2017		
Site Reference			Net Residential Site Area	0.384		
File Source			Author & Organisation			
Scheme Description	20 unit brownfield site		Registered Provider (whe	0		
CAPITAL VALUE OF OPEN MARKET HOUSING					**£9,209,170**	£ 4,623 psqm
BUILD COST OF OPEN MARKET HOUSING inc Contingency			**£2,909,241**	£ 1,460 psqm		
CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING						**£6,299,929**
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)					**£0**	
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING					**£0**	
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)					**£0**	
BUILD COST OF AFFORDABLE HOUSING inc Contingency			**£0**	#DIV/0!		
CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING						**£0**
Value of Residential Car Parking					**£0**	
Car Parking Build Costs			£0			
Capitalised Annual Ground Rents					**£0**	
TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME					**£9,209,170**	
TOTAL BUILD COST OF RESIDENTIAL SCHEME			**£2,909,241**			
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME						**£6,299,929**
CAPITAL VALUE OF NON-RESIDENTIAL SCHEME					**£0**	
COSTS OF NON-RESIDENTIAL SCHEME			**£0**			
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL						**£0**
GROSS DEVELOPMENT VALUE OF SCHEME					**£9,209,170**	
TOTAL BUILD COSTS			**£2,909,241**			
TOTAL CONTRIBUTION TO SCHEME COSTS						**£6,299,929**
External Works & Infrastructure Costs (£)			Per unit		% of GDV	per Hectare
Site Preparation/Demolition		£0				
Roads and Sewers		£0				
Services (Power, Water, Gas, Telco and IT)		£393,280	19,664		4.3%	1,024,166
Strategic Landscaping		£0				
Off Site Works		£0				
Public Open Space		£0				
Site Specific Sustainability Initiatives		£0				
Plot specific external works		£0				
Other 1		£0				
Other 2		£0				
		£393,280			4.3%	1,024,166
Other site costs						
Fees and certification	12.0%	£317,372	15,869		3.4%	826,489
Other Acquisition Costs (£)		£0				
Site Abnormals (£)						
De-canting tenants		£0				
Decontamination		£0				
Other		£0				
Other 2		£0				
Other 3		£0				
Other 4		£0				
Other 5		£0				
		£0				
Total Site Costs inc Fees		**£710,651**	35,533			
Statutory 106 costs		**£360,521**	18,026			
Total Marketing Costs		**£230,223**				
Total Direct Costs			**£4,210,637**			
Finance and acquisition costs						
Land Payment		£1,943,289	97,164	per OM home	5,060,647	per hectare
Arrangement Fee		£0	0.0%	of interest		
Misc Fees (Surveyors etc)		£0	0.00%	of scheme value		
Agents Fees		£0				
Legal Fees		£29,149				
Stamp Duty		£86,664				
Total Interest Paid		£637,138				
Total Finance and Acquisition Costs			**£2,696,240**			
Total Operating Profit			**£2,302,293**			
(i.e. profit after deducting sales and site specific finance costs but before deducting developer overheads and taxation)						
TOTAL COST			**£9,209,169**			
Surplus/(Deficit) at completion 1/6/2022					**£1**	
Present Value of Surplus (Deficit) at 27/3/2017					**£0**	
Scheme Investment MIRR		**14.0%**	(before Developer's returns and interest to avoid double counting returns)			
Site Value as a Percentage of Total Scheme Value		21.1%		Peak Cash Requirement		-£4,335,569
Site Value (PV) per hectare		£1	per hectare	£1	per acre	

Outputs – JeCC assumptions, with build costs indexed to 1.4

Residual Land valuation					**£0**	
HCA DEVELOPMENT APPRAISAL TOOL	Press for Single Page Summary		SUMMARY		DETAIL	
SCHEME					Press for 4 page detail	
Site Address	Jersey		Date of appraisal	27/03/2017		
Site Reference			Net Residential Site Area	0.384		
File Source			Author & Organisation			
Scheme Description	20 unit brownfield site		Registered Provider (whe	0		
CAPITAL VALUE OF OPEN MARKET HOUSING					**£9,209,170**	£ 4,623 psqm
BUILD COST OF OPEN MARKET HOUSING inc Contingency			**£3,393,384**	£ 1,703 psqm		
CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING						**£5,815,786**
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)					**£0**	
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING					**£0**	
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)					**£0**	
BUILD COST OF AFFORDABLE HOUSING inc Contingency			**£0**	#DIV/0!		
CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING						**£0**
Value of Residential Car Parking					**£0**	
Car Parking Build Costs			£0			
Capitalised Annual Ground Rents					**£0**	
TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME					**£9,209,170**	
TOTAL BUILD COST OF RESIDENTIAL SCHEME			**£3,393,384**			
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME						**£5,815,786**
CAPITAL VALUE OF NON-RESIDENTIAL SCHEME					**£0**	
COSTS OF NON-RESIDENTIAL SCHEME			**£0**			
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL						**£0**
GROSS DEVELOPMENT VALUE OF SCHEME					**£9,209,170**	
TOTAL BUILD COSTS			**£3,393,384**			
TOTAL CONTRIBUTION TO SCHEME COSTS						**£5,815,786**
External Works & Infrastructure Costs (£)			Per unit		% of GDV	per Hectare
Site Preparation/Demolition		£0				
Roads and Sewers		£0				
Services (Power, Water, Gas, Telco and IT)		£393,280	19,664		4.3%	1,024,166
Strategic Landscaping		£0				
Off Site Works		£0				
Public Open Space		£0				
Site Specific Sustainability Initiatives		£0				
Plot specific external works		£0				
Other 1		£0				
Other 2		£0				
		£393,280			4.3%	1,024,166
Other site costs						
Fees and certification	12.0%	£370,187	18,509		4.0%	964,029
Other Acquisition Costs (£)		£0				
Site Abnormals (£)						
De-canting tenants		£0				
Decontamination		£0				
Other		£0				
Other 2		£0				
Other 3		£0				
Other 4		£0				
Other 5		£0				
		£0				
Total Site Costs inc Fees		**£763,467**	38,173			
Statutory 106 costs		**£21,857**	1,093			
Total Marketing Costs		**£230,223**				
Total Direct Costs			**£4,408,931**			
Finance and acquisition costs						
Land Payment		£1,787,115	89,356	per OM home	4,653,945	per hectare
Arrangement Fee		£0	0.0%	of interest		
Misc Fees (Surveyors etc)		£0	0.00%	of scheme value		
Agents Fees		£0				
Legal Fees		£26,807				
Stamp Duty		£78,856				
Total Interest Paid		£605,169				
Total Finance and Acquisition Costs			**£2,497,947**			
Total Operating Profit			**£2,302,293**			
(i.e. profit after deducting sales and site specific finance costs but before deducting developer overheads and taxation)						
TOTAL COST			**£9,209,171**			
Surplus/(Deficit) at completion 1/6/2022					**(£1)**	
Present Value of Surplus (Deficit) at 27/3/2017					**(£)**	
Scheme Investment MIRR		**14.2%**	(before Developer's returns and interest to avoid double counting returns)			
Site Value as a Percentage of Total Scheme Value		19.4%		Peak Cash Requirement		-£4,205,096
Site Value (PV) per hectare		-£1	per hectare		-£1	per acre

Outputs – JeCC assumptions, with build costs indexed to 1.4, including JIL

Residual Land valuation					**£0**	
HCA DEVELOPMENT APPRAISAL TOOL	Press for Single Page Summary		SUMMARY		DETAIL	Press for 4 page detail
SCHEME						
Site Address	Jersey		Date of appraisal	27/03/2017		
Site Reference			Net Residential Site Area	0.384		
File Source			Author & Organisation			
Scheme Description	20 unit brownfield site		Registered Provider (whe	0		
CAPITAL VALUE OF OPEN MARKET HOUSING					**£9,209,170**	£ 4,623 psqm
BUILD COST OF OPEN MARKET HOUSING inc Contingency			**£3,394,114**	£ 1,704 psqm		
CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING						**£5,815,056**
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)					**£0**	
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING					**£0**	
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)					**£0**	
BUILD COST OF AFFORDABLE HOUSING inc Contingency			**£0**	#DIV/0!		
CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING						**£0**
Value of Residential Car Parking					**£0**	
Car Parking Build Costs			£0			
Capitalised Annual Ground Rents					**£0**	
TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME					**£9,209,170**	
TOTAL BUILD COST OF RESIDENTIAL SCHEME			**£3,394,114**			
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME						**£5,815,056**
CAPITAL VALUE OF NON-RESIDENTIAL SCHEME					**£0**	
COSTS OF NON-RESIDENTIAL SCHEME			**£0**			
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL						**£0**
GROSS DEVELOPMENT VALUE OF SCHEME					**£9,209,170**	
TOTAL BUILD COSTS			**£3,394,114**			
TOTAL CONTRIBUTION TO SCHEME COSTS						**£5,815,056**
External Works & Infrastructure Costs (£)			Per unit		% of GDV	per Hectare
Site Preparation/Demolition		£0				
Roads and Sewers		£0				
Services (Power, Water, Gas, Telco and IT)		£393,280	19,664		4.3%	1,024,166
Strategic Landscaping		£0				
Off Site Works		£0				
Public Open Space		£0				
Site Specific Sustainability Initiatives		£0				
Plot specific external works		£0				
Other 1		£0				
Other 2		£0				
		£393,280			4.3%	1,024,166
Other site costs						
Fees and certification	12.0%	£370,267	18,513		4.0%	964,237
Other Acquisition Costs (£)		£0				
Site Abnormals (£)						
De-canting tenants		£0				
Decontamination		£0				
Other		£0				
Other 2		£0				
Other 3		£0				
Other 4		£0				
Other 5		£0				
		£0				
Total Site Costs inc Fees		**£763,547**	38,177			
Statutory 106 costs		**£360,521**	18,026			
Total Marketing Costs		**£230,223**				
Total Direct Costs			**£4,748,406**			
Finance and acquisition costs						
Land Payment		£1,508,516	75,426	per OM home	3,928,426	per hectare
Arrangement Fee		£0	0.0%	of interest		
Misc Fees (Surveyors etc)		£0	0.00%	of scheme value		
Agents Fees		£0				
Legal Fees		£22,628				
Stamp Duty		£64,926				
Total Interest Paid		£562,402				
Total Finance and Acquisition Costs			**£2,158,471**			
Total Operating Profit			**£2,302,293**			
(i.e. profit after deducting sales and site specific finance costs but before deducting developer overheads and taxation)						
TOTAL COST			**£9,209,169**			
Surplus/(Deficit) at completion 1/6/2022					**£1**	
Present Value of Surplus (Deficit) at 27/3/2017					**£0**	
Scheme Investment MIRR		**14.5%**	(before Developer's returns and interest to avoid double counting returns)			
Site Value as a Percentage of Total Scheme Value		16.4%		Peak Cash Requirement		-£4,046,516
Site Value (PV) per hectare		£1	per hectare	£1	per acre	

Outputs – JeCC assumptions, build costs indexed to 1.56

Residual Land valuation					£0	
HCA DEVELOPMENT APPRAISAL TOOL	Press for Single Page Summary		SUMMARY		DETAIL	Press for 4 page detail
SCHEME						
Site Address	Jersey		Date of appraisal	27/03/2017		
Site Reference			Net Residential Site Area	0.384		
File Source			Author & Organisation			
Scheme Description	20 unit brownfield site		Registered Provider (whe	0		
CAPITAL VALUE OF OPEN MARKET HOUSING					**£9,209,170**	£ 4,623 psqm
BUILD COST OF OPEN MARKET HOUSING inc Contingency			**£3,782,013**	£ 1,898 psqm		
CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING						**£5,427,157**
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)					**£0**	
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING					**£0**	
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)					**£0**	
BUILD COST OF AFFORDABLE HOUSING inc Contingency			**£0**	#DIV/0!		
CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING						**£0**
Value of Residential Car Parking					**£0**	
Car Parking Build Costs			£0			
Capitalised Annual Ground Rents					**£0**	
TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME					**£9,209,170**	
TOTAL BUILD COST OF RESIDENTIAL SCHEME			**£3,782,013**			
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME						**£5,427,157**
CAPITAL VALUE OF NON-RESIDENTIAL SCHEME					**£0**	
COSTS OF NON-RESIDENTIAL SCHEME			**£0**			
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL						**£0**
GROSS DEVELOPMENT VALUE OF SCHEME					**£9,209,170**	
TOTAL BUILD COSTS			**£3,782,013**			
TOTAL CONTRIBUTION TO SCHEME COSTS						**£5,427,157**
External Works & Infrastructure Costs (£)			Per unit		% of GDV	per Hectare
Site Preparation/Demolition		£0				
Roads and Sewers		£0				
Services (Power, Water, Gas, Telco and IT)		£393,280	19,664		4.3%	1,024,166
Strategic Landscaping		£0				
Off Site Works		£0				
Public Open Space		£0				
Site Specific Sustainability Initiatives		£0				
Plot specific external works		£0				
Other 1		£0				
Other 2		£0				
		£393,280			4.3%	1,024,166
Other site costs						
Fees and certification	12.0%	£412,583	20,629		4.5%	1,074,435
Other Acquisition Costs (£)		£0				
Site Abnormals (£)						
De-canting tenants		£0				
Decontamination		£0				
Other		£0				
Other 2		£0				
Other 3		£0				
Other 4		£0				
Other 5		£0				
		£0				
Total Site Costs inc Fees		**£805,863**	40,293			
Statutory 106 costs		**£21,857**	1,093			
Total Marketing Costs		**£230,223**				
Total Direct Costs			**£4,839,956**			
Finance and acquisition costs						
Land Payment		£1,438,641	71,932	per OM home	3,746,462	per hectare
Arrangement Fee		£0	0.0%	of interest		
Misc Fees (Surveyors etc)		£0	0.00%	of scheme value		
Agents Fees		£0				
Legal Fees		£21,580				
Stamp Duty		£61,432				
Total Interest Paid		£545,268				
Total Finance and Acquisition Costs			**£2,066,922**			
Total Operating Profit			**£2,302,293**			
(i.e. profit after deducting sales and site specific finance costs but before deducting developer overheads and taxation)						
TOTAL COST			**£9,209,171**			
Surplus/(Deficit) at completion 1/6/2022					**(£1)**	
Present Value of Surplus (Deficit) at 27/3/2017					**(£)**	
Scheme Investment MIRR		**14.6%**	(before Developer's returns and interest to avoid double counting returns)			
Site Value as a Percentage of Total Scheme Value		15.6%		Peak Cash Requirement		-£3,973,418
Site Value (PV) per hectare		-£1	per hectare	-£1	per acre	

Outputs – JeCC assumptions, build costs indexed to 1.56, including JIL

Residual Land valuation					£0	
HCA DEVELOPMENT APPRAISAL TOOL	Press for Single Page Summary	SUMMARY			DETAIL	Press for 4 page detail
SCHEME						
Site Address	Jersey		Date of appraisal	27/03/2017		
Site Reference			Net Residential Site Area	0.384		
File Source			Author & Organisation			
Scheme Description	20 unit brownfield site		Registered Provider (whe	0		
CAPITAL VALUE OF OPEN MARKET HOUSING					**£9,209,170**	£ 4,623 psqm
BUILD COST OF OPEN MARKET HOUSING inc Contingency			**£3,782,013**	£ 1,898 psqm		
CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING						**£5,427,157**
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)					**£0**	
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING					**£0**	
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)					**£0**	
BUILD COST OF AFFORDABLE HOUSING inc Contingency			**£0**	#DIV/0!		
CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING						**£0**
Value of Residential Car Parking					**£0**	
Car Parking Build Costs			£0			
Capitalised Annual Ground Rents					**£0**	
TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME					**£9,209,170**	
TOTAL BUILD COST OF RESIDENTIAL SCHEME			**£3,782,013**			
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME						**£5,427,157**
CAPITAL VALUE OF NON-RESIDENTIAL SCHEME					**£0**	
COSTS OF NON-RESIDENTIAL SCHEME			**£0**			
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL						**£0**
GROSS DEVELOPMENT VALUE OF SCHEME					**£9,209,170**	
TOTAL BUILD COSTS			**£3,782,013**			
TOTAL CONTRIBUTION TO SCHEME COSTS						**£5,427,157**
External Works & Infrastructure Costs (£)			Per unit		% of GDV	per Hectare
Site Preparation/Demolition		£0				
Roads and Sewers		£0				
Services (Power, Water, Gas, Telco and IT)		£393,280	19,664		4.3%	1,024,166
Strategic Landscaping		£0				
Off Site Works		£0				
Public Open Space		£0				
Site Specific Sustainability Initiatives		£0				
Plot specific external works		£0				
Other 1		£0				
Other 2		£0				
		£393,280			4.3%	1,024,166
Other site costs						
Fees and certification	12.0%	£412,583	20,629		4.5%	1,074,435
Other Acquisition Costs (£)		£0				
Site Abnormals (£)						
De-canting tenants		£0				
Decontamination		£0				
Other		£0				
Other 2		£0				
Other 3		£0				
Other 4		£0				
Other 5		£0				
		£0				
Total Site Costs inc Fees		**£805,863**	40,293			
Statutory 106 costs		**£360,521**	18,026			
Total Marketing Costs		**£230,223**				
Total Direct Costs			**£5,178,621**			
Finance and acquisition costs						
Land Payment		£1,160,698	58,035	per OM home	3,022,650	per hectare
Arrangement Fee		£0	0.0%	of interest		
Misc Fees (Surveyors etc)		£0	0.00%	of scheme value		
Agents Fees		£0				
Legal Fees		£17,410				
Stamp Duty		£47,535				
Total Interest Paid		£502,614				
Total Finance and Acquisition Costs			**£1,728,257**			
Total Operating Profit			**£2,302,293**			
(i.e. profit after deducting sales and site specific finance costs but before deducting developer overheads and taxation)						
TOTAL COST			**£9,209,170**			
Surplus/(Deficit) at completion 1/6/2022					**£0**	
Present Value of Surplus (Deficit) at 27/3/2017					**£0**	
Scheme Investment MIRR		**14.9%**	(before Developer's returns and interest to avoid double counting returns)			
Site Value as a Percentage of Total Scheme Value		12.6%		Peak Cash Requirement		-£3,815,273
Site Value (PV) per hectare		£0 per hectare		£0 per acre		

Appendix 2: Inputs and assumptions for surplus/deficit calculations

Table 4.1 Comparison of assumptions in Viability Study and Lichfields Assessment

	Viability Study	**Lichfields**
Viability Threshold	£2.28m/ha	£2.28m/ha / variable
Residential unit mix, size and value	As per Appendix 6 of Viability Study	
Build costs per sqm	£1,430 for flats £1,280 for houses	1.4 index applied: £1,668 for flats £1,493 for houses
Professional fees	12%	
Percentage for Art	None	0.75%
Contingency	5%	10%
Infrastructure per sqm	As per Appendix 6 of Viability Study	
Site purchase legal fees	1.5%	
Interest	6%	
Sales	2% fees, 0.5% legal	
Developer return	20%	25%
Stamp Duty	As per Appendix 6 of Viability Study	

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PORTS OF JERSEY
YOUR ISLAND GATEWAY

Ralph Buchholz
States of Jersey
Department of the Environment
South Hill
St Helier
JE2 4US

11 September 2017

Our ref: BuchholzRJIL20170911PoJResponse

Dear Mr Buchholz

Jersey Infrastructure Levy (JIL)

Thank you for providing Ports of Jersey with the opportunity to respond to the proposed Jersey Infrastructure Levy.

At the outset, we presume (and would ask you to confirm) that Ports of Jersey would be exempt from such a levy, given our statutory purpose and enabling role in the islands economy, as well as our public ownership.

Nevertheless, we remain keenly interested in understanding the proposals given the impact on private sector parties with which we might partner in improving facilities and, more generally, on the private sectors demand for our transportation services.

Ports of Jersey has a primary mission of enhancing Jersey as a great place to live, visit and do business – and most of our projects are routed in this aim. As we are not a primarily commercial developer, our targeted rates of return are much lower than the envisaged 20%. Given the tight returns, the impact of a levy of the order proposed would make many of our developments unviable, and therefore would mean that the Island is deprived of the benefits of these projects in improving our critical transportation gateways. We do not believe this is an intended consequence of the proposed levy, but nevertheless would be the impact.

We appreciate the aim of the proposed levy, as it is attempting to achieve a fund for enhancing Jersey, specifically St Helier, which we support. However, we are concerned that if it were to be applied to our developments and that meant that they could not be funded, then the Island would not receive improvements in the gateways, nor would we contribute to the fund through a JIL as the projects would not be undertaken in the first place.

Additionally, Ports of Jersey have a number of Public Service Obligations (PSO) which must be funded through our commercial projects. A key principle of incorporation was to enable capex funding through commercialisation and efficiency and not from the tax payer.

We have carefully studied the proposal, and compared it with similar charges in the UK. To better understand the proposed levy we have some questions attached to this letter. Ports of Jersey would be more than happy to meet and discuss the States proposal and our initial questions/concerns in more detail.

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PORTS OF JERSEY
YOUR ISLAND GATEWAY

Yours sincerely,

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PORTS OF JERSEY
YOUR ISLAND GATEWAY

Ports of Jersey questions in response to the Jersey Infrastructure Levy (JIL)

In response to the proposed Jersey Infrastructure Levy (JIL), Ports of Jersey have compiled a number of questions for your consideration.

1. Please clarify the extent to which the proposed "updated and improved Planning Obligations Agreement (POA)" system and JIL will compliment/cross over. Why is there a need for both POA and JIL?

2. The supporting background study for the JIL recommended exemption of industrial and hotel development from the levy. Is this the case with the JIL as proposed, as that is not clear?

3. The JIL proposal in addition to costly Planning Application fees (when compared to the UK for example) could be prohibitive for large developments; is there a proposal to cap the JIL and/or Planning Application fee at a total amount for both? Is there a plan to reduce Planning Application fees if JIL is introduced?

4. Please clarify plans for payment of the levy. The proposal is for JIL to be payable in instalments; however, many developments do not make money until they are complete meaning developers will need to find additional funding upfront to cover these costs? Is this the intention?

5. The proposal document states that the JIL will generate an income of £1.5m to £2.5m per annum. Can you please confirm the basis of that assumption?

6. The JIL proposal document suggests the proposed levy has been set at £85/m^2 level to protect developer profit of at least 20%. If the developer profit is less than 20%, does the levy still apply?

7. The JIL proposal states that the introduction of the scheme will "give developers certainty and quicker planning decisions". Is the intent to implement a statutory limit on the planning decision process to ensure all decisions are delivered within the published timescale? If the States of Jersey is expecting payment of a Levy then there should be published statutory timeframes for planning decisions to be determined and Planning Approvals granted to give developers certainty on scheme delivery.

8. Our understanding of the proposal is that SoJ schemes are exempt from the Levy; does that apply to wholly owned States of Jersey Incorporated bodies?

9. Other than public buildings, what other zero rate developments will be included?

10. PoJ maintains a number of operational buildings; from time to time PoJ will need to redevelop sites to replace time expired assets and improve public service. PoJ often needs to include commercial development as part of any redevelopment of assets to make them sustainable as investment decisions. Will these developments be subject to JIL?

11. Operational buildings are exempt under the UK Construction Infrastructure Levy (CIL); will operational buildings be exempt under JIL?

12. When is a building not a building, for example, plant rooms, walls, power, etc? Please clarify the definition of a building under the proposed JIL.

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13. The intention of the CIL was to incentivise building owners and developers to better utilise existing building assets and reduce development of new buildings on green/brown land, for example through the introduction of mezzanine floors to improve building efficiency. As such, developments that facilitate better use of existing buildings without incremental increase in building footprint are largely exempt; will this be the case for Jersey?

14. PoJ has a Public Service Obligation (PSO) to maintain assets for use of the wider public, but which would not normally be considered viable by a commercial organisation. Would redevelopment/improvement of these PSO assets be subject to JIL?

15. The proposal suggests that 90% of the JIL income is to be spent in and around St Helier? However, if the development schemes are outside of St Helier how does that support the concept of improving the infrastructure relevant to the development?

16. The proposal document refers to a review of the CIL in the UK and specifically highlights the comments from the review that it was most widely adopted in more affluent areas, not affected by the viability of developments in its own right and that the majority view is CIL payments come off the land value. However, this overlooks the fact that in the UK developers can decide to move areas/regions to develop and/or to find the most viable model for their development. How has this been take in to account in the JIL proposals?

17. In Jersey, there is a limited amount of land space. Within the island, there is limited land available for development, as defined in the Island Plan. How does the Department reconcile a UK model with the significantly different Jersey model? Furthermore, the example of how CIL was used in London to help fund the CrossRail project, a major infrastructure scheme; how is this example relevant to Jersey?

18. Introduction of the CIL in the UK corresponded with a reduction in business rates; is the intention to reduce business rates at the time of introduction of the JIL?

19. Are matters of safety/security exempt from the levy as per the UK CIL?

20. Is redevelopment of a multi building site that does not increase overall public area/commercial space exempt as per the UK CIL?

21. The UK CIL specifically exempts development and reinstatement of space currently redundant and introduction of additional space through mezzanine flooring. Is that the intention for JIL?

22. UK CIL is enforceable for developments over $100m^2$, why is Jersey set at $75m^2$?

23. Is reinstatement of redundant buildings that may need some development to reinstate impacted under the plans?

Of course, some of these questions would not be material if our assumption that Ports of Jersey is exempt from the JIL is correct.

Ports of Jersey
September 2017

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11 September 2017

Ralph Buchholz
Department of the Environment
South Hill
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Dear Sir

The Board of Jersey Development Company ("JDC") has considered the consultation document proposing the introduction of a Community Infrastructure Levy for Jersey ("JIL").

JDC supports the introduction of the JIL and wishes to submit the following comments on the proposal:-

i) There should be a comparison between green field/windfall sites and brown field sites as the latter carries significantly higher costs;

ii) There should be a differential in the residential levy between houses and flats as the latter carries additional costs; for example basement parking (which costs more to construct than the end value) and the building fabric for example lifts and sound-proofing;

iii) The calculations should be based on net saleable / lettable areas. Apartment developments for example contain circulation space of around 15% to 20% of the gross internal area that costs the developer to build and is not saleable. To be charged a levy on this space would not seem equitable.

iv) Retail values vary significantly and are driven by location. The existing retail core is already fully developed and the regeneration of other parts of St. Helier should encourage active uses on the ground floor however, these end value of any retail in these areas will not match the value of units in the established retail core. In our opinion the level of the CIL for retail would appear to be a disincentive for developers to produce new retail spaces.

v) There should be no charge for non-habitable basements;

vi) Developers contributions to public realm and public infrastructure should be taken into account and JIL contributions reduced accordingly. For example, JDC spent £1m on public realm around IFC 1 and will be spending more on IFC 5. Looking to the future, JDC will be delivering a new underground public car park at the IFC. This is a significant piece of public infrastructure that will have a net cost of c.£20m.

We hope that these comments are of assistance.

Yours faithfully

L. Henry

Lee Henry
Managing Director

Jersey in Transition

Cycling into St Helier

A *Jersey in Transition* Sustainable Transport Group traffic survey, July 2017

Survey report, 13 July 2017

Contact nigel@mistweb.net or Ruth at rolls3@mac.com

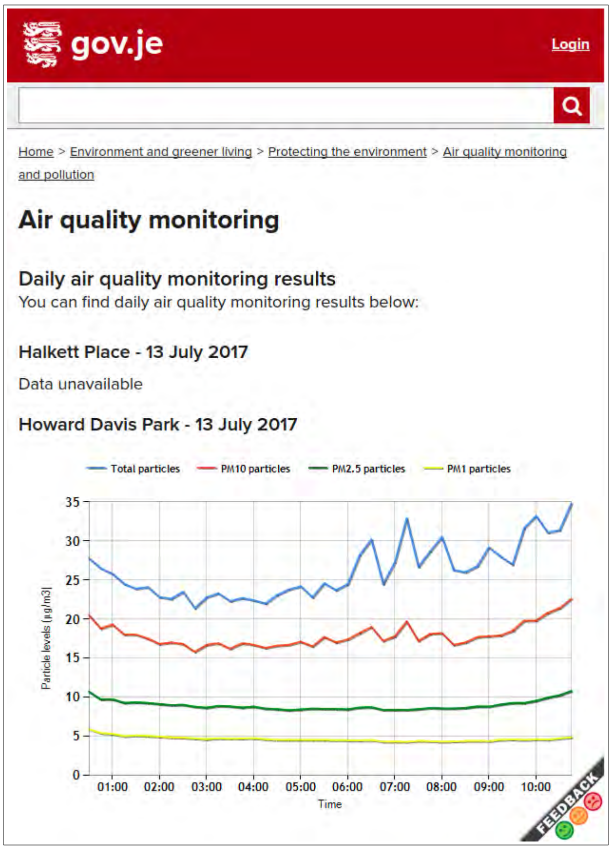
Summary

On Tuesday 4 July 2017, on a dry, mild, summer morning, volunteers from *Jersey in Transition* repeated the cycle survey that the organisation had carried out on Tuesday 24 January the same year. The total number of cyclists coming into St Helier between 8 and 9 am had increased by 60% to a total of 616. These cyclists represent a significant asset to Jersey life as their efforts reduce the amount of road traffic and congestion. They improve the air quality for everyone, they reduce the number of car parks we need in St Helier and they are fitter, more ready for a busy day's work, and less of a burden on the health services now and in the future, than if they had driven in in their cars.

We are surprised that the comparison between winter and summer cycling was only a 60% increase. We would have expected a doubling or trebling. We are keen to ask – to start and to join the debate about – what can be done to encourage more people of all ages to cycle to work, school, shopping and leisure. There is considerable research on the subject worldwide, as virtually every country and city is asking the same question. The potential benefits for the economy, for individuals, and for the environment, are huge, and some other major jurisdictions are way ahead of us here in Jersey.

Rationale

This survey is a repeat of the 'Cycling into St Helier' survey carried out in January 2017 by *Jersey in Transition*. The purpose is to provide comparative data in the same year from winter to summer using, as far as possible, identical methodology.



In the report of the January survey, we wrote about the missed target in 2015 to have reduced peak hour motorised traffic by 15%, with only 1.6% achieved. We wrote about the waste represented by thousands of people for scores on minutes each day sat in cars in heavily congested traffic. We also wrote about the greenhouse gases, and their effect on Jersey meeting its global warming commitments.

We highlighted air quality problems for motorists, cyclists, pedestrians and residents, especially with regard to the 2014 Ricardo-AEA report 'Air quality monitoring in Jersey.' At the time, the gov.je air quality monitoring results page showed two error messages. Today, although it has worked in the meantime, only one set of live results is available. Since the last report, there has been talk of establishing more air quality monitoring points in St Helier, and even of attaching monitoring equipment to buses so that island-wide measurements are obtained. *Jersey in Transition* would welcome such initiatives, and we hope that the talk will soon result in action.

Six months ago, we wrote about the harm that pollution levels beyond EU directives do the reputation of Jersey as a self-governing jurisdiction, and also about the harm that such levels do to the health of local residents – and the actual costs of this in terms of health spending, quite apart from the reduction in people's quality of life.

Finally we wrote about the health benefits of cycling according to UK NHS and other medical evidence. They are considerable compared to the sedentary lifestyle of a truly committed motorist.

We stand by our previous comments, and refer the reader to the earlier report for further details and citations.

Methodology

Illustration 1: Red stars mark the survey checkpoints, on all the major roads coming into St Helier. Thanks to Open Street Map for the map.

Exactly as in January 2017, *Jersey in Transition* volunteers stood at all the major routes where a cyclist may enter St Helier. Cyclists passing each checkpoint, coming into town between 8.00 and 9.00 am on Tuesday 24 January 2017 were counted. Illustration 1 shows the positions of the checkpoints. Cyclists were counted coming into town at the following locations.

1. On the Western Cycle Path, beside the seawall at West Park
2. On the Inner Road, at the West Park bus shelter
3. On Queens Road, just before the roundabout
4. On Trinity Hill, near the Robin Hood pub
5. On St Saviours Hill, opposite the turnoff to The Bridge
6. On Mont Millais, before the lights near Howard Davis Park
7. On Route du Fort, near the new Police Station
8. At Havre des Pas, near the bathing pool, before Fort d'Auvergne

For the purpose of the survey, cyclists included those on electric bicycles and one-foot scooters. Two people on a tandem would be counted as two cyclists.

Volunteers were provided with 'clicker' tally-counters and asked to record the weather, the number of cyclists counted, and any comments or anecdotes.

Results

The weather was mild and cloudy with occasional sunny periods, 16 to 18 degrees C, with no rain and little wind.

The checkpoint counts were as follows

Checkpoint	**Count of cyclists, 8 – 9 am**		
	January 2017	**July 2017**	**Increase**
Cycle path at West Park	199	312	57%
Inner Road	22	33	50%
Queens Road	13	29	123%
Trinity Hill	54	79	46%
St Saviours Hill	12	27	125%
Mont Millais	12	21	75%
Route du Fort	37	52	41%
Havre des Pas	37	63	70%
Total	**386**	**616**	**60%**

Impressions and anecdotes

The volunteers at West Park bus shelter on the Inner Road, on the Western Cycle Path at Victoria Avenue and on Queens Road noted large numbers of pedestrians walking into town, sometimes significantly more than the cyclists. Volunteers at Queens Road, Mont Millais and Havre des Pas remarked on the heavy motorised traffic. Air quality was mentioned by volunteers at Victoria Avenue and 'fumes and the smell of petrol' on St Saviours Hill.

Several volunteers noted the noise, bustle, 'madness' and intimidatory nature of the busy roads. Many cyclists chose to 'take the lane' and cycle in amongst the moving traffic. This meant that they were travelling fast and close to cars and pedestrians, dependent for their safety on the decisions of many other road users. In other cases, including the complicated junction at the bottom of Mont Millais around the gates to Howard Davies Park, and at Havre des Pas, in desperation cyclists were seen to use pedestrian crossings and pavements to avoid waiting for the lights, and also presumably for safety, feeling threatened in the bustling traffic flows.

Other comments included the large numbers of single-occupancy cars and the lack of cycle helmets on Trinity Hill and at Havre des Pas, and the disappointing total absence of children cycling on the Western Cycle Path.

Many of the comments made applied on other routes too, but we can only report the remarks we received.

Conclusions and recommendations

We were surprised that the overall increase in cycling from winter to summer was so small, only 60%. We expected, with the warmer weather and with extra daylight during both daily commuting times, that numbers of cyclists would at least double if not treble. It appears that Jersey has a stalwart group of committed cycle commuters who brave all weathers and seasons, and not that many fair-weather cyclists who wait for the mild mornings and long warm evenings.

The large increase in pedestrian commuting in the summer was interesting. For a given journey length, there is more exercise to be had walking than cycling. Pedestrians are also feel naturally safer, being inherently allowed on the pavements and being provided with safe and established road crossings.

The ranking of the routes, in terms of cycling popularity, did not change from winter to summer. Mont Millais and St Saviours Hill are the least cycled, but since they combine at Five Oaks, they actually serve the same sector of the island and so that is probably not surprising.

In distinction to the Western Cycle Path, most of the northern and eastern routes into St Helier are big, dangerous hills and roads, with little provision for cyclists. Research has shown that people who do not currently cycle say, when asked, that they do not want to cycle mixed with heavy motorised traffic, that they find heavy traffic intimidating, and that they want subjectively to feel safe when cycling.[1] [2]

Short of covering Jersey’s countryside in more tarmac, or purchasing premises and gardens to widen roads, the only ways to give cyclists more space – space that is and that feels safe – is to take some convenience away from some motorists. Minor lanes in the countryside that do not see much traffic can be closed altogether to motorised traffic and turned into cycle lanes. If these are joined up and serve useful routes, then cyclists will use them, and motorised traffic will reduce accordingly.

1 Understanding walking and cycling, Lancaster Environment Centre, Lancaster University. 2011
2 Response to all-party parliamentary cycling group inquiry, ‘Get Britain Cycling’, Cycling Embassy of Great Britain. 2013

Such a program of conversion can be phased in. First of all the closure to motor traffic can be at peak times only. People who actually live on these lanes can be given residents' permits allowing them to drive only to and from their homes, perhaps with a speed limit such as 15 mph. If the scheme is successful, the hours can be extended up to 24x7, and the residents' permits may begin to require a fee (after all, the residents live on a cycle path: they may consider taking up cycling). There will always be exceptions for emergency vehicles, home removals, large deliveries and so on.

It is difficult to see how this can be extended to major two-lane roads such as Queens Road and Mont Millais with homes and gardens against each side, but if other measures reduce the volume of motor traffic, 'critical mass' points will be reached, particularly at certain times of day, when cyclists and pedestrians dominate the roads, with the feeling of safety that that brings. This is known to happen for example in places like Copenhagen and Amsterdam, as well as elsewhere.

Relevant to any long term traffic infrastructure planning must be recent decisions, such as the one by Volvo to cease production of all non-electric vehicles by 2040. Countries are also making plans; such as France to ban all petrol and diesel vehicles by 2040, Norway to do so by 2025, and Germany by 2035. Paris may ban all diesels as soon as 2020, and the whole EU may ban all petrol and diesel vehicles by 2030.

We have seen how the Internet has appeared from obscurity in the last 20 years and transformed many industries and human activities. Smoking indoors has gone from normal to never in less time than that. It is important that Jersey does not appear, to a world that is moving on, to be stuck in a timewarp, reliving the 1960s while everyone else is planning for the 2060s.