

Worthing Borough Council

COMMUNITY INFRASTRUCTURE LEVY (CIL)

REVISED DRAFT CHARGING SCHEDULE

WBC COMMENTS ON DCS REPRESENTATIONS

October 2020



WORTHING BOROUGH
C O U N C I L

Summary

Worthing Borough Council invited representations on its Community Infrastructure Levy (CIL) Draft Charging Schedule for an eight-week period from 30th June 2020 to 25th August 2020. Further information on the consultation process is set out in the Council's Statement of Consultation. This document states Worthing Borough Council's comments on each of the representations made

Statement of Representations

A total of seven (7) representations were received during the formal consultation period and in accordance with Regulation 17 of the Community Infrastructure Levy Regulations 2010 (as amended).

In addition, six more organisations acknowledged and thanked the Council for providing the opportunity to respond but confirmed that they had no comment to make.

A broad overview of the seven representations received (summarised in Appendix B) is as follows:

- Two representations simply refer to the content of the revised Draft Charging Schedule
- One representation supports the proposed 'greenfield' residential rate
- One representation supports the proposed flatted residential development of more than 10 units on PDL rate
- One representation relates to areas with heritage assets at risk
- One representations suggests a £0 charge for flatted residential development of more than 10 units on PDL
- One representation makes a number of points relating to the effect of COVID on the viability evidence used to set CIL and the impact that CIL may have on the viability of some developments types in the Borough

Worthing Borough Council comments on the summary of representations received on the Draft Charging Schedule during consultation between the 30th June 2020 and the 25th August 2020

| Ref | Respondent | Summary of Representations | WBC Comments |
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| 1 | Jessica Riches (South Downs National Park) | <ul style="list-style-type: none"> Clarification needed for 'net additional floorspace' in Charging Schedule – i.e. when the existing floorspace can meet the 'in-use' test | Added more detail to Charging Schedule to explain net additional floorspace and the need to meet the 'lawful in-use' test. |
| 2 | Eleanor Millward (Goring Residents' Association) | <ul style="list-style-type: none"> Support the proposed higher levy on Greenfield development - to the maximum amount you can charge | Support noted. |
| 3 | Kevin Bown (Highways England) | <ul style="list-style-type: none"> Charging Schedule should include an introduction to CIL explaining what it is and how it is set | Introduction section added on Page 4. |
| 4 | Lucy Bird (St William Homes LLP) | <ul style="list-style-type: none"> Generally support the proposed CIL fee of £25 per sqm for flatted residential development, as it is a decrease from current rate However, they highlight the need to balance between CIL, planning benefits and other policy requirements to help minimise the impact upon development viability, so that a site can be bought forward They welcome further discussion with the Council | Our consultants (DSP) consider the viability prospects for flatted development in the borough to be challenging generally. Where flatted development is unviable, this is not being/will not be caused by the proposed (nominal) CIL charge of £25/m ² . We agree there is a need to balance the impact on development viability with the need to raise funds for infrastructure which will make the development acceptable. A nominal charge such as this will enable some funding for infrastructure without making a significant difference to the viability position. |
| 5 | Alan Byrne (Historic England) | <ul style="list-style-type: none"> Believe that the rates proposed in areas where there are groups of heritage assets at risk are not set such as would be likely to discourage schemes being put forward for their re-use or associated heritage-led regeneration – in these areas there may be a case for lowering the rates charged Encourage the Council to introduce a CIL exceptional circumstances relief policy | <p>Our consultants (DSP) have not specifically assessed heritage assets.</p> <p>When considering an 'exceptional circumstances' relief, the Council has to consider the time/cost/resources that would have to go into assessing whether schemes are eligible for this relief – particularly when the overall CIL requirement is relatively small.</p> |
| 6 | Rebecca Hoad | <ul style="list-style-type: none"> Suggest a £0 charge for flatted developments on | As per point 4, the viability of flatted developments is |

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| | (ECE Planning – Roffey Homes) | <p>previously developed land (PDL) – believe that a CIL charge at any level would jeopardise the viability of flatted developments</p> <ul style="list-style-type: none"> • Suggest that the viability analysis shows that the inclusion of even a nominal CIL rate would negatively impact the viability of flatted development schemes and would result in negative viability negotiations • Suggest that some key input assumptions within the ‘base’ viability analysis of flatted schemes do not reflect the realities of these schemes, these include: standard construction costs; site works (abnormal and infrastructure works costs); and net to gross adjustment. • Adjusting the input assumptions to more realistic levels further worsens the viability • Note that no detailed appraisals and cash flows were made available, and summary appraisals were not provided for all typologies • Recommend that the Council should look to adopt a CIL exceptional circumstances relief policy | <p>challenging, however the nominal CIL rate proposed is shown not to significantly worsen the viability position – if sites are unviable this will not be as a result of the CIL charge.</p> <p>When considering an ‘exceptional circumstances’ relief, the Council has to consider the time/cost/resources that would have to go into assessing whether schemes are eligible for this relief – particularly when the overall CIL requirement is relatively small.</p> |
| 7 | George Burgess (WSP – St Clair Developments Ltd) | <ul style="list-style-type: none"> • Concern that the CIL Viability Assessment (March 2020), has not tested the viability findings in a COVID-19 environment – believe it is essential that any increased CIL rates are properly scrutinised and take into account the impacts of COVID-19 • Support the proposed lower CIL rates for flatted developments of more than 10 dwellings on previously developed land (PDL) • However, in order to ensure sufficient housing is provided to meet local demand, suggest the Charging Schedule should go further and make the CIL charge zero • Believe the COVID-19 pandemic will have worsened the viability position for flatted developments of more than | <p>The effects of the pandemic will be felt in many potential areas of influence on viability or deliverability, short term in particular. However, there could be a range of influences and effects, not necessarily all negative in their impact on viability or other matters.</p> <p>At the point of carrying out the assessment the impacts of COVID were not apparent. While there are unknowns, and potentially significantly so, it is possible to work only with available information at the point at which the study was carried out (remembering that the reporting date follows weeks / months of research and modelling).</p> |

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| | | <p>10 dwellings and therefore the £25 per sqm rate could render major flatted residential developments completely unviable</p> <ul style="list-style-type: none"> • Suggest that the financial burdens of development must be minimised as much as possible in the current economic climate to ensure that much needed housing is delivered • The currently adopted CIL rate within the town centre (Zone 1) for Class C3 developments is £100 per sqm and the proposed new rate (for developments of 10 dwellings (Class C3) or less in the ‘Built Up Area Boundary’) would therefore represent a 25% increase on this • The CIL Viability Assessment suggests a CIL rate of circa £100 to £125 per sqm • Suggest a significantly lower rate than £125 per sqm (or even nil) for developments of less than 10 dwellings in the ‘Built Up Area Boundary’ – to reflect the uncertainty in the development sector and financial stress that businesses are under • Suggest the introduction of a CIL exceptional circumstances relief policy, to enable key developments to come forward where they may otherwise be rendered unviable • Encourage amendments to CIL Instalment Policy to extend the times within which the CIL payment is required – given the current economic climate and major financial constraints of many developers • Suggest the revised Charging Schedule includes a provision to allow part or full CIL relief for mixed-use town centre developments which maintain retail uses at ground floor – as a way of attracting additional retail development within the town centre | <p>At the time of writing, the Government has introduced a stamp duty holiday and the housing market is at least temporarily performing well. This is an example of where the COVID-19 environment can include government interventions that improve viability. Proposals have also been put forward for relaxation of affordable housing obligations due to Covid-19. The CIL Regulation amendments (COVID) 2020 allow developers to defer CIL payments if they are experiencing financial difficulties for reasons connected to the effects of COVID-19, and also to credit interest accrued on late CIL payments.</p> <p>The viability work contains information on the impact of varied assumptions. Additionally, in considering the assessment DSP have also sought to provide wide sensitivity testing; and the assumptions include a level of ‘buffering’ to ensure that development is not pushed to the margins of viability.</p> <p>Regarding the charge on flatted developments, see the response to points 4 and 6, above. Again, if a development is deemed viable enough to come forward, the proposed CIL charge will not have sufficient effect to make it unviable and prevent it from proceeding.</p> <p>The need remains to provide infrastructure. The Council needs to strike an appropriate balance between viability and the desirability of funding infrastructure.</p> <p>When considering an ‘exceptional circumstances’ relief, the Council also has to consider the time/cost/resources</p> |
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| | | <ul style="list-style-type: none"> • Suggest that the revised Charging Schedule should not introduce any CIL charges for live/work developments, as no viability testing has been undertaken on such forms of development and a charge would kill the market for live work schemes and reduce further the provision of flexible space for start-up businesses | <p>that would have to go into assessing whether schemes are eligible for this relief – particularly when the overall CIL requirement is relatively small.</p> <p>Regarding part or full CIL relief for mixed-use town centre developments, the relevant CIL rates would be applied to each element. The CIL rates would be applied to each element of a scheme individually so that the residential element was charged at the residential rate; the B1a / retail rate was charged at the retail rate. For predominantly flatted development there already exists effective relief through a lower (or possibly nil) charge on the flatted element.</p> <p>Regarding live/work developments, this could be resolved by removing the mention of the use classes (e.g. so it doesn't specify Residential (C3)). Therefore live/work units are classified as residential and would pay CIL. Typically live/work units would be conversions and as such not CIL liable in any event. Regarding any potential new build live/work units (assuming hybrid B1a / C3 uses), the residential element would be charged at the residential rate, with the B1a element charged at nil currently. This could potentially end up as a very low or nil charge if flatted live/work units as the flatted charge is low (or possibly nil) and there is no charge on B1a.</p> |
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