

The Planning Policy Team
Planning Services
Woking Borough Council
Civic Offices
Gloucester Square
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29th August 2013

Dear Sir

Consultation on the Community Infrastructure Levy Draft Charging Schedule

Thank you for the invitation to comment on Woking Borough Council's Community Infrastructure Levy Draft Charging Schedule.

Berkeley Strategic specialises in the promotion of sustainable urban extensions across the South East of England and have considerable experience in the successful delivery of viable developments of this nature which deliver significant benefits for local communities.

Our comments on the Draft Charging Schedule, which are set out below, are therefore made within the context of the viable delivery of strategic urban extension development sites.

Core Strategy

The adopted Woking Borough Core Strategy sets out that in order to deliver the planned level of housing growth in the borough, Green Belt site(s) for about 550 dwellings will need to be released for development after 2021/22. A Green Belt review is currently being undertaken and therefore it is not yet known whether this requirement will be delivered on a small number of large sites or a larger number of small sites. There are however, Green Belt sites being promoted for development which could deliver in the region of 300 homes.

The 550 homes to be provided on Green Belt sites represents over 10% of the planned level of housing growth in the borough and therefore represents a significant component of housing supply. Berkeley therefore considers that it is imperative that the implications of CIL on the viable delivery of large scale Green Belt sites, potentially providing circa 300 homes each, are properly considered in the formulation of the CIL.

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Proposed CIL Rates & Economic Viability

The Draft Charging Schedule proposes a CIL charge of £125m² for residential development, excluding affordable housing, for the rest of the borough outside Woking Town Centre, Sheerwater and Maybury. The proposed Green Belt development will take place within this charging zone.

Berkeley considers that the viability assessment which provides evidence to support the proposed CIL rates is based on a set of residential development assumptions that are not realistic and do not reflect the full range of residential development schemes which will come forward in the borough.

The viability assessment has tested residential development scenarios ranging from 1 house to 100 flats. The largest housing scheme which has been tested is for 15 houses. The limited range of scenarios tested means that the impact of CIL on larger scale, predominantly housing, sites has not been evaluated. As is set out above, the need to release Green Belt sites to deliver circa 550 homes may mean that large-scale development sites of circa 300 homes will need to be brought forward to deliver a substantial proportion of the borough housing requirement. The impact of CIL on the viability of this type of residential site has not been evaluated.

The on-site infrastructure costs associated with larger development schemes are generally significantly greater than the smaller schemes that have been evaluated in the viability assessment. This on-site infrastructure will continue to be secured through s106 agreements and therefore is likely to be additional to CIL unless it is agreed with the borough council that it can be treated as payment in kind. Therefore, the viability of larger sites is more critical and very sensitive to additional development costs such as CIL.

The exposure of large-scale sites to higher on-site infrastructure costs is highlighted by Berkeley's experience. The viability assessment assumes that s106 costs will average £1,500 per unit. No additional allowance has been made for abnormal infrastructure costs, such as utility and drainage infrastructure reinforcements. Berkeley's experience in the delivery of major development projects across the South East shows that these costs (s106 and abnormal infrastructure) generally range between £20,000 - £30,000 per unit. Even allowing for the introduction of CIL and the scaling back of s106 costs the allowance of £1,500 per unit assumed in the viability assessment is unrealistically low.

It is therefore regarded by Berkeley that a failing of the viability assessment is that the impact of CIL on this type of site, which will be central to the delivery of housing in the borough, has not been tested. It is suggested by Berkeley that an addendum to the viability assessment needs to be prepared to assess the impact of CIL on a greenfield site of 300 houses. The outcome of this assessment may necessitate an amendment to the Draft Charging Schedule to propose a lower CIL rate for large scale greenfield sites.

To mitigate this effect of CIL it is essential that there is a mechanism put in place which permits viability to be assessed and negotiated on a site by site basis. Given that CIL will be a fixed levy which is non-negotiable, the only areas of flexibility where negotiation of viability can take place is in relation to the retained s106 and affordable housing provision. Berkeley considers that it is essential that such a viability review mechanism is put in place by the borough council.

To ensure that the infrastructure provided on large sites through s106 agreements is equitable to the development proposed, the Charging Schedule should make provision for the cost of on site infrastructure or the provision of land, which meets a wider infrastructure need beyond that generated by the development site, to be off set against CIL payments. Alternatively, these infrastructure items could be included within the Regulation 123 Schedule and paid for by CIL. Berkeley therefore, welcomes the recognition in Section 5 of the Draft Charging Schedule that land and potentially infrastructure can be treated as payment in kind and discounted from the CIL liability.

I hope that these comments are constructive and help to ensure that the level of CIL set for Woking Borough achieves the necessary balance between delivering the infrastructure required to support sustainable development and ensuring the viability of development.

Berkeley would like to request the right to be heard by the examiner at the examination.

Yours sincerely

A black rectangular redaction box covering the signature of Jon Lambert.

Jon Lambert
Planning Director

