

WORTHING BOROUGH COUNCIL COMMUNITY INFRASTRUCTURE LEVY SCHEDULE EXAMINATION

Main Issues and Questions for the Examination

Main Issues for consideration by the Examiner

- A** *Is the charging schedule supported by background documents containing appropriate available infrastructure planning and economic viability evidence?*
- B** *Are the charging rates informed by and consistent with the evidence?*
- C** *Does the evidence demonstrate that the proposed charge rates would not put the overall development of the area at risk?*
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The setting of the levy has been informed by evidence including:

- Worthing Core Strategy (2011)
- Infrastructure Delivery Plan (2010)
- Infrastructure Funding Gap Review (Aug 2012 and May 2013)
- CIL Viability Assessment (Dec 2012 & Nov 2013)
- Construction cost study (May 2012)
- Preliminary Draft Charging Schedule (Jan 2013)
- Information on funding collected through S106 Agreements since 2005

The evidence base has helped the Council to undertake the following three key steps required to inform the setting of a levy:

- i) Ensure that there is an infrastructure deficit - i.e. that there is a proven need for the proposed infrastructure when matched with forecast growth and that there is sufficient evidence of infrastructure cost.
- ii) Demonstrate that there is an infrastructure funding deficit to meet the need identified in i) once all alternative funding sources have been identified.
- iii) Undertake a viability appraisal of the area through the use of the 'development equation' (see below).

Linked to development proposals set out in the Council's Core Strategy, the Infrastructure Funding Gap Review (CD02-12), which advanced work undertaken on the Infrastructure Delivery Plan (CD03-2) considered the

infrastructure required to support growth in the Borough. It then considered all alternative funding sources. This work demonstrated a clear funding deficit that would justify the introduction of a Community Infrastructure Levy.

In order to set a levy rate the Council then commissioned consultants to provide a CIL viability study that met the requirements of guidance and legislation and struck a balance between funding infrastructure from CIL and the effects that this would have on development viability. The work undertook an economic viability assessment of potential housing and commercial developments in the Borough and set out the maximum and recommended rates of CIL in Worthing for each category of development. The typologies for the development appraisal reflected the types of development that were most likely to come forward in the borough.

The Viability Assessment (CD02-6 & 7) and associated documents helped to address the development equation. This calculates viability by subtracting development costs from development value. In summary, the development value is the sales value of the site once the proposed development is completed. The development cost includes the price of the land, construction, fees, profit and developer contributions (which will include affordable housing, any other S106 contributions and CIL).

The residential rates proposed are underpinned by significant viability evidence taking account of the 30% affordable housing policy in the Core Strategy. Other policy requirements are also taken into account such as residual S106 agreement costs, building costs and typical developer profit levels. Further sensitivity testing was also undertaken. This approach is consistent with the National Planning Policy Framework (NPPF) para 173. The evidence demonstrates that the proposed rates will not affect the ability to develop sites viably and the scale of development will not be threatened. i.e. the overall development of the area will not be put at risk if the proposed rates are charged.

In setting the CIL rates the Council has therefore had regard to its evidence of infrastructure needs. In line with guidance and legislation the Council has then balanced this with the evidence in the viability study taking into account the characteristics and varying sales values in different parts of the borough for residential property. The proposed CIL rates are clearly informed by the evidence gathered and are based on reasonable assumptions about development values and costs. It has also taken into account evidence of the viability for retail development and the lack of general viability of other types of commercial, industrial and community development.

As set out in the Statement of Consultation (CD02-5) the Council, in line with regulations, undertook comprehensive consultation on both the Preliminary Draft Charging Schedule and the Draft Charging Schedule. Further testing was undertaken and, where appropriate, changes were

made to the emerging drafts in response to some the comments that were received.

In summary, it is considered that the proposed rates strike the appropriate balance for Worthing between securing additional investment for infrastructure to support development and the potential economic effect of imposing CIL upon retail and residential development across the Borough. The charges, which have been developed in consultation with key stakeholders, are in line with guidance and legislation. They are reasonable and it has been shown that they are not at a level that would impact on the viability of the majority of future development in the borough.

(Also see the Council's response to Question 1).