

Non-Technical Summary

This report concludes that, subject to modification, the Worthing Borough Council Community Infrastructure Levy Charging Schedule provides an appropriate basis for the collection of the levy in the area. The Council has sufficient evidence to support the schedule and can show that the levy is set at a level that will not put the overall development of the area at risk.

Two modifications are needed to meet the statutory requirements. These can be summarised as follows:

- **Setting a nil rate for residential development in low value areas, as defined**

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development. In effect, it is assumed that the increase in the value of the land resulting from the planning permission is shared equally between the landowner and the local authority/community, in the

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difficulty in selling any of the dwellings until the development is entirely complete), particularly for smaller developers who do not have the volume home builders' ability to share costs and risks across a large number of developments.

17. On the other hand the appraisals do not account for existing floorspace which would be discounted from the CIL charge, reducing, or even eliminating, the CIL charge for residential development on existing residential land. Moreover, I accept the Council's contention that a developer's profit of significantly less than 20% is appropriate for, effectively pre-sold, affordable housing given the minimal risk.
18. On the submitted evidence, it is not possible to balance these various factors to clearly identify which residential schemes on existing residential land would be viable with the proposed £100 CIL charge. However, taking account of CD06/10 and the points outlined above, it is reasonable to assume that whilst some such schemes would be viable, the CIL charge would make others not. It is therefore necessary to understand the likely importance of residential development on existing residential land to the sites and scale of development identified in the CS: the CIL Guidance makes clear 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.
19. Based on the average rate of 190 dwellings per year², the CS seeks to provide in the order of 2470 new dwellings to the end of the plan period in 2026. Document CD06/2 identifies that for the period 2013-2018 there are extant permissions for 1529 dwellings which are considered to be deliverable. With permission in place these developments would not be subject to CIL, although it is notable that around only 10% of these dwellings would be on existing residential sites. Additionally, the Strategic Housing Land Availability Assessment (SHLAA) Review identifies the availability/suitability of land for 969 dwellings (as of 1 April 2014), only 37 of which are sites currently in residential use. Together this provides for 2498 dwellings slightly more than the CS target, around only 200 of which are on existing residential sites.
20. The Council accepts that it is unlikely that every single existing permission and SHLAA site will be developed as envisaged and that, thus, some residential development on "windfall" sites is likely to be necessary to meet the CS housing target. I recognise that there cannot be an unlimited supply of suitable windfall sites in existing commercial, as opposed to residential, use. However, there is no persuasive evidence that the existing situation of the vast majority of new housing being developed on sites not currently in residential use will not continue for the current plan period. Consequently, I conclude that the residential redevelopment of existing residential sites is likely to be of minimal importance to the delivery of the sites and scale of development identified in the CS.
21. I recognise that there may be a need to increase housing provision in Worthing in the future and that this may require greater redevelopment of existing residential land. However, that would require a reviewed or new Core

² See footnote 1.

Strategy, whereas the CIL schedule must be considered against that which was adopted in 2011.

22. Given the likely effect of the proposed CIL charge on the viability of some residential schemes on existing residential land it has been suggested that such development should be the subject of a zero rate. However, whilst the Regulations permit rates to be varied by geographical zone, intended use and gross internal area/number of units, they do not permit variation based on the existing use of the land. Consequently, the only feasible way to ensure that the proposed CIL charge would not make any residential to residential development unviable would be to zero rate all residential development in the Borough. This would reduce the forecast CIL income by around 60%. Given the likely minimal importance of residential to residential development to the delivery of the sites and scale of development identified in the CS, this would not represent an appropriate balance between securing the funding of infrastructure and the potential impact on the economic viability of development.
23. Nonetheless, the updated appraisals of general purpose housing (CD06/9) indicate that in low value areas only executive housing on greenfield land would be viable with the proposed £100 CIL charge, although on the basis primarily that little residential development would be likely to come forward in these locations, the Council has concluded that a separate rate should not be set for these areas. However, this argument is not logical in terms of striking an appropriate balance. The updated appraisals show that, whilst viable in their own right, it is the proposed £100 CIL charge which in low value areas would make unviable executive housing on brownfield land, suburban housing on greenfield land and mixed residential development on both greenfield and brownfield land. Consequently, by imposing a £100 CIL charge it is very likely that this development would not materialise and thus no CIL income would be secured. Conversely, if no CIL were to be charged on residential development in low value areas, little or no CIL income would be foregone but the potential for otherwise viable residential development to come forward to contribute towards housing needs would be significantly increased.
24. Notwithstanding the evidence of the updated (September 2014) appraisals, the Council has argued that in recent months the housing market has improved in the low value areas and refers to the recent Cissbury Chase development (located in a low value area) achieving average prices per sq m significantly higher than the Yeoman Chase development, located in what is described as a medium value – edge of low value area. Additionally, September 2014 ZOOPLA data indicates that for Broadwater, one of the low value area wards, the current average house price per sq m is around the same as that of the medium value areas when the val

indicates that development cost, including policies on affordable housing,

majority of retail development is pre-let or pre-sold the assumed developer's profit of 17.5% is also appropriate.

35. The maximum viable CIL rates indicated by the appraisals generally vary more by type of retail use (eg food retail versus general retail) than they do by size of development and, thus, the evidence does not support a differential CIL rate for smaller and larger retail development. The appraisals indicate that a higher than proposed CIL charge could be viably levied on certain types of retail development (eg general retail). However, whilst other authorities have done so, there is no specific evidence to indicate that Worthing Borough Council's decision not to do so means that it has not struck an appropriate balance in setting its rate, bearing in mind the need to avoid selective assistance resulting from differential rates and the desirability of an uncomplicated schedule. The key point is that the evidence demonstrates that the viability of most retail development likely to come forward in the borough would not be undermined by the proposed £150 per sq m charge. That the proposed rate is significantly higher than retail rates proposed or in place in other districts in the area is not evidence that a £150 per sq m levy would be likely to render unviable otherwise viable retail development in Worthing.
36. Although it is not a factor specifically tested in the appraisals, the Council does not contradict the contention that the proposed retail CIL charge could threaten the viability of retail development which incorporates car parking in a building (eg a multi-storey or undercroft car park). I concur with this point and it is common sense evidence that such car parking p

charges, I am satisfied that other detailed criticisms of the appraisals' assumptions would be unlikely have a significant impact on the viability of development.

39. Consequently, CIL would be unlikely to put the overall development of the area at serious risk.

Conclusion

40. Changing economic circumstances have been a feature of the period during which the Council has sought to develop its CIL schedule. However, my recommendations are based on the detailed viability evidence as set out in the October 2013 CIL Viability Assessment and the September 2014 Revised and Additional Viability Appraisals. Other, essentially anecdotal, evidence about improved economic conditions is not an appropriate basis on which to make recommendations about the schedule, although it may point to the desirability of a fully evidence-based early review of the schedule.

LEGAL REQUIREMENTS	
National Policy/Guidance	The Charging Schedule (modified as recommended) complies with national policy/guidance.
2008 Planning Act and 2010 Regulations (as amended)	The Charging Schedule (modified as recommended) complies with the Act and the Regulations, including in respect of the statutory processes and public consultation, consistency with the adopted Core Strategy and Infrastructure Delivery Plan and is supported by an adequate financial appraisal.

41. In the light of the above, and having regard to all other matters raised in writing and at the hearing session, I conclude that subject to the modifications set out in the Appendix the Worthing Borough Council Community Infrastructure Levy Charging Schedule satisfies the requirements of Section

Appendix – Modifications

In respect of modifications EM1 and EM2