

Statement of Consultation: Preliminary Draft Charging Schedule

COMMUNITY INFRASTRUCTURE LEVY

FEBRUARY 2014

Local Development Framework Team
Department for Environment and Neighbourhood Services
Reading Borough Council
Level 8
Civic Centre
Reading RG1 7AE

Email: ldf@reading.gov.uk



www.reading.gov.uk



Reading
Borough Council
Working better with you

<u>CONTENTS</u>		PAGE NO.
1.0	INTRODUCTION	3
2.0	TOPIC ISSUE 1: Method of Development Viability/ General Comments on Approach	3
3.0	TOPIC ISSUE 2: The Inclusion of Retirement Housing Within the General Housing Category Does not Adequately Reflect the Different Viabilities of These Development Types	9
4.0	TOPIC ISSUE 3: Appraisals Need to be Recalculated to Take Account of the Policy Compliant Situation (Reference Mid Devon CIL Examination Inspector's Report)	10
5.0	TOPIC ISSUE 4: Economics of Refurbishment/ Conversion Schemes	11
6.0	TOPIC ISSUE 5: Retail Representations	12
7.0	TOPIC ISSUE 6: Why is There a Proposed Retail CIL Rate When There are no Retail Allocations in the Sites and Detailed Policies Document?	13
8.0	TOPIC ISSUE 7: Development in the District Centres Should be in the Same Category as the Central and Core Charging Zones or Considered Separately	14
9.0	TOPIC ISSUE 8: Other Issues Raised	14
	APPENDIX 1: Summary of Key Issues Raised Through the Preliminary Draft Charging Schedule	22
	APPENDIX 2: Summary of Each Individual Representation	37

1.0 **INTRODUCTION**

- 1.1 The Council consulted on the Preliminary Draft Charging Schedule and supporting evidence for the Community Infrastructure Levy (CIL) for a period of six weeks between February and April 2013. A total of 33 responses were received. The consultation was sent to a total of 749 individuals, organisations, developers, statutory consultees and internal officers and councillors, as well as the consultation being advertised in the local press and on the Council's website.
- 1.2 In addition a Briefing was held on 6th March 2013, targeted at smaller local agents and developers. It was attended by a total of 45 local agents, developers and legal companies. The purpose of the Briefing was to provide a broad overview of CIL, allow an opportunity for a question and answer session and to summarise the next steps. This culminated in the production of a further question and answer document, which is available to view on the website along with the presentation that was given.
- 1.3 The Council has prepared a summary of the key issues identified through the consultation responses and who the respondent was. This is attached at Appendix 1. Appendix 2 is a summary of each of the individual representations received identified by respondent. The full original representations are available to view online on the Council's website at <http://www.reading.gov.uk/businesses/planning/planning-policy/cil/>
- 1.4 Rather than responding to each representation, which is resource intensive and repetitive, Council officers and the consultant BPS, who undertook the original Economic Viability Assessment for CIL (February 2013), have prepared responses to common issues from the consultation which lend themselves to being dealt with in one paper. This is set out below under each defined topic issue.

2.0 **TOPIC ISSUE 1:**

Method of Development Viability/ General Comments on Approach

- 2.1 Paragraphs 2.2 to 2.39, 3.4 to 3.8 and 6.1 to 6.13 were prepared by BPS Chartered Surveyors on behalf of Reading Borough Council and cover points under a number of sub-headings.
- 2.2 BPS Chartered Surveyors was appointed by Reading Borough Council to undertake a viability assessment of development in the Borough as the basis for informing the Council on viability in relation to adopting a CIL Charging Schedule. In accordance with advice set out under the Document "Viability Testing Local Plans"¹ the assessment sought to reflect existing policies and to reflect the requirements set out in the National Planning Policy Framework (NPPF).
- 2.3 As part of the above process BPS invited a wide range of local property agents and developers to participate in the information gathering process and this feedback was incorporated into the report's findings.

¹ Produced by the Local Housing Delivery Group Chaired by Sir John Harman June 2012

a) *The choice of site typologies used*

2.4 Comprehensive information has been provided in respect of the assumptions which have been adopted by the appraisals and the results of the appraisals have been provided in full. The actual workings would not of themselves therefore present any additional information which has not already been provided other than perhaps the opportunity to check the actual calculations. The modelling used has been rigorously tested in this respect so there would be no apparent benefit to be gained and would involve presentation of literally hundreds of pages of material which of itself would be likely to be confusing to the reader.

b) *Residential values in the economic viability assessment report are too high*

2.5 In order to generate residential values for the appraisals Land Registry data was acquired. This comprised two sources:

- I) All residential transactions for the Reading area for the most recent 12 month period. This data was broken down by location and by unit type. In
- II) All new build residential transactions for the most recent 24 month period. Again the data was broken down by unit type and location.

2.6 In addition to the above an extensive consultation exercise was undertaken with local estate agents and developers who were invited to inform this process.

2.7 The analysis of both the land registry data and the responses to the consultation exercise are set out within the report. It will be seen that the values directly generated from this analysis were adopted.

2.8 The report was concluded in February 2013. The following chart shows how the Land Registry's House Price Index has moved since 2010



- 2.9 It can be seen that since mid-2012 there has been some growth in values. The data used in the report does not reflect this growth due to the time lag inherent in obtaining complete information from the Land Registry. In consequence it appears that the report rather than overstating values may well understate values.
- c) *Land values need to reflect the recent appeal case APP/X0360/A/12/2179141 - Land at The Manor, Shinfield, Reading RG2 9BX, in identifying adequate incentives for landowners and competitive returns*
- 2.10 Land value was based on extensive research through a combination of the following:
- i) Published land transactions listed on data bases such as EGI
 - ii) Land transactions identified from Auction sales
 - iii) Land transactions undertaken by the Council or where knowledge of land transactions was available to the Council
 - iv) Consultation with local agents and developers
- 2.11 In addition to the above regard was taken of the land values adopted by the Council's proposed land values which were adopted within the LDF - Affordable housing Contributions document where a critical analysis, on behalf of the Council, in relation to their in-house submission, was undertaken. This document has been adopted following Examination in Public.
- 2.12 It is not envisaged that additional information will realistically be available on land value beyond the sources already identified. The suggested land values are consistent with market evidence.
- 2.13 The imputation of the question is that land values should have changed substantially as a consequence of the "Shinfield" decision to which the following views are offered.
- 2.14 In summary of the case the Inspector took the view that the land value benchmark should be based on the midway position between the site's EUV/CUV and its value with the benefit of consent sought but without any planning obligations. If this approach is applied in all instances it is inherent that no scheme would ever deliver a policy compliant scheme as by the very fact of taking a mid-point position, this excludes the possibility of any outcome above the midway position. This outcome is clearly in conflict with the process by which development plans are prepared and viability tested.
- 2.15 Viability for plan purposes is defined in the "Viability Testing Local Plans" - Advice for planning practitioners written by the Local Housing Delivery Group.
- "The primary role of a Local Plan viability assessment is to provide evidence to show that the requirements set out within the NPPF are met. That is, that the policy requirements for development set out within the plan do not threaten the ability of the sites and scale of that development to be developed viably.*

The role of the test is not to give a precise answer as to the viability of every development likely to take place during the plan period. No assessment could realistically provide this level of detail. Some site-specific tests are still likely to be required at the development management stage. Rather, it is to provide high level assurance that the policies within the plan are set in a way that is compatible with the likely economic viability of development needed to deliver the plan."

2.16 To paraphrase the above guidance the policies should be set at levels both achievable and which allow for the necessary incentives described by the NPPF. It is therefore illogical to adopt a stance which determines that schemes deliver at a point below this level in all instances.

2.17 Therefore if an affordable housing policy target has been appropriately defined and tested and adopted it should reflect an achievable level of provision in some not necessarily all developments. Adopting the "Shinfield" principle in all instances would immediately result in land values being taken to a higher level on those sites which could deliver policy compliant levels of affordable housing with the net result that policy compliance would no longer be viable.

2.18 The Inspector made the following key comment in his ruling: *"Determining what constitutes a competitive return inevitably involves making a subjective judgement based upon the evidence"*.

2.19 The view is that the ruling should therefore not be applied on a blanket basis to all land transactions both because this would be contrary to the clearly established principles on which planning policies have been set and such an approach would not as suggested by the Inspector reflect an evidenced based judgement which is necessary in every instance. In consequence there is no compelling reasons why the land values adopted in the appraisals should be subject to revision in view of this case.

d) The report should have identified the separate viability characteristics of large flatted schemes and regeneration schemes such as the Station Hill development

2.20 The objective in scenario testing is to establish the viability of typical developments. The report sets out in detail how the land allocations for development have been explored, together with a detailed analysis of windfall sites to arrive at a full understanding of the land supply in Reading.

2.21 It is recognised that some current developments do not fit with the scenarios as modelled however this does not invalidate the fact that the scenarios are based on the most typical sites where Station Hill can be argued to be untypical of the wider market. There will be instances where there are abnormal or atypical site or development costs that will require individual viability assessment where the development proposed is not in accordance with policy requirements.

2.22 Statutory Guidance on CIL issued April 2013 makes the following statement:

"The legislation (section 211 (7A)) requires a charging authority to use 'appropriate available evidence' to inform their draft charging schedule. It is recognised that the available data is unlikely to be fully comprehensive or exhaustive. Charging authorities need to demonstrate that their proposed CIL rate or rates are informed by 'appropriate available' evidence and consistent with that evidence across their area as a whole."

2.23 The scenarios modelled represent typical developments identified through both allocated and windfall sites. Consequently they are considered to be appropriate available evidence. The absence of a site specific scenario such as Station Hill is justified in that the modelled is not required to be fully comprehensive.

e) The appraisals should reflect current developer profit requirements

2.24 The base case assumption in relation to residential development assumes a developer profit of 20%. It should be recognised that this is used as a minimum profit requirement as quite clearly developers will seek to maximise profit where this potential exists. This rate is consistent with viability testing both in relation to CIL viability assessments and BPS's personal experience across London and the South east where they act for a number of Local Authorities in assessing the viability of major applications.

f) There should be an adequate reflection within the report's appraisals for abnormal development cost

2.25 The base build cost assumptions adopted within the appraisals were based on BCIS all tender prices index. Abnormal developments relate to the provision of works other than basic construction. Having analysed the supply of allocated development sites and windfall sites it is apparent that a significant majority of the land supply will come from sites which have previously been developed. Consequently, and excluding demolition, site abnormals could be expected to be less than equivalent green field sites.

2.26 In modelling costs in the appraisals it was decided to not to make a specific allowance for abnormal development costs, instead an allowance for an additional 15% of base build costs to cover site abnormals and external development costs. Whilst individual site circumstances are likely to vary this was considered a realistic generic assumption to adopt.

g) The report appears to set the CIL charge at the margins of viability without allowing a cushion in case market conditions deteriorate

2.27 The report sets out analysis of the impact of different charging levels in terms of the impact on the development viability for each of the scenarios modelled. The conclusions are set out in 6.31 to 6.6.34 of the original report (Feb 2013).

2.28 It was concluded that a number of scenarios were not currently viable given market conditions prevailing at the time of the report's preparation irrespective of whether a CIL charge was levied. This picture is consistent with the picture nationally where there is currently significantly less development taking place when compared to periods of economic growth.

2.29 In consequence it is not seen as reasonable that a nil charge should be adopted simply because of a wider economic problem. Local Authorities are charged under the Statutory Guidance issued in April 2013 with:

"7. Regulation 14 requires that a charging authority, in setting levy rates, 'must aim to strike what appears to the charging authority to be an appropriate balance between' the desirability of funding infrastructure from the levy and 'the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area"

2.30 The impact of CIL should therefore focus on its impact on those development scenarios currently considered viable and seeking to strike the balance sought as identified above.

2.31 It will be seen from Chart 11 on page 40 of the report that the proposed residential charge would not result in the majority of development scenarios becoming non-viable instead it clearly indicate a suggested balanced approach.

2.32 It should also be recognised that the conclusions of the report are intended to simply provide a guide to Council Members in serving to identify a balanced charge.

h) Sensitivity testing should allow for the need for developers to generate higher profit margins

2.33 The economic downturn that took place from 2010 resulted in a number of changes, primarily within the banking and finance sectors in relation to development funding.

2.34 The number of funding sources contracted significantly as did funding to the sector as a whole. Borrowing terms became much stricter with requirements for greater developer equity participation and for higher profit margins.

2.35 The impact of these changes was to drive standard profit assumptions up from around 17% to 20%. This change came at a time when house price growth was either flat or contracting depending on the location of the development which would normally drive profit margins to be squeezed. The net result being that a significant number of developments stalled having failed to meet the necessary profit criteria.

2.36 In approaching the viability assessments the relative profit margins sought over the life of the most recent economic cycle were considered, and it was concluded that it was realistic to assume that the current position of restrictive terms associated with lending and higher perceived risk from development due to lack of price growth were unlikely to be matched at other points in the cycle, and therefore the need to generate higher profit margins was highly unlikely. This assumption has been to a large extent validated by a resumption of economic growth, albeit at relatively low levels, and an increase in business optimism.

2.37 Many authoritative sources are forecasting widespread house price growth including the RICS, Rightmove, Most national newspapers etc. Growth is a prerequisite to developments coming forward as profit is driven by growth. It

should be noted that in setting profit targets at 20% this is identified as a minimum profit not a maximum.

- i) *There should be an allowance for site specific S106 charges to be included within the appraisals*

2.38 This assumption was considered at length with the Council prior to completion of the appraisals. It was concluded that CIL would represent the relevant charge for all sites in relation to their contribution towards infrastructure. Where site specific charges might be contemplated these would be of a minor nature as the funds would need to be expended on site specific mitigation and would not relate to items which would otherwise be pooled through the CIL charge. For example education charges would need to be pooled. It was also not envisaged that many sites would have a site specific charge levied therefore it was concluded that viability should be modelled without a site specific charge to provide the most representative generic picture overall.

3.0 **TOPIC ISSUE 2:**
The Inclusion of Retirement Housing Within the General Housing Category Does not Adequately Reflect the Different Viabilities of These Development Types

- 3.1 Reading BC rarely receives applications for retirement accommodation. Most of those were also applications for extra care housing being provided by the Council or Registered providers that would have qualified as affordable housing and thus been largely subject to CIL relief. They are not a representative form of development in the Borough and, consequently, they did not feature as a form of development that the council should give separate detailed consideration to in terms of viability.
- 3.2 National trends point to an ageing population, which will see an increase in the need for specialist forms of accommodation such as retirement housing and other specialist housing. However, these forms of development still have impacts and resulting infrastructure needs that need to be mitigated. In addition they tend to involve small individual dwelling units with low floorspace per unit. The relative charge per unit/occupant will therefore be relatively low compared with general housing units.
- 3.3 Even if one accepts that the costs of construction and marketing/sales of retirement/specialist accommodation are different to the costs of construction of standard housing, no evidence has been submitted to demonstrate why those differences occur (why are sales of retirement accommodation slower than standard house sales) or the scale of those differences (e.g. the additional build costs of retirement unit). In the absence of evidence, it has to be concluded that the differences are relatively modest and would have limited effect on the costs and thus CIL rates.
- 3.4 The approach taken to considering a number of land use together, namely Residential/ Hotels /Care Homes/ Hotels/ Private Rented Hostel Accommodation (including student accommodation) was expressly because all these land uses can

potentially compete for the same land for development. Statutory Guidance issued in April 2013 makes the following statement:

40.

"In all cases, differential rates must be set in such a way so as not to give rise to notifiable State aid - one element of which is selective advantage. Authorities who choose to differentiate rates by class of development or by reference to different areas, should do so only where there is consistent evidence relating to economic viability that constitutes the basis for any such differences in treatment. It is the responsibility of charging authorities to ensure that their charging schedules are State aids compliant."

3.5 The representations received have advised that sheltered accommodation developments are consistently higher with BCIS than for other forms of housing development. It is also evident that sales values can also match or exceed the general market.

3.6 It is noted that they generally have less efficient gross to net floor area ratios within the built space, but can often increase overall density by virtue of not having to provide a high level of car parking or external amenity areas.

3.7 On balance the view remains that there is no special case justification for treating sheltered housing schemes as being radically different from other forms of housing.

3.8 The general care home market has however, been looked at in more detail, and it is accepted that the economics of this land use are substantially different from general housing. It is also noted that those authorities with whom comparisons have been drawn, have generally identified this use as a separate use from general residential development and adopted a £0 charge, which is an approach to be supported in relation to Reading.

4.0 **TOPIC ISSUE 3:**
Appraisals Need to be Recalculated to Take Account of the Policy Compliant Situation (Reference Mid Devon CIL Examination Inspector's Report)

4.1 A number of representations referred to the Mid Devon CIL Examination Inspector's Report. The Inspector stated that,

"The key test is ...whether or not the assumptions upon which the proposed level of CIL are based would undermine the delivery of the DP targets, particularly with regard to affordable housing provision."

He considered that using assumptions based on rates of affordable housing provision lower than the full target set out in the DP,

"will put the provision of affordable housing at serious risk."

He found that,

"The Council should have taken all its policy requirements, including affordable

housing, into account when setting the CIL rate and on this basis it can be concluded that the viability evidence, on which the proposed charge is based, is not robust."

He accepted a much lower CIL charge that was based on an assessment of the viability of development based on the full policy requirement set out in the council's Core Strategy.

4.2 The Inspector reported that, *"Reference was made by the Council to the Redbridge CIL charge which is based on a 30% affordable housing provision, rather than on 50% which is the requirement in the Redbridge Core Strategy. I have not seen the evidence from which the Examiner drew his conclusions and can therefore only give little weight to this matter. The evidence and the Inspector's conclusions for the Redbridge CIL examination have been considered."*

4.3 In light of consideration of the conclusions of the Mid Devon Examiner's Report, the Council has accepted that in the current market a target of 50% affordable housing is not viable. As a result the Council is publishing a Pre-Submission Draft Alteration to its Local Plan dealing solely with the issue of affordable housing. The Draft Alteration proposes to reduce the affordable housing targets in the local plan on the basis of viability work undertaken for CIL. The Draft CIL Charging Schedule will be based on viability assessed on the basis of the Draft Alteration. The Draft Alteration will be progressed in parallel with the process for submitting and examining CIL.

5.0 **TOPIC ISSUE 4:** **Economics of Refurbishment/ Conversion Schemes**

5.1 The issue which has been raised is that the economics of conversion schemes are very different to new build and that any viability assessment needs to recognise this, in particular where landowners have the option to refurbish and re-let or sell their existing buildings, the CIL charge could render any redevelopment scheme unviable.

5.2 For many schemes where a building is being reused, where it meets the conditions in the CIL Regulations (amended in February 2014), CIL will not be payable on the area being converted. Therefore, the issue relates only to conversion of properties which would be caught under the Regulations. In general it is to be supposed that conversion represents a cheaper alternative to demolition and reconstruction, other than in very limited circumstances such as conversion of listed buildings, where enabling arguments can be brought to bear. Consequently CIL will be less of an issue for these schemes. The numbers of such schemes are likely to be such that they should not necessarily be considered as a separate category of development and costs will vary significantly from scheme to scheme.

6.0 **TOPIC ISSUE 5:**
Retail Representations

a) *Assumed retail rents are too high*

6.1 In considering this comment it has been assumed that the comment related to assumptions relating to the out of town retail scenario. This was based on a single stand-alone store which is typical of a foodstore but not of a retail park. However, in order to avoid skewing the appraisal to one form of out of town retail the rents adopted were based on retail park rents of £215 per sq m overall.

6.2 The choice of scenario and appraisal assumptions were influenced by the sites with identified retail potential. It was considered that of the three sites identified in 1.6 Appendix H (of BPS, Viability Study, Feb 2013) only one had the necessary scale available to accommodate a retail park and is not currently identified for major retail development. There is also a market perception that Reading has a sufficiency of out of town retail accommodation. The possibility of a new major retail park to be relatively remote was therefore considered.

6.3 The assumed rent was based on analysis of retail transactions in the Reading area for modern retail parks and was current as at the time of preparing the report.

6.4 It is acknowledged that the approach taken does not reflect rents appropriate for other forms of out of town retail development and this is picked up in the points below.

b) *The use of a single greenfield scenario in modelling out of town retail is considered to be insufficient*

6.5 It is believed that this point is aimed at identifying the differences between the different out of town retail types and is addressed below:

c) *It is unclear how the retail charge has been calculated*

6.6 The retail charge was set through analysis of a development scenario which was then subject to sensitivity testing the key variables of developer profit at a base level of 17% and a lesser level of 15% and rental values both plus and minus 10% of the base value of £215 per sq m and combinations of these assumptions.

6.7 The conclusion of the analysis was that all of the development scenarios were considered viable. In common with all the other scenarios the modelling tested the maximum CIL that could be charged before the scheme became non-viable.

6.8 In arriving at the proposed CIL charge a mid position was taken from all the development scenarios.

d) *There is a difference in viability between food and non-food retail and bulky goods retail which is not reflected in the proposed charging schedule*

e) *No account appears to have been taken of the viability of deep discount retailers in assessing the retail market*

- 6.9 The above points have been looked at together as they are similar in nature. It is accepted that the focus was on a conventional food store style development rather than consider the impact of smaller discount retail style developments.
- 6.10 The rental assumption adopted at the time of the report has been reviewed. It is clear that the market for conventional larger style food stores is not as keen with Tesco having publically announced it is no longer seeking to develop larger format stores which have a high non-food element to their sales composition.
- 6.11 The economics of convenience retailers has been considered in more depth and have concluded that an approach which is banded by store size would be a more appropriate basis on which to assess viability. A distinction has also been drawn in respect of other forms of retailing
- 6.12 It is appreciated that smaller deep discount food stores are currently more active in the market but from experience they are willing to pay rental values similar to those suggested above albeit they typically require smaller trading areas and see no reason to differentiate these developments from mainstream foodstores.
- 6.13 The development market has not yet turned in favour of out of town development and the view is that the proposed rental values for foodstores remain achieved for large format retail uses. It is accepted that bulky goods retailers may struggle at these levels. However given the generic nature of the CIL charge consideration will need to be given whether this aspect of out of town retailing merits a separate charging category or other treatment.

7.0 TOPIC ISSUE 6:

Why is There a Proposed Retail CIL Rate When There are no Retail Allocations in the Sites and Detailed Policies Document?

- 7.1 Local authorities rarely include retail allocations in their local plans, because of the advice in Planning Policy Guidance Documents when plans were being drawn up. Also under the NPPF, local authorities cannot make retail allocations unless they have gone through the sequential test and then demonstrated that any such development will not have unacceptable impacts on their town, district and local centres. Nevertheless, considerable amounts of such development does still occur in urban areas, including Reading, despite the rarity of local plan allocations for out of centre retail development.
- 7.2 Evidence points to there being major retail development in the Borough over the plan period and policies in the development plan provide a framework for considering such proposals that closely follows the guidance in the NPPF. However, particularly in an important and growing urban area such as Reading, there is substantial demand and desire for retail development of over 2,500m² on major sites in various parts of the Borough. The Council received various representations promoting out of centre retail proposals on various sites during the preparation of the Sites and Detailed Policies Document (SDPD). The Hearings for the Examination into the SDPD considered a worked up proposal for one particular site. The Council is aware of a number of proposals coming forward at

the current time which will need to be considered in accordance with development plan policies. Such developments can have very significant impacts and it is right and proper that they are considered along with other forms of retail development.

- 7.3 One respondent also raised the issue that the Economic Viability Assessment (EVA) sets out that uses, which have only limited land allocations have been omitted. In their view, there is no need, therefore, to separately identify significant out of town retail developments in the draft charging regime.
- 7.4 The EVA was undertaken through assessing a whole range of sites both existing allocations and commitments (those sites with planning permission not yet implemented). There are likely to be a number of retail proposals over the Plan period and it was valid to include this land use. Also under CIL statutory guidance charging authorities are advised to consider those development types which are likely to have significant impact on infrastructure. The Council could not ignore it as a land use within the Borough.

8.0 **TOPIC ISSUE 7:**
Development in District Centres Should be in the Same Category as the Central and Core Charging Zones or Considered Separately

- 8.1 The BPS Economic Viability Assessment (paragraph 3.53, February 2013) clarifies why district and local centre sites are not included alongside sites in Central Reading, which is primarily because the difference in Zone A rates between Central Reading and smaller centres means the viability calculations are completely different. Whilst including retail development in district and local centres in the same category as Central Reading would reflect the policy position, this cannot be the basis for setting CIL rates, which has to be based on viability assessment.

- 8.2 The recent update of the viability report undertaken by BPS (February 2014) recognises that small scale traditional retailing, whether in town or out of town is struggling in terms of viability and the suggested modifications to the charging schedule stipulate that of town retailing units under 2,000 sq m will be subject to a nil charging band.

9.0 **TOPIC ISSUE 8:**
Other Issues Raised

a) *Charging Zones are based on policy rather than viability*

- 9.1 The viability study has clearly had to recognise the impact of planning policies on development, particularly in relation to the influence on development economics. However, the appraisals have simply sought to reflect the realities of the market on a generic Borough wide basis. Consequently they have not sought to favour one form of development over another as that would run contrary to CIL Regulations.

b) *Exceptional Circumstances Relief/non mandatory exemptions*

- 9.2 A number of respondents requested that exceptional circumstances relief and other non-mandatory exemptions be introduced and that the conditions and procedures be clearly set out. The Council has considered further whether to include any non-mandatory exemptions and at this time it has been decided not to as the view is that this would add an unnecessary layer of complexity to the operation of CIL and is not justified.
- 9.3 A few respondents have requested that Exceptional Circumstances Relief is provided for specific development types. Even if the Council were to decide to introduce such relief, the CIL Regulations sets out a procedure with defined conditions (Further detail is provided in CIL Relief: Information Document, May 2011), which does not allow for specific development types to be excluded.

c) *Instalment Policy*

- 9.4 The Council proposes a revision to the instalment policy, which allows for extended periods for payment of CIL, allows for the longer timescales of longer, phased, projects. This revised instalment policy is set out in the Draft Charging Schedule.

d) *Infrastructure Delivery Plan*

- 9.5 The Infrastructure Delivery Plan Schedule (included in the Infrastructure Delivery Plan, July 2011, and the Adopted Sites and Detailed Policies Document, October 2012) has been refined and updated to reflect the most up-to-date information. This includes setting out the anticipated and known costs and funding and the resulting aggregated funding gap, to which CIL will contribute. An updated Infrastructure Delivery Schedule has been prepared as supporting evidence. This is referred to in the DCS.
- 9.6 There is no intention to consult on a revised Preliminary Draft Charging Schedule, as some respondents suggested. There will be sufficient time to comment on the relevant infrastructure evidence prior to the Examination stage.

e) *Regulation 123 List and Section 106 Planning Obligations*

- 9.7 The DCS includes a draft Regulation 123 list which sets out the list of infrastructure types/projects, which the Council intends will be wholly or partly funded from CIL. A separate Section 106 Supplementary Planning Document, intended to operate alongside CIL once introduced, will be consulted on at the same time as the Draft Charging Schedule for CIL. This will include the relevant principles for when Section 106 will be sought.
- 9.8 Comments were made that a Draft Regulation 123 list would have been helpful at the Preliminary Draft Charging Stage, but at the time of that consultation there was no statutory requirement to produce such until the Draft Charging Stage.
- 9.9 Concern was raised that seeking Section 106 and CIL would represent an unreasonable double levy, which will be placed onto a very limited category of

development types. The CIL Regulations allow for both CIL and Section 106 mechanisms to be used. Section 106 will, in the main, be sought from larger schemes, as it is more likely that such schemes will necessitate site related infrastructure requirements to make the development acceptable in planning terms. Any Section 106 sought will be in accordance with the relevant CIL Regulations and the new Section 106 Supplementary Planning Document (to operate alongside CIL).

9.10 Comments were also made that there are a number of confusing references within the evidence, to CIL only being able to fund strategic infrastructure and also reference to funds being used for local/ neighbourhood infrastructure, as opposed to just strategic infrastructure. Clarification is provided in the DCS.

9.11 English Heritage requested that the Council should consider whether any heritage-related projects within Reading Borough would be appropriate for CIL funding. The Draft Regulation 123 list currently includes the Abbey Quarter, a significant project within the Borough and a key priority for the Council.

9.12 Similarly Natural England identifies that potential infrastructure requirements may include: access to natural greenspace; allotments provision; infrastructure identified to deliver climate change mitigation and adaptation. The Draft CIL Regulation 123 list includes a number of specific biodiversity/ green infrastructure projects.

9.13 Network Rail proposes that the Charging Schedule should set a strategic context requiring developer contributions towards rail infrastructure where growth areas or significant housing allocations are identified close to existing rail infrastructure. The Council currently secures S106 obligations for transport projects and there has been significant funding secured for Reading Rail Station. The Draft Regulation 123 list includes a number of transport infrastructure projects.

9.14 An issue has been raised that some of the infrastructure projects identified by the Council to be funded by CIL will already have been funded by undelivered projects through existing Section 106 commitments. The Regulations allow for obligations entered into prior to the implementation of CIL to be used to fund infrastructure post the implementation of CIL along with CIL as long as the infrastructure item is set out on the Regulation 123 List of infrastructure.

9.15 The statutory guidance identifies that there needs to be a clear audit of existing Section 106 commitments to ensure that Councils do not fall foul of the pooling restrictions for Section 106. The Council has reviewed all existing Section 106 obligations which have been entered into since April 2010, to ensure compliance with the statutory pooling restriction for Section 106 from April 2015 and to avoid double counting, i.e. CIL and Section 106 paying for the same item of infrastructure. This is referred to in the DCS.

f) *Effects on the development industry*

9.16 Reading Borough Council has operated a system of securing Section 106 planning obligations for many years and this has not unduly affected the viability of

development. Indeed a flexible approach has been taken and where a viability case has been made, a reduction in obligations has been permitted. It is intended that CIL will in the main be the funding mechanism for strategic infrastructure, largely replacing the tariff (pooling) type approach used under the Section 106 system. Section 106 will continue to be secured for site related infrastructure which meets the relevant legal tests. It is intended that a similar amount to that secured under Section 106 will be collected from CIL and Section 106 systems combined.

g) Clarification on the Chargeable Area

9.17 Respondents have asked for clarification on how chargeable floorspace will be calculated, i.e. which areas are included. The definition of the chargeable area is specified in the CIL Regulations and is calculated by taking the Gross Internal Area (GIA), minus any areas to be demolished or reused. The standard definition of GIA is set out on the VOA site:
<http://www.voa.gov.uk/corporate/Publications/comp.html>

9.18 The Planning Portal includes a guidance document on determining the CIL liability² and this directs developers to a RICS document 'Code of Measuring Practice: A guide for Property Professionals' (2007). It will be for developers to clearly identify the relevant chargeable area of their schemes when applications are submitted.

h) Interpretation of Lawful Use

9.19 A number of respondents have commented on the Council's interpretation of "in lawful use" as set out in Regulation 40 (10). The Council's view is that "In lawful use" is used in that part of the formula that relates to the calculation of a discount on the chargeable amount. The Council interprets that the use must have the benefit of planning permission or a Certificate of Lawfulness (or the LPA accepts the use as lawful), and that the land/ buildings must have been in actual use for a continuous period of at least six months in the three years (2014 CIL Amendment Regulations) prior to the day planning permission first permits the chargeable development. This interpretation will be set out in a Guidance Document/ Manual that will be prepared by the Council to be available for the implementation of CIL.

9.20 The Council does not agree that "in lawful use" just means that it has a lawful use, rather that it also needs to be in use, otherwise this would have the result that the CIL discount would be for all vacant buildings that have a lawful use, even those that have been vacant for some time, which is not what the Council considers the Government intended.

i) Definition of CIL Liable Development

9.21 A request was made for a clear definition of buildings and specifically that railway stations should not be treated as buildings, nor should lineside infrastructure, such as sheds, depots etc, and confirmation that Network Rail developments over

² 'Community Infrastructure Levy (CIL) - Determining whether a Development may be CIL Liable Planning Application Additional Information Requirement Guidance'

100m² undertaken under our permitted development rights will not be CIL chargeable. The CIL Regulations define what development is CIL liable, and this will be clarified in the DCS.

- 9.22 This does not make any specific exclusion for railway infrastructure; unless it meets any of the definitions in the CIL regulations. Development of 100m² and over, which are developed under permitted development are not exempt from CIL.
- 9.23 Thames Water requested that water and wastewater infrastructure buildings should be exempt from payment of the CIL as follows: It is unlikely that the provision of water and wastewater infrastructure could be funded through CIL; CIL was not taken into account in the submission of our business plan for the period to Mar 2015 and if for any reason we were required to pay CIL this would impact on the ability to deliver important water and wastewater infrastructure required to support growth; The provision of such infrastructure usually does not result in an increased demand for other types of infrastructure and therefore has no significant impact on wider infrastructure provision; and the predominant aims of water and wastewater infrastructure development are to support growth rather than to increase the financial value of land on a profit making basis.
- 9.24 Under the CIL Regulations there is no provision for the Charging Authority to exclude specific buildings from CIL liability, unless it is defined within the CIL Regulations as non-CIL liable development, such as wind turbines, electricity substations etc. The Draft charging schedule zero rates such development, so there would be no CIL liability.

j) Definition of Retail

- 9.25 A number of respondents have stated that the meaning of retail is not specific in the Preliminary Draft Charging Schedule (PDCCS) and the charging schedule does not fully explain the basis for the Charge (i.e. per m² of gross internal floorspace). The suggestion is that retail should be clarified by reference to the Use Classes Order. A recent review of the original CIL viability assessment study (Feb, 2013) led to the conclusion that there should be a clearer retail distinction based largely on floor area, with smaller units being exempt from the charge, with a progression of charging rate with the larger scale units.
- 9.26 The Council has included further clarification regarding the retail classification in the DCS. The relevant basis for the charge is as included in the calculation as defined in the 2010 Community Infrastructure Levy Regulations (as amended).

k) Future review of CIL and monitoring

- 9.27 The Council intends to review the Charging Schedule within 3 years from the date of adoption. This is clarified in the DCS. Any review would be triggered by changes in circumstances including changes in the values and costs of development in the Borough.

9.28 Concern was raised at how CIL monies would be spent and for it not to be used for general funding. Any CIL revenue will need to be carefully monitored and the relevant CIL Regulations provide the statutory framework for how money is to be spent, monitored, reported etc. Further clarification is provided in the DCS on the monitoring/ review processes.

l) Are domestic extensions exempt from CIL?

9.29 A respondent identified that it is not clear from the data whether or not domestic extensions are exempt: the 100m² limit seems to relate to new building - which is not how domestic extensions are currently considered.

9.30 A domestic extension per se would not be exempt from CIL, as CIL is chargeable on new build development whether brand new or an extension. However, there is certain relief from paying CIL, which includes development which is less than 100m². So if an extension was less than 100m², which in the case of a domestic extension, would be likely, then it would not be liable to CIL. This will be clarified in a CIL guidance document, which will be produced at the time that CIL is implemented by RBC.

m) Certainty as to total CIL amount

9.31 Respondents commented on the need for developers to have certainty as to what the calculation of CIL will be before commencing. The relevant CIL liability will be detailed in the CIL Liability notice, which is issued with a permission. Further guidance information, and example calculations will be provided in a CIL guidance document/ manual. The DCS cross refers to this.

n) Not an Up-to Date Development Plan

9.32 One respondent identified that the Core Strategy predates the issue of the National Planning Policy Framework (NPPF, 2012), and relies on evidence and research carried out more than 6 years ago and state that it therefore debatable whether it can be claimed to be an up to date Development Plan document as required by Paragraph 215 of the NPPF.

9.33 The Council prepared a document which recorded the compliance of the Development Plan with the NPPF. This was undertaken both with regard to the draft NPPF and when the final NPPF was adopted. The results of this show that the Council's Development Plan is largely in accordance with the NPPF. Indeed the NPPF does not require that a Development Document should be wholly reviewed for the purposes of compliance with paragraph 215. It is unclear which parts of the Development Plan, it is being queried, are not in conformance with the NPPF. The Examiner into the Sites and Detailed Policies Document would not have found that document sound unless conformity with the NPPF had been shown.

o) Financial burden for the end purchaser

9.34 One respondent considered that CIL is not a tax on development, but a further tax on the end purchaser who will clearly be required to carry the additional

financial burden. The suggestion is that developers will offset costs against the sale prices, which will be borne by the purchaser. The Council has no direct control over how developers prepare costs. However, at present developers will already be providing S106 planning obligations. The future revenue from CIL and Section 106 combined is likely to be similar to that secured under the current Section 106 system. Therefore the implications for the purchaser of CIL should not be significantly different as compared to the current Section 106 system.

p) Do not introduce CIL

9.35 Some respondents have suggested that the Council should not introduce CIL and should continue to collect infrastructure contributions via S106 instead. Although CIL is not mandatory, i.e. Local Authorities can choose whether to introduce it. After April 2015 the use of Section 106 will be severely restricted with, in most cases, no more than five obligations to be used to fund the same item of infrastructure. If the Council does not introduce CIL then it will be very constrained in the infrastructure it can provide to support development.

q) Who decides whether a developer pays S106 or CIL levy?

9.36 Depending on the specific scheme both CIL and Section 106 could be required. CIL, once introduced will be a mandatory charge intended for strategic infrastructure projects, and some to be used for infrastructure within neighbourhoods affected by development. Section 106 will be secured for site related requirements to mitigate the impacts of a scheme. The decision as to whether Section 106 is sought is the Council's and this would be in accordance with relevant policy and the supporting Section 106 supplementary planning document.

r) Will businesses benefit from CIL?

9.37 Infrastructure to be funded from CIL revenue would benefit residents and businesses within the Borough.

s) Exempt rail infrastructure:

9.38 Network Rail requested that developments on railway infrastructure should be exempt from CIL or that its development should be classified as payments in-kind. Under the CIL Regulations there is no provision for the Charging Authority to exclude specific infrastructure, unless it is defined as non-CIL liable development, such as wind turbines, electricity substations etc.

9.39 In terms of payments in kind this is set down in Regulation 73 of the CIL Regulations and this is for land payments in lieu of paying CIL. Such land is to be used to provide or facilitate (in any way) the provision of infrastructure to support the development of the charging authority's area.

t) What is the difference between S106 and CIL?

9.40 One respondent required explanation as to the current charges from developers and what will change under CIL. Section 106 planning obligations is a current

mechanism for securing contributions from developers towards infrastructure. CIL is the government's new mechanism for securing funding towards strategic infrastructure as well as towards neighbourhood funding. S106 will still exist, but there will be restrictions on how S106 can be used.

u) Guidance Document required

9.41 A respondent requested that the Council produces guidance on how to calculate the relevant chargeable development; on liability to pay CIL; the appeals process; policy for payment by instalments; approach to payments in kind; guidance on relief from CIL. The Council will produce a guidance document/CIL manual to be available for the introduction of CIL. This will include all the matters referred to where applicable to the Council's CIL.

v) Adopt a flat CIL rate

9.42 It was suggested that the Council divides the estimate of total infrastructure costs over the charging period by the total expected development floorspace and apply a flat rate levy across the Borough and across all forms of development. The calculation of a CIL Levy rate/s needs to be prepared in light of the Economic Viability Assessment (EVA) as well as infrastructure costs. The EVA (produced by BPS) demonstrates that different rates are relevant for different land uses and in different parts of the Borough.

w) Zero rate

9.43 The issue has been raised that it appears that the evidence base does not adequately consider issues associated with strategic development, including their longer construction and delivery timescales and the differing risk profiles of these scheme types. In view of this it is suggested that the Station Hill development should be nil rated given its strategic significance.

9.44 Zero charges can only be based on viability and not related to a specific site. The Council's Economic Viability Assessment includes an assessment of a range of site types and this has not demonstrated, when looked at broadly across the area, that such strategic sites would not be viable with the imposition of CIL. The proposed instalment policy will allow for payments over a longer period.

APPENDIX 1: SUMMARY OF KEY ISSUES ARISING FROM CONSULTATION

KEY ISSUES RAISED THOROUGH CIL CONSULTATION - PRELIMINARY DRAFT CHARGING SCHEDULE		
Issue Area	Key Points	Who commented?
<p>Method of development viability/ general comments on approach</p>	<p>The method used by BPS is not an industry accepted methodology, nor in accordance with RICS Guidance (2012).</p> <p>No regard to whether landowners and developers will receive competitive returns. Should receive at least 50% of uplift in land value between the ESV and the Residual land value.</p> <p>Unless the land owner receives a competitive return he will not release the land for development.</p> <p>Failure to recognise the option of refurbishing as an alternative to redevelopment could render many schemes unviable.</p> <p>Evidence base does not adequately consider issues associated with strategic development, including their longer construction and delivery timescales, and differing risk profiles.</p> <p>Welcome the variety of scenarios, but consider that there needs to be a realistic assessment of key regeneration schemes; development typology for larger sites only considers houses and the assessment has failed to test the impact of CIL on flatted schemes, which can incur considerably higher costs.</p> <p>Core Strategy predates the NPPF, and relies on evidence and research carried out more than 6 years ago. It is therefore debatable whether it can be claimed to be an up-to-date Development Plan as required by the NPPF.</p> <p>The BPS report tests the impacts of the proposed charges, rather than proposing a charging level after gathering evidence. It is unclear why the charging schedule uses the figures it does, or selects and bands land uses into categories. More detail is required to</p>	<p>Haslams on behalf of the University of Reading.</p> <p>Haslams on behalf of the University of Reading</p> <p>Blandy & Blandy</p> <p>Haslams on behalf of the University of Reading</p> <p>Quod on behalf of Sackville Developments (Reading) Ltd</p> <p>Quod on behalf of Sackville Developments (Reading) Ltd</p> <p>Red Kite on behalf of themselves, and various clients including Viridis Real Estate Services Ltd, Jansons Property, Square Bay Land LLP, and other landowners.</p> <p>Red Kite on behalf of themselves, and various clients including Viridis Real Estate Services Ltd, Jansons Property, Square Bay Land</p>

<p>Method of development viability/ general comments on approach</p>	<p>explain and demonstrate the choices made.</p> <p>It is unreasonable to proceed on generalisations when known facts demonstrate that a significant number of sites are likely to be unrealistically and adversely affected.</p> <p>Rendering 50% of all development sites unviable will prevent those sites from being delivered and the prime objectives of a reliable flow of contributions to infrastructure is significantly weakened.</p> <p>BPS report recognises that charges should not be set on the margins of viability, yet that is what is proposed.</p> <p>No viability cushion has been proposed. There must be on incorporated either into the benchmark land value or elsewhere through the CIL assessment process.</p> <p>The viability or otherwise of site typologies which represent a significant proportion of the anticipated housing trajectory does not appear to have been given greater weight than other typologies which are likely to contribute less to the supply of housing in the Borough over the Plan period.</p> <p>None of the tenure mix options appear to accord fully with either the adopted or emerging options. Strongly recommend that the appraisals are recalculated allowing for an adopted policy compliant options as well as an emerging policy compliant option.</p> <p>The results of the EVA does not represent a robust evidence base to support the proposed charging level of £140psm for residential. Results show that none of the scenarios which are closest to reflecting adopted and emerging affordable housing policy and reflect current developer profit</p>	<p>LLP, and other landowners.</p> <p>Red Kite on behalf of themselves, and various clients including Viridis Real Estate Services Ltd, Jansons Property, Square Bay Land LLP, and other landowners.</p> <p>Red Kite on behalf of themselves, and various clients including Viridis Real Estate Services Ltd, Jansons Property, Square Bay Land LLP, and other landowners.</p> <p>Savills on behalf of Wimpey Taylor Homes</p> <p>Savills on behalf of Wimpey Taylor Homes</p> <p>Savills on behalf of Wimpey Taylor Homes</p> <p>Savills on behalf of Wimpey Taylor Homes</p>
---	--	---

<p>Method of development viability/ general comments on approach</p>	<p>requirements are able to support a CIL charge of any value. The viability of retirement housing should be assessed against both likely existing site values, and of potential alternative (competitor) uses. Retirement housing can only be built on a limited range of sites, typically high value, and previously developed sites in close proximity to town centres. The Assessment should provide a development scenario for a typical flatted retirement housing scheme, located on a previously developed site within 0.4 miles of a town centre.</p> <p>The Viability Assessment does not acknowledge that the economics of conversion schemes are very different to those of new build schemes. It is difficult to see how the Council can assess whether the imposition of CIL will put the majority of these schemes at risk without having considered its impact on viability.</p> <p>The Viability Assessment does not consider the deep-discounted retail market. A high rate could impact on the viability and deter future investment resulting in a loss of key discount retail provision within Reading Borough. Any retail levy must be demonstrated to be viable for any retail development, irrespective of the size of type of A1 use.</p>	<p>The Planning Bureau Limited on behalf of McCarthy and Stone Retirement Lifestyles Ltd</p> <p>Thomas Eggar LLP on behalf of Asda Stores Limited</p> <p>Turley Associates on behalf of Aldi Stores Ltd</p>
<p>Inputs into Viability Assessment</p> <ul style="list-style-type: none"> • Sensitivity testing • Abnormals • Residential values • Retail rent levels • Affordable Housing assumptions 	<p>Sensitivity tests should allow for cost and revenue assumptions to be increased and reduced. The failure to test a 3% increase in developer profit has led to an inaccurate conclusion that the proposed CIL rate is viable.</p> <p>Assumed no abnormal site costs - a dangerous assumption to make. A provisional allowance should be included in all development appraisals.</p> <p>An additional allowance for abnormal/special costs should be</p>	<p>Haslams on behalf of the University of Reading</p> <p>Haslams on behalf of the University of Reading</p> <p>Red Kite on behalf of</p>

<ul style="list-style-type: none"> • Using out-of-date document • Hypothetical examples • Build costs • Profit levels <p>Inputs into Viability Assessment</p> <ul style="list-style-type: none"> • Sensitivity testing • Abnormals • Residential values • Retail rent levels • Affordable Housing assumptions • Using out-of-date document • Hypothetical examples • Build costs • Profit levels 	<p>factored into the assumed viability costs.</p> <p>Residential values excessive.</p> <p>Debateable whether foodstore development would achieve rents at this level [£215psm] in the current market and the majority of retail parks, particularly for bulky goods, would certainly be at lower rents; yields at 5.5% will only be achieved for high quality covenants. Not representative of the general out of town retail market. Would expect rent free periods of 18-24 months for non-food retail schemes.</p> <p>An old version of the SDPD has been used and the assumption made that 3 sites with potential for significant development. The prospect of large food stores coming forward on these sites is not expected by RBC. Bps state that “uses with only limited land allocations have been omitted”. On this basis there is no need to separately identify significant out-of-town retail developments.</p> <p>The authority should be setting the CIL rate in line with what would enable the AH policy aspiration to be achieved [ref to Mid Devon CIL report].</p> <p>It is difficult to understand why the Council has decided to promote a CIL charging level which demonstrably prevents achievement of the affordable housing requirements set in policy.</p> <p>The Economic Viability Report is bereft of fact and is too short for the responsibility it has, it leverages from past questionable documents and doesn't dual source information.</p> <p>The 5 hypothetical examples are leveraged from the Affordable Housing Viability submission. This is very</p>	<p>themselves, and various clients including Viridis Real Estate Services Ltd, Jansons Property, Square Bay Land LLP, and other landowners.</p> <p>Haslams on behalf of the University of Reading</p> <p>GL Hearn on behalf of Foudry Properties Limited</p> <p>GL Hearn on behalf of Foudry Properties Limited</p> <p>Blandy & Blandy</p> <p>Red Kite on behalf of themselves, and various clients including Viridis Real Estate Services Ltd, Jansons Property, Square Bay Land LLP, and other landowners.</p> <p>Nimbus Property Developments Ltd</p>
--	--	--

<p>Inputs into Viability Assessment</p> <ul style="list-style-type: none"> • Sensitivity testing • Abnormals • Residential values • Retail rent levels • Affordable Housing assumptions • Using out-of-date document • Hypothetical examples • Build costs • Profit levels 	<p>dangerous as that was done in-house and used synthetic opposed to real modelling to work out build costs. 2009 pricing is used and 2013 pricing (RICS) is 17% greater, thus making build costs artificially low.</p> <p>Viability of a CIL at £140 reduces the number of developments being economic to 50%, which is a 35% change from today's base line values. What it doesn't refer to is if the market values of property were to fall by 10% then this CIL would make only 10% of developments viable. This is too risky to introduce.</p> <p>Full development appraisals need to be provided. All assumptions need to be made explicit and clearly evidenced - would expect sourced market evidence and rationale for appraisal inputs, such as rents, values, land values, and construction costs. When considering larger scale development the following needs to be taken into account: land assembly costs, costs associated with brownfield development, S278 and S106 costs.</p> <p>Insufficient allowance for S106/S278 contributions.</p> <p>Council has underestimated the true cost of retail developments and artificially inflated the relevant benchmark land values. For large retail developments outside of the Central area, when combined with CIL charges will make these proposals commercially unattractive and unviable.</p> <p>Without summary appraisals impossible to judge the realism of key metrics including land value, construction costs, programme and demolition.</p> <p>It is unclear under what basis the profit level for residential development is calculated. The consultants' appraisals are not made available. Seek clarification on this. The minimum profit margin that lending institutions are currently prepared to accept on</p>	<p>Nimbus Property Developments Ltd</p> <p>Nimbus Property Developments Ltd</p> <p>Peacock and Smith on behalf of WM Morrison Supermarkets Plc</p> <p>Thomas Eggar LLP on behalf of Asda Stores Limited</p> <p>Thomas Eggar LLP on behalf of Asda Stores Limited</p> <p>Quod on behalf of Sackville Developments (Reading) Ltd</p> <p>Savills on behalf of Wimpey Taylor Homes</p>
--	--	--

<p>Inputs into Viability Assessment</p> <ul style="list-style-type: none"> • Sensitivity testing • Abnormals • Residential values • Retail rent levels • Affordable Housing assumptions • Using out-of-date document • Hypothetical examples • Build costs • Profit levels 	<p>residential development is 20% on GDV.</p> <p>Development returns of less than 20% would not provide sufficient incentive to build retirement housing.</p> <p>Only appraisals which reflect current market values should be considered.</p> <p>The EVA does not appear to allow any uplift to existing value to incentivise landowners to bring forward land for development. There should be a buffer at a discount of least 30% applied.</p> <p>Viability assessment should be quantified using appraisal inputs specific to the retirement housing product. There are additional costs of construction; longer sales periods; additional empty property costs. Consider that testing a scenario which assumes an unconstrained greenfield site is overly simplistic and not sufficiently robust to justify the proposed CIL rate [£200psqm for retail].</p> <p>Believe that base data used for some of the residual valuations is defective and will show overstated resale values and understated build costs. As such the viability of many developments will in no way stand the level of CIL proposed.</p>	<p>The Planning Bureau Limited on behalf of McCarthy and Stone Retirement Lifestyles Ltd</p> <p>Savills on behalf of Wimpey Taylor Homes</p> <p>Savills on behalf of Wimpey Taylor Homes</p> <p>The Planning Bureau Limited on behalf of McCarthy and Stone Retirement Lifestyles Ltd</p> <p>Turley Associates on behalf of Sainsbury's Supermarkets Ltd</p> <p>Peter Webb</p>
<p>Charging zones</p>	<p>Imposition of CIL rates in District Centres [incl. Caversham] will have a negative impact on development. Supporting evidence fails to support why Caversham District Centre is excluded from the Central and Core Charging Zones.</p> <p>Why is a separate District Centre tier not considered appropriate?</p> <p>The Charging Zones do not reflect the development viability considerations or evidence that the CIL Charging Schedule should refer to.</p> <p>Concerned that the LPA may have used a policy rather than viability basis for the charging zones.</p>	<p>Barton Willmore on behalf of Hermes Real Estate Ltd</p> <p>Barton Willmore on behalf of Hermes Real Estate Ltd</p> <p>GL Hearn on behalf of Foudry Properties Limited</p> <p>Turley Associates on behalf of Aldi Stores Ltd</p>

CIL rates	<p>Welcome the proposed nil rate for offices outside of Central Core.</p> <p>Welcome opportunity to investigate the appropriateness of the proposed rates for residential and retail development.</p> <p>Viability Assessment of A1 is principally based on foodstore viability analysis. It does not consider non-food retail formats. It is not appropriate to apply the charging schedule to such retail formats without a sufficient evidence base.</p> <p>Support zero levy for retail within the Central Reading Area.</p> <p>Should give consideration to reducing the proposed CIL rate for office within the Central Core. This would reflect the Council's approach to retail development in Central Reading.</p> <p>Evidence base for the suggested charging rate for Central Reading offices is contradictory and not robust. Not evident that there has been sufficient consideration of pessimistic assumptions and the reality of delivering offices on complex urban sites where demolition, remediation, infrastructure and other constraints increase costs significantly.</p> <p>Proposed CIL rate for out of town retail is too high and will prejudice future growth and development.</p> <p>Reduce the CIL charge for large scale retail to that of small scale retail to ensure consistency.</p> <p>The imposition of a new liability of CIL of £200psqm will have a substantial adverse impact on delivery, which is not justified by the assumptions on costs and viability set out in the BPS study.</p> <p>Unclear from the evidence how the LPA has arrived at the decision to charge a rate of £200psqm.</p>	<p>Deloitte on behalf of Oxford Properties</p> <p>Deloitte on behalf of Oxford Properties</p> <p>GL Hearn on behalf of Foudry Properties Limited</p> <p>Nathaniel Lichfield & Partners on behalf of Aviva Life and Pensions (UK) Ltd Nathaniel Lichfield & Partners on behalf of Aviva Life and Pensions (UK) Ltd).</p> <p>Quod on behalf of Sackville Developments (Reading) Ltd</p> <p>Peacock and Smith on behalf of WM Morrison Supermarkets Plc</p> <p>Thomas Eggar LLP on behalf of Asda Stores Limited</p> <p>Red Kite on behalf of themselves, and various clients including Viridis Real Estate Services Ltd, Jansons Property, Square Bay Land LLP, and other landowners.</p> <p>Turley Associates on behalf of Aldi Stores Ltd</p>
CIL rates		

<p>CIL rates</p>	<p>£200psm for retail is excessive and could be prohibitive for retail development, especially in view of the extreme sensitivity to rental levels that this use has as identified by BPS.</p> <p>Fundamentally object to the disproportionate loading of CIL upon large retail development on the following grounds: Would undermine the retail functions local centres; inadequate viability testing which appears to be motivated by policy considerations and not viability at odds with Government guidance.</p> <p>Don't agree with the CIL setting of £140. This is utter madness, and massively overpriced compared with neighbouring towns, which means it will drive development away from Reading.</p> <p>Consider that Station Hill should be nil rate given its strategic significance. Specialist accommodation including accommodation for older people cannot compete in the market with standard residential values, and carries high ongoing management and staff cost. Other LPAs have drawn a distinction between the CIL rates for sheltered, residential care, C2 and C4. Unless a dramatically lower or zero rate is applied there will be a major disincentive to such provision.</p> <p>The emerging CIL rate should accurately assess the development of specialist accommodation for the elderly. It is clear that the development of specialist accommodation is a priority for the Council. Suggest a bespoke CIL rate is prepared for sheltered housing and other forms of specialist accommodation.</p> <p>It is unclear as to what the Council's rationale is for grouping all residential development together.</p> <p>Economics of care homes, hotels, and residential are all very different and again certain uses should not have a one</p>	<p>Turley Associates on behalf of Sainsbury's Supermarkets Ltd</p> <p>Thomas Eggar LLP on behalf of Asda Stores Limited</p> <p>Nimbus Property Developments Ltd</p> <p>Quod on behalf of Sackville Developments (Reading) Ltd Red Kite on behalf of themselves, and various clients including Viridis Real Estate Services Ltd, Jansons Property, Square Bay Land LLP, and other landowners.</p> <p>The Planning Bureau Limited on behalf of McCarthy and Stone Retirement Lifestyles Ltd</p> <p>Savills on behalf of Wimpey Taylor Homes</p>
------------------	--	---

<p>CIL rates</p>	<p>price fits all generic banding.</p> <p>Thames water support that CIL would not be applicable to water and wastewater infrastructure developments. Such buildings should be exempt: unlikely that such infrastructure could be funded through CIL; CIL was not taken into account in the business plan and CIL would therefore impact on ability to deliver infrastructure; Provision of such infrastructure does not result in an increased demand for other types of infrastructure; the predominant aims of such infrastructure are to support growth rather than to increase the financial value of land on a profit making basis.</p> <p>Theatres Trust support nil rate for all other chargeable developments. A theatre makes a positive contribution in the provision of cultural infrastructure in an area.</p>	<p>Peter Webb</p> <p>Savills on behalf of Thames Water Utilities Ltd</p> <p>The Theatres Trust</p>
<p>Flat CIL rate</p>	<p>Adopt a flat rate levy - divide the Council's estimate of total infrastructure costs over the charging period by the total expected development floorspace and apply a flat rate levy.</p>	<p>Thomas Eggar LLP on behalf of Asda Stores Limited</p>
<p>Exceptional Circumstances Relief/ other non-mandatory exemptions</p>	<p>Further details required for proposed conditions.</p> <p>Will the authority grant exceptional relief?</p> <p>Council should offer CIL relief in exceptional circumstances.</p>	<p>Barton Willmore on behalf of Hermes Real Estate Ltd</p> <p>Blandy & Blandy</p> <p>English Heritage; Thomas Eggar LLP on behalf of Asda Stores Limited; Turley Associates on behalf of Sainsbury's Supermarkets Ltd</p>

	<p>Developments on railway infrastructure should be exempt from CIL or classified as payments in-kind.</p> <p>Imperative that RBC make exceptional circumstances relief available from the date of adoption and that they clearly outline their approach to doing so.</p> <p>Urge Council to consider non-mandatory exemptions as soon as possible.</p>	<p>Network Rail</p> <p>Savills on behalf of Wimpey Taylor Homes</p> <p>Turley Associates on behalf of Aldi Stores Ltd</p>
<p>Instalment Policy</p> <p>Instalment Policy</p>	<p>Support for instalment policy, but due dates should be set over a more extended period of time</p> <p>Welcome principle of instalment policy, but current drafting front loads payments, which will act as a barrier to delivery.</p> <p>Extended period of payment should be designed into the charging schedule for developments restricted by condition or Agreement to long term residential developments.</p> <p>Suggest staged payments reflecting occupation levels throughout the sale of development</p> <p>Adopt an instalment policy which ensures that developers are not disadvantaged by the decision to submit a full planning application for a phased scheme.</p> <p>Payment by instalments would provide certainty and flexibility.</p> <p>Instalment policy is welcomed.</p>	<p>Barton Willmore on behalf of PRUPIM; GL Hearn on behalf of Foudry Properties Limited</p> <p>Peacock and Smith on behalf of WM Morrison Supermarkets Plc</p> <p>Red Kite on behalf of themselves, and various clients including Viridis Real Estate Services Ltd, Jansons Property, Square Bay Land LLP, and other landowners.</p> <p>The Planning Bureau Limited on behalf of McCarthy and Stone Retirement Lifestyles Ltd</p> <p>Thomas Eggar LLP on behalf of Asda Stores Limited</p> <p>Turley Associates on behalf of Aldi Stores Ltd</p> <p>Turley Associates on behalf of Sainsbury's Supermarkets Ltd</p>
<p>Payments in kind</p>	<p>Recommend that RBC take advantage of payments in kind and allow for land in lieu of CIL.</p> <p>Consideration should be given to payments in kind.</p>	<p>Savills on behalf of Wimpey Taylor Homes;</p> <p>Turley Associates on behalf of Aldi Stores Ltd</p>

<p>Infrastructure Delivery Plan/ infrastructure costs</p>	<p>No up-to-evidence has been published</p> <p>How was the infrastructure funding gap ascertained?</p> <p>There is no connection between the CIL charges proposed and the infrastructure requirements. There is no detail of the actual or estimated cost of infrastructure provided to support the local plan. Nor does it suggest that additional infrastructure is actually required to support the level of development set out in its Core Strategy.</p> <p>It does not appear that the Infrastructure Delivery Plan is sufficient evidence in relation to actual and expected estimated total cost of infrastructure. Support the provision of further evidence.</p>	<p>Barton Willmore on behalf of Hermes Real Estate Ltd; Barton Willmore on behalf of the University of Reading</p> <p>Barton Willmore on behalf of Hermes Real Estate Ltd; Barton Willmore on behalf of the University of Reading</p> <p>Thomas Eggar LLP on behalf of Asda Stores Limited</p> <p>Turley Associates on behalf of Sainsbury's Supermarkets Ltd</p>
<p>Regulation 123 List/ S106 relationship/ CIL spend priorities</p>	<p>No indication as to how Council intends to prioritise and spend CIL monies. Would have been helpful at this stage.</p> <p>Request that draft Regulation 123 list is provided for comment at the earliest opportunity, preferably prior to the publication of the Draft Charging Schedule.</p> <p>Further clarification of the circumstances on which S106 obligations may be sought</p> <p>What S106 obligations will there be in addition to CIL?</p> <p>Use of CIL should go into a central fund rather than mixed into Council funding.</p> <p>Would like to see checks and balances within Council procedures to the distribution of the money so that it has targeted aim, opposed to political gain.</p>	<p>Barton Willmore on behalf of Hermes Real Estate Ltd; Barton Willmore on behalf of the University of Reading</p> <p>Savills on behalf of Wimpey Taylor Homes</p> <p>Deloitte on behalf of Oxford Properties</p> <p>Blandy & Blandy</p> <p>Timothy Cook</p> <p>Nimbus Property Developments Ltd</p>

	<p>Monies raised will be diverted to other things.</p> <p>Council should consider whether any heritage-related projects would be appropriate for CIL funding</p> <p>CIL will play an important role in delivering a strategic approach to planning positively for the creation, protection, enhancement and management of networks of biodiversity and green infrastructure. We advise the Council to give careful consideration to how it intends to meet this and CIL's role in this.</p> <p>Charging Schedule should set a strategic context requiring developer contributions towards rail infrastructure where growth areas or significant housing allocations are identified close to existing rail infrastructure.</p> <p>Railways should be on the Reg 123 list.</p> <p>Key considerations of revised S106 and consideration of exceptional circumstances relief need to be viewed now alongside CIL. Without this information we do not consider that the Council can reach a robust conclusion on viability matters.</p> <p>Who decides whether a developer pays S106 or CIL? On what basis is that decision made?</p> <p>Tilehurst does not have a Parish Council so who or what will determine that portion of levy [to fund local infrastructure or projects defined by local neighbourhoods where development has taken place].</p> <p>Without evidence of the amount of revenue raised by S106 it is difficult to see how the Council can be certain that the proposed CIL rate will not prohibit the viability of retail development.</p> <p>As local authorities will still seek site-specific commitments under S106 as well as CIL that the two charges will</p>	<p>Denham & Co.</p> <p>English Heritage</p> <p>Natural England</p> <p>Network Rail</p> <p>Network Rail</p> <p>Quod on behalf of Sackville Developments (Reading) Ltd</p> <p>Tom Steel</p> <p>Tom Steel</p> <p>Thomas Eggar LLP on behalf of Asda Stores Limited</p>
--	---	---

	<p>represent an unreasonable double levy, which is seemingly being placed onto a very limited category of development.</p> <p>There is also a risk that some of the infrastructure projects identified by the Council to be funded through CIL will have already been funded by undelivered projects through existing S106.</p> <p>At present S106 is repaid to a developer is the infrastructure has not been delivered. There is no similar mechanism for CIL.</p> <p>Request the LPA clarifies on what basis additional S106 contributions would be sought for retail. NO allowance for S106 costs in the Viability Assessment.</p>	<p>Thomas Eggar LLP on behalf of Asda Stores Limited</p> <p>Thomas Eggar LLP on behalf of Asda Stores Limited</p> <p>Thomas Eggar LLP on behalf of Asda Stores Limited</p> <p>Turley Associates on behalf of Aldi Stores Ltd</p>
<p>Chargeable area/ Chargeable development</p>	<p>Further clarification should be provided on how chargeable floor space is calculated, i.e. which areas are included?</p> <p>Confirmation that Network Rail developments over 100m2 undertaken under permitted development rights will not be chargeable.</p> <p>BPS states that whether or not a pre-existing development is capable of qualifying for a deduction in CIL has a very significant impact on the development scenarios. Research has not established how many existing buildings are capable of being tenanted and of these how many are likely to be attractive to the market. In the absence of any substantive information on this point, the anticipated revenue from CIL cannot be relied on.</p>	<p>Barton Willmore on behalf of PRUPIM</p> <p>Network Rail</p> <p>Red Kite on behalf of themselves, and various clients including Viridis Real Estate Services Ltd, Jansons Property, Square Bay Land LLP, and other landowners.</p>
<p>Lawful use and discounting of CIL</p>	<p>Important for BC to be clear on how it is interpreting lawful use in Reg 40 (10). The Borough's interpretation - "in lawful occupation" will place a greater burden on development and may have effect of reducing viability of development in such circumstances. The Council's interpretation could lead to landowners delaying development proposals until a building has been re-occupied. Or to refurbish instead of redevelopment.</p>	<p>Barton Willmore on behalf of the University of Reading; Haslams on behalf of the University of Reading; Blandy & Blandy</p>

	<p>The Viability Study interprets “in use” as being occupied/ tenanted. The perverse outcome is that it becomes more CIL expensive for a developer to redevelop vacant premises rather than ones in active use - encouraging developers to delay redevelopment. Operating CIL in this way will provide a strong disincentive to developers bringing forward large scale sustainable redevelopments at the earliest opportunity.</p>	<p>Red Kite on behalf of themselves, and various clients including Viridis Real Estate Services Ltd, Jansons Property, Square Bay Land LLP, and other landowners.</p>
<p>Re-consultation on Preliminary Draft Charging Schedule</p>	<p>Once appropriate infrastructure evidence has been prepared.</p>	<p>Barton Willmore on behalf of the University of Reading</p>
<p>Definitions</p>	<p>Should be clear definition of buildings. Railway stations should not be treated as buildings nor should sheds, depots etc.</p> <p>The meaning of retail is not specific and the charging schedule does not fully explain the basis for the charge. This will need to be clarified and suggest that this is with reference to the Use Classes Order.</p>	<p>Network Rail</p> <p>Turley Associates on behalf of Aldi Stores Ltd</p>
<p>Revenues from CIL</p>	<p>If it is not possible to forecast the revenue form CIL with any accuracy it cannot be possible to forecast what infrastructure will be funded by CIL.</p>	<p>Blandy & Blandy</p>
<p>Review of CIL</p>	<p>Further clarification of the mechanism for triggering any such review, and how often reviews would take place.</p> <p>RBC should have a clearly defined review mechanism and suggest that monitoring takes place on a 6 monthly basis with information published on website.</p> <p>It would be helpful if the LPA could be specific regarding how it intends to monitor changes in the market and to set out how often the charging schedule will be formally reviewed.</p>	<p>Deloitte on behalf of Oxford Properties</p> <p>Savills on behalf of Wimpey Taylor Homes</p> <p>Turley Associates on behalf of Aldi Stores Ltd</p>
<p>Not introducing CIL</p>	<p>The Council could continue to collect infrastructure contributions via S106 instead of adopting CIL. This would</p>	<p>Red Kite on behalf of themselves, and various clients including Viridis Real</p>

	<p>enable the Authority to: Continue to negotiate on a policy basis with flexible site by site appraisal; secure reasonable contributions to essential infrastructure; exercise local control over the release of funds to other bodies; avoid generalisations which are likely to be harmful to the viability and delivery of development.</p>	<p>Estate Services Ltd, Jansons Property, Square Bay Land LLP, and other landowners.</p>
<p>Affect on development industry</p>	<p>Proposals will take away from the construction industry.</p> <p>Will slow down development.</p> <p>Just a tax on development. Will depress housebuilding even further.</p> <p>Implications of a CIL on the viability and effective conservation of the historic environment and heritage assets.</p> <p>The attempts to extract ever more contributions from the development sector is going to completely stifle development and is already stifling schemes coming forward.</p>	<p>Alan Beardmore</p> <p>David Cooksley</p> <p>Denham & Co</p> <p>English Heritage</p> <p>Peter Webb</p>
<p>Affect on end purchaser</p>	<p>The purchase will be required to carry the additional burden.</p>	<p>David Cooksley</p>
<p>General comments</p>	<p>Please explain fully the process of planning permission and charges from the development at the moment and what will change.</p> <p>Charging one infrastructure type to pay for another is an inefficient way of securing funding.</p> <p>Urge RBC to make clear at the earliest opportunity the supporting documentation needed to operate CIL: guidance on how to calculate chargeable development; guidance on liability to pay CIL/ Appeals process; policy for payment by instalment; approach to payments in kind; guidance on relief from CIL.</p> <p>What do businesses get for the rates we pay?</p> <p>If there are increases in taxation are we</p>	<p>Jenny Hicks</p> <p>Network Rail</p> <p>Savills on behalf of Wimpey Taylor Homes</p> <p>David Shepherd</p>

	<p>more or less likely to take on staff reducing the burden of councils paying housing benefits etc?</p> <p>Do the businesses benefit from the so called infrastructure we are being further taxed to provide - I think not.</p> <p>The penal system of empty rates on existing buildings has already led to some demolition sites. I am not entirely clear how the value of existing buildings will be regarded in this context and what calculations will be made in viability terms to reflect this with a change of use.</p>	<p>David Shepherd</p> <p>David Shepherd</p> <p>Peter Webb</p>
--	--	---

APPENDIX 2: SUMMARY OF EACH INDIVIDUAL REPRESENTATION

Customer/ Organisation Details	Summary of Comments Received
<p>Barton Willmore on behalf of Hermes Real Estate Ltd</p>	<p>Given the significance of Caversham District Centre in economic terms we question its exclusion from the Central and Core Charging Zones. We are of the view that the boundaries as shown on the plans at Appendix 1 should be amended to bring Caversham District Centre within its boundary. We are concerned that the imposition of CIL rates across the District Centre may have a negative economic impact upon development in this area in the short to medium term. Furthermore the supporting economic evidence fails, in our view, to adequately explain why this significant District Centre has been excluded from the Central And Core Charging Zones and why this approach is appropriate.</p> <p>The imposition of CIL upon any new development/ regeneration proposals within the District Centre has the potential to restrict new development and render such projects unviable. The evidence base needs to be strengthened and greater clarity as to why a separate District Centre tier, both in terms of Caversham and more generally across the Borough is not considered appropriate.</p> <p>We would like to see further details as to the Charging Authority’s proposed conditions for the application of the exceptional circumstances relief.</p> <p>We note that an up-to-date Infrastructure Delivery Plan or associated evidence has not been published alongside the Preliminary Draft Charging Schedule.</p> <p>The Charging Authority refers, in its PDCS to two separate IDPs. It is not clear which is the most up-to-date and greater clarity is needed in this regard.</p> <p>Furthermore it is not clear how the specific £197 million aggregate funding gap was ascertained. Such ambiguity is concerning and we are of the view that further explanation is required in this regard.</p> <p>We recommend that the Charging Authority considers re-consulting on its Preliminary Charging Schedule once such appropriate and fully up-to-date infrastructure evidence base has been formulated. Failure to do so will present insufficient opportunity for the Charging Authority to consider stakeholder input into its infrastructure planning evidence in advance of the Examination when the CIL proposals are more fixed.</p> <p>The Charging Authority has not provided any indication at this stage of how it intends to prioritise and spend CIL monies once collected and there are a number of confusing references within the Borough Council’s evidence. We consider that the Charging Authority has missed an opportunity for stakeholders</p>

Customer/ Organisation Details	Summary of Comments Received
	<p>to consider and comment on this critical aspect of CIL. A Draft regulation 123 list setting out the funding priorities and relationship with S106 would have been very helpful at this stage rather than at Examination stage when proposals are more fixed.</p>
<p>Barton Willmore on behalf of PRUPIM</p>	<p>PRUPIM supports the premise of the Council’s Instalments policy, which allows CIL to be paid in phased payments, which would assist in cash flow for bringing developments forward. However, the phased due dates for payments, should be set out over a more extended period of time. This should be especially applicable to large-scale developments, which are likely to attract a much higher CIL requirement. A revised Instalment policy is proposed.</p> <p>The PDCS states that CIL will be applied to the chargeable floorspace of all new development apart from areas that are exempt, such as affordable housing or charity institutions. Further clarification should be provided on how chargeable floorspace is calculated, i.e. which areas are included in the calculation of chargeable floorspace. For example in the calculation of chargeable office floorspace, is associate car parking in a basement or undercroft calculated at the same rate: It would seem onerous that car parking areas are charged at the same rate as usable office floorspace. When projects have challenging viability, the result will be counter-productive in that the percentage of affordable housing that can be provided will decrease. It would be helpful if the Council would include further clarification in the Draft Charging Schedule.</p>
<p>Barton Willmore on behalf of the University of Reading</p>	<p>There are a number of changes to CIL recently through regulation amendments in November 2012 and new CIL Guidance which came into effect in December 2012. There are a number of changes to Government requirements set out in the new Guidance and our representations address a number of these changes in terms of their application in Reading Borough. We consider that the Council’s Charging Schedule could be improved to provide greater clarity, compliance with Guidance/ Regulations and ultimately to avoid putting development in the Borough at risk, whilst ensuring that CIL has a positive economic effect on development across the Borough.</p> <p>There does not appear to be an up-to-date Infrastructure Delivery Plan or associated infrastructure evidence published alongside the Preliminary Charging Schedule. The Charging Authority referred, in its PDCS to two separate IDPS. We appreciate that the IDP is considered a ‘living document’ and that it will be updated over time, however it is not clear which IDP is the most up-to-date or how the £197 million “aggregate funding gap” was determined. The evidence and assumptions should have been made more transparent at this stage in the process to allow stakeholders the opportunity to make adequately</p>

Customer/ Organisation Details	Summary of Comments Received
	<p>informed response to the infrastructure evidence.</p> <p>Given that the next formal stage is the consultation on its Draft proposals and this stage represents “what the charging authority considers to be firm proposals for CIL” (CIL Guidance Para 52) there is very little opportunity to provide input into the Charging Authority’s infrastructure evidence. Once the Charging Authority publishes its Draft Charging Schedule, paragraph 52 of the CIL Guidance states that “charging authorities should avoid making substantive modifications between publication of the draft and submission to the examiner” and that “ substantive changes should always be avoided, unless they have been sufficiently consulted on” .</p> <p>The Charging Authority should consider re-consultation on its PDCS once such appropriate infrastructure evidence base has been prepared otherwise there will be insufficient opportunity for the Charging Authority to consider stakeholder input.</p> <p>The Charging Authority has not provided any indication at this stage of how it intends to prioritise and spend CIL monies once collected and there are a number of confusing references within the evidence to CIL only being able to fund strategic infrastructure. However, it is noted that that the consultation documents also refer to funds being used for local/ neighbourhood infrastructure, as opposed to just strategic infrastructure.</p> <p>A draft Regulation 123 list setting out the funding priorities and relationship with S106 would have been very helpful at this stage rather than at Examination stage when proposals are more fixed.</p> <p>The CIL briefing event hosted by the Council on 6th March was a useful event, however, we would welcome an even more proactive approach from the Charging Authority to consider the infrastructure, needs and funding mechanism to support infrastructure in relation to our various land interests.</p> <p>Enclosed is a review of the BPS report on behalf of the University of Reading, which was compiled by Haslams. They comment that RBC’s proposed CIL Charging Schedule will threaten and in many cases prevent the delivery of potential development sites in Reading Borough due to the proposed CIL being excessive and rendering the development schemes unviable.</p> <p>It was noted [during the Briefing on 6th March] that the Borough Council intends to interpret references within the CIL Regulations 2010 (as amended) to “lawful use” as meaning “in lawful occupation”. It will be important for the Borough Council to be clear as to how it is interpreting this Regulation [40 (10)].</p>

Customer/ Organisation Details	Summary of Comments Received
	<p>The point is particularly pertinent in an urban authority such as Reading Borough where much of the development proposed is likely to comprise the redevelopment and regeneration of existing development (as opposed to Greenfield development), much of which may very well be vacant (for example in lawful use, but not necessarily in lawful occupation). The Borough's interpretation will place a greater burden on development, including a number of those contained within the Council's own policies. Accordingly, the Council's approach may have the effect of reducing the viability of development in such circumstances to a point which may prejudice the delivery of the development/ regeneration.</p> <p>Furthermore the Council's interpretation of the Regulations could lead to a scenario whereby landowners would be incentivised to delay development proposals until such time as an existing building has been re-occupied for a six month period. Alternatively landowners would be incentivised to refurbish the existing building(s) instead of pursuing a redevelopment scheme.</p>
<p>Haslams on behalf of the University of Reading</p>	<p>The interpretation of what is meant by "in use" in implementing such a Charging Schedule policy may inhibit development delivery within the Borough where regeneration is an important plan objective.</p> <p>BPS state that the residual value "should be at least equal to the costs of acquiring the land for the development of a scheme to be deemed viable". BPS also suggest that all uplift in Site Value produced by the grant of planning permission for the proposed development should be spent on meeting the cost of CIL and delivery of affordable housing. The method of defining development viability is not an industry accepted methodology and nor is it in accordance with the RICS Guidance Note on Financial Viability in Planning (2012). To ensure that a development proposal is financially viable and deliverable, it is essential that the land owner is sufficiently incentivised to sell, the developer is capable of obtaining an appropriate market risk adjusted return for delivering the proposed development, and the proposed development is capable of securing funding. When planning obligation liabilities reduce the site value to the land owner and return to the developer below an appropriate level, the land will not be released for sale and the development will not take place.</p> <p>Further guidance is in the National Planning Policy Framework (NPPF) para. 173.</p> <p>BPS's method of defining development viability is contrary to the above, because it has no regard at all to whether or not landowners and developers will receive "competitive returns". Without ensuring that landowners are incentivised to release their land for development, BPS cannot possibly conclude that</p>

Customer/ Organisation Details	Summary of Comments Received
	<p>the proposed CIL Charging Schedule will not threaten development delivery.</p> <p>The failure of BPS to recognise that property owners have the option of refurbishing and letting/ selling their existing buildings as an alternative to redevelopment could result in the proposed CIL charging rendering many potential development schemes unviable.</p> <p>All sensitivity testing should allow for cost and revenue assumptions to be increased and reduced. The failure of BPS to sensitivity test a 3% increase in developer profit requirements has led to an inaccurate conclusion that the proposed CIL rate is viable.</p> <p>Rendering 50% of all development sites in the Borough unviable will prevent those sites from being delivered for development.</p> <p>Where landowners have the option to refurbish and re-let or sell their existing buildings, the CIL charge could render any redevelopment scheme unviable.</p> <p>BPS has assumed no abnormal site costs on all development scenarios. This is a dangerous assumption to make. In our experience it is likely that any potential development site containing an existing building will suffer from abnormal development costs. Therefore a provisional allowance should be included in all development appraisals.</p> <p>Based on Haslams' data the residential values BPS have adopted are excessive. [a range of examples are provided by Haslams]. The residential sales values adopted by BPS are excessive by between £150-£790psm. BPS's conclusion that the proposed CIL charging schedule is viable is unreliable.</p> <p>We would draw your attention to two recent and relevant Planning Inspectorate reports on Examinations of CIL Charging Schedules: Report to Mid Devon DC included a recommended modification to replace for £90psm charge for dwelling houses by a charge of £40psm. The Report to the greater Norwich Partnership recommended a modification to reduce the residential rates by around 35%.</p> <p>RBC's Proposed CIL Charging Schedule will threaten and in many cases prevent the delivery of potential development sites in Reading Borough due to the proposed CIL being excessive and rendering the development schemes unviable.</p> <p>BPS should reduce their value assumptions inline with comparable evidence available and reappraise the</p>

Customer/ Organisation Details	Summary of Comments Received
	<p>development scenarios with realistic cost data assumptions.</p> <p>To ensure that landowners receive competitive returns for their land and are sufficiently incentivised to sell, they should receive at least 50% of their uplift in land value between the existing site value (as defined in the RICS Guidance Note) and the residual land value, which would be produced by the development if unencumbered by planning obligations. This approach was advocated by Nigel Jones of Chesterton Humberts, when instructed to advise the Planning Inspectorate at the Independent Examination of the London Borough of Barking and Dagenham Core Strategy (2009). This approach was also advocated by the University of Reading at a Planning Appeal (November 2012) against the decision of Wokingham BC to refuse a planning application at The Manor, Shinfield. The Inspector agreed with the appellant's approach to assessing development viability.</p>
Alan Beardmore	<p>These proposals will take away from the construction industry as clients will adjust by reducing areas to ameliorate rising costs of development. It is not clear from your data whether or not domestic extensions are exempt: the 100sqM limit seems to relate to new building - which is not how domestic extensions are currently considered. Householders proposing to extend their living space would not take kindly to the Council imposing this arbitrary tax of several thousand pounds for improving their homes. It is worth noting that the RIBA has estimated that every £1 of construction investment generates £2.48 of economic activity.</p>
Blandy & Blandy LLP	<p>One of the difficulties that a local planning authority has and therefore the development industry has is knowing in advance how the system will work to produce a forecast figure when there are so many uncertainties. If it is not possible to forecast the revenue derived from the CIL regime with any accuracy it cannot be possible to forecast what infrastructure will be funded by CIL payments. That is one of the practical difficulties which the local planning authority faces. This difficulty and others go the question of viability in development proposals.</p> <p>Other difficulties include: what S106 obligations there will be in addition to CIL; how the concept of "in use" for existing buildings should be interpreted; the extent of the meaningful proportion; whether or not the local planning authority will grant exceptional relief. The more uncertainties there are the more difficult it will be to set CIL at an amount that the local planning authority can be confident will encourage the achievement of development objectives and policies rather than jeopardise them.</p> <p>If the CIL rate is too high development could well be frustrated and regeneration objectives might be</p>

Customer/ Organisation Details	Summary of Comments Received
	<p>lost and affordable housing objectives also could be frustrated.</p> <p>The uncertainty regarding what is to be covered by CIL leads to uncertainty as to what other S106 obligations will be required and therefore what the costs of development are going to be. These uncertainties militate against being certain regarding the viability of whatever rate is set.</p> <p>The extent of affordable housing that could be delivered from a development site provided the only flexibility where there are site specific issues that led to viability considerations. That seems to be commonsensical since once the charging schedule has been adopted there is no flexibility (bar the possibility of exceptional relief) for a local planning authority to excuse a payment.</p> <p>The Inspector [for mid Devon CIL Examination] said that the authority should be setting the CIL rate in line with what would enable the policy aspiration to be achieved. We think that the Borough Council needs to look at this matter again.</p> <p>Regulation 40 [of CIL] gives credit for existing development. That credit is in relation to the space rather than the value of a particular property. The credit, however, is not given unless part of the building has been “in use” for six months within the 12 months preceding the grant of planning permission. There is scope for argument over what is meant by “in use” and “in lawful use”. It will be interesting to know what the legal advice is that the Borough Council has received to the correct interpretation.</p> <p>Where CIL is payable the developer will want to know what the calculation of that CIL is and will need certainty before he commences. Any uncertainty will lead to a delay in the start of development and consequently a delay in payment of CIL. This has its own consequences as well as potentially jeopardising the proper development of the area.</p> <p>The ‘gaping hole’ in the whole CIL regime is the failure to take into account underlying values. Unless the land owner receives a competitive return he will not release the land for development.</p> <p>No doubt the Borough Council will want to work with other professionals [surveyors and valuers]. We trust it will not take too rigid a line in defending its own preliminary proposals.</p> <p>Presumably the Council expects to review the charging schedule sooner rather than later.</p>

Customer/ Organisation Details	Summary of Comments Received
The Canal & River Trust	At this stage the Trust have no comments to make.
Timothy Cook	<p>I think we have to be careful as this seems like it would be used to offset monies not coming through tax payers. I think there has to be open transparency on this. I would prefer it to go into a central fund rather than mixed into Council funding for schools, roads and transport. Made into a fund that looks like the lottery for worthy causes across Reading that are deserving of funding. If need be there should be two funds: infrastructure fund, part of the Council, and a community fund, preferably external to the Council.</p> <p>We should develop a Scholarship Fund in Reading for 20 "Outstanding" students.</p> <p>I would like to see before Christmas an Annual lottery where the benefits go to people of families and people struggling at Christmas.</p>
David Cooksley	<p>I would say that this will be yet another cost to slow down development and increase the cost of housing. It is not a tax on development, but a further tax on the end purchaser who will clearly be required to carry the additional financial burden.</p> <p>[The remainder of the comments relate to the approval systems for planning applications and are not summarised here].</p>
Deloitte on behalf of Oxford Properties	<p>Oxford Properties is the owner of Green Park Business Park and is keen to continue to actively engage with Reading Council to ensure that future development proposals to expand Green Park continue to be viable. It is critical to ensure that the proposed CIL rates would not threaten the delivery of any future development, of this regionally significant employment location.</p> <p>We note the proposals for a nil CIL rate in relation to Offices outside of the designated Central Core and welcome that approach on the basis that it will support future sustainable economic development which will meet the aims of both the Reading Core Strategy and the NPPF.</p> <p>In relation to the proposed CIL rate of £140per sq.m of residential development and £200 per sq.m for Retail development for areas outside of Central reading we would welcome the opportunity to investigate the appropriateness of these proposed rates and their potential impact upon the viability of</p>

Customer/ Organisation Details	Summary of Comments Received
	<p>future proposals through dialogue with Reading officers and further independent assessment of the Economic Viability Assessment and Infrastructure Delivery Plan. This would include the further evidence base work in relation to specific infrastructure requirements, which is to be produced as part of the Draft Charging Schedule.</p> <p>We would request further clarification of the circumstances in which S106 obligations may be sought in the future, to ensure that there will be no overlap or double-counting in respect of infrastructure contribution on any development sites. The CIL PDCS suggests that in some circumstances S106 obligations for site related mitigation will be used alongside CIL contributions, which individually and cumulatively could pose significant viability problems to scheme delivery.</p> <p>We note that it is the Council's intention to reassess the economic viability of development as the market improves, and to address this through a revised CIL Charging Schedule. It will be important to ensure that CIL rates do not have the effect of rendering development that contributes towards the achievement of Core Strategy objectives unviable. We would welcome further clarification of the mechanism for triggering any such review, and how often reviews would take place, in order to ensure that the CIL rate remains transparent and predictable in accordance with the Regulations.</p> <p>We therefore submit this representation as a holding response and would welcome the opportunity for further discussion with officers.</p>
Denham & Co	<p>This proposal is completely ill considered. It is just another Osborne tax on development. The result will be to depress house building even further. What money is raised will not be spent on infrastructure, but will be diverted to other things as has happened in the past. Drop the whole idea and do something positive for a change.</p>
English Heritage	<p>English Heritage advises that CIL charging authorities identify the ways in which CIL, planning obligations and other funding streams can be used to implement the policies within the Local Plan aimed at and achieving the conservation and enhancement of the historic environment, heritage assets and their setting.</p> <p>The CIL covers a wide definition of infrastructure in terms of what can be funded by the Levy. The Council should consider whether any heritage-related projects within Reading Borough would be</p>

Customer/ Organisation Details	Summary of Comments Received
	<p>appropriate for CIL funding.</p> <p>The Council should be aware of the implications of any CIL rate on the viability and effective conservation of the historic environment and heritage assets in development proposals. For example there could be circumstances where the viability of a scheme designed to respect the setting of a heritage asset in terms of its quantum of development could be threatened by the application of CIL.</p> <p>Paragraph 126 of the NPPF requires LPAs to set out in their Local Plans a positive strategy for the conservation and enjoyment of the historic environment. In relation to CIL this means ensuring that the conservation of its heritage assets is taken into account when considering the level of the CIL to be imposed as to safeguard and encourage appropriate and viable uses for the historic environment.</p> <p>We are therefore encouraging local authorities to assert their right to offer CIL relief in exceptional circumstances where development which affects heritage assets and their setting may become unviable if it was subject to CIL.</p> <p>We recommend that the conditions and procedures for CIL relief be set out within a separate statement following the Charging Schedule.</p> <p>It should also be remembered that development-specific planning obligations may still continue to offer further opportunities for funding improvements to and the mitigation of adverse impacts on the historic environment.</p> <p>Attached is an Appendix that sets out some background information on the relationship of infrastructure with the historic environment.</p>
<p>GL Hearn on behalf of Foudry Properties Limited</p>	<p>The application of the charging schedule for retail uses two distinct geographical areas. The Reading Central Area Action Plan (RCAAP) boundary is used in this case. The boundary does not however reflect the development viability considerations or evidence that the CIL Charging Schedule should refer to. It is therefore not appropriate to use such policy related boundary in relation to the assessment of “in town” and “out of town” retailing as distinguished in the Viability Assessment. The Assessment has not confirmed that this boundary is supportable for such a marked change in approach towards development viability within the urban area of Reading.</p> <p>The Viability Assessment of A1 use out of town retail category is principally based on foodstore viability</p>

Customer/ Organisation Details	Summary of Comments Received
	<p>analysis. It does not consider non-food retail formats. It is not appropriate therefore to apply the charging schedule to such retail formats without sufficient evidence base.</p> <p>We have concerns about a number of their inputs [appraisals] which have an important effect on the balance being proposed within charging regime: Debateable whether even foodstore development would achieve rents at this level [£215psm] in the current market and the majority of retail parks, particularly for bulky goods, would certainly be at lower rents; yields at 5.5% will only be achieved for high quality covenants. This is not representative of the general out of town retail market. We would expect rent free periods of 18-24 months to be required on non-food retail schemes.</p> <p>The impact of these three overly optimistic assumptions will be significant and accordingly their conclusions [BPS] around the appropriate charging rate must be questioned.</p> <p>The Viability Assessment also refers to an out-of date version of the Sites and Detailed Policies Document. The Viability Assessment therefore makes the assumption that Reading Borough Council identifies three sites with potential for significant development; Worton Grange, Berkshire Brewery and land north of Manor Farm Road". The prospect of large food stores coming forward on these sites is not expected by RBC.</p> <p>BPS state that "a range of potential land uses were considered..[statutory guidance was interpreted as meaning those land uses which are unlikely to have a significant impact on CIL or the overall volume of development should not be considered to have a significant influence on the overall charge rates proposed. In this context, uses which have only limited land allocations have been omitted". On this basis there is no need to separately identify significant out of town retail developments in the draft charging regime.</p> <p>The proposed due dates for payments should be set over a more extended period of time, especially applicable to large-scale developments (over £250,000 CIL liability)</p>
Jenny Hicks	<p>I already thought a 106 Directive was in place. Please explain fully the process of planning permission and charges from developers at the moment and what will change.</p> <p>[Letter was sent to the customer to explain matters further and a further response received as follows]</p> <p>I will be writing to my MP on the matter of full clarification and easy to navigate websites for planning</p>

Customer/ Organisation Details	Summary of Comments Received
	<p>for the UK.</p> <p>More transparency on planning and development matters for the good old general public to view and digest rather than go through minefield of legal jargon first.</p>
<p>The Highways Agency</p>	<p>We have reviewed the consultations and do not have any comments at this time.</p>
<p>Nathaniel Lichfield & Partners on behalf of Aviva Life and Pensions (UK) Ltd</p>	<p>Aviva is an important stakeholder in Reading. Its interest relate to Forbury Retail Park and Station Shopping Park.</p> <p>The CIL PDCS proposes a zero levy for retail development within the Central Reading area. Aviva are supportive of this proposed rate as it encourages investment in additional retail floorspace in a sustainable town centre location within Central Reading with obvious benefits in terms of scheme viability.</p> <p>Offices are considered to be a main town centre use, as defined by the NPPF. Office development is subject to the town centre first approach and should be encouraged in such locations. The Council should give consideration to reducing the proposed CIL rate for office development within the Central Core area. A lower CIL rate would reflect the Council's approach to retail development in Central Reading.</p>
<p>Natural England</p>	<p>We note that the NPPF (para 114) states that "Local planning authorities should set out a strategic approach in their local plans, planning positively for the creation, protection, enhancement and management of networks of biodiversity and green infrastructure". We view CIL as playing an important role in delivering such a strategic approach. We advise that the Council gives careful consideration to how it intends to meet this aspect of the NPPF, and the role of the CIL in this.</p> <p>Potential infrastructure requirements may include: access to natural greenspace; allotments provision; infrastructure identified to deliver climate change mitigation and adaptation.</p>

Customer/ Organisation Details	Summary of Comments Received
<p>Network Rail</p>	<p>The Charging Schedule should set a strategic context requiring developer contributions towards rail infrastructure where growth areas or significant housing allocations are identified close to existing rail infrastructure.</p> <p>As Network Rail is a publically funded organisation it would not be reasonable to require Network Rail to fund rail improvements necessitated by commercial development. It is therefore appropriate to require developer contributions to fund such improvements.</p> <p>We would recommend that developer contributions should include provision for rail and should include: developments on railway infrastructure should be exempt from CIL or that its development should be classified as payments in-kind; railways to be included on the Regulation 123 list; there should be a clear definition of buildings in the draft charging schedule. Railway stations should not be treated as buildings, nor should lineside infrastructure, such as sheds, depots etc; confirmation that Network Rail developments over 100sqm undertaken under our permitted development rights will not be CIL chargeable; charging one infrastructure project to pay for another is inefficient way of securing funding; requirement for development contributions to deliver improvements to the rail network where appropriate; Transport Assessments to take cognisance of impacts to existing rail infrastructure.</p>
<p>Nimbus Property Developments Ltd</p>	<p>I welcome the introduction of a CIL for many reasons, but not least of which you can pool resources across the town and target needs much more effectively. The S106 contributions are very specifically targeted to the immediate surrounding area, although this can and often is just a waste of money. CIL will change this as money doesn't need to put into the immediate area, but used for the greater good of the town as a whole.</p> <p>I would like to see checks and balances within Council procedures to the distribution of the money so it has targeted aim, opposed to political gain.</p> <p>I agree with the idealism of CIL, I don't agree with the CIL setting of £140. This just seems like utter madness, and massively overpriced compared with neighbouring towns, which means it will drive development away from Reading.</p> <p>The model [the Economic Viability Test Report] is flawed in method. The CIL Economic Viability Test Report from BPS Chartered, totalling 107 pages, and explaining all type of development is, in my opinion bereft of fact. Quite simply it is too short for the responsibility it has, it leverages from past</p>

Customer/ Organisation Details	Summary of Comments Received
	<p>questionable documents and doesn't dual source information.</p> <p>In acquiring price data you can tell the writers have little knowledge of Reading. If you have an area whereby you have bigger house units, the sqm per dwelling will be bigger, but the return value per sqm will be smaller in GDV terms. The impact on services and infrastructure is far greater for flats, yet a detached house becomes uneconomic to build, since its GDV will be less.</p> <p>The Viability Assessment describes 5 hypothetical examples leveraged from the Affordable Housing Viability submission. This is very dangerous, since that assessment was done in-house and used synthetic opposed to real modelling to work out build costs. 2009 pricing is used and 2013 pricing (RICS) per sqm is 17% greater, thus making build costs artificially low. The document is flawed., and pricing sensitivity is monumental to the health of a town.</p> <p>[A comparison table of CIL rates is included]. Given new developments must, to some degree, follow the house prices for the surrounding area, we can see Reading is higher. The costs differential will drive developments to towns where the best margins can be gleaned.</p> <p>Respondent provides 2 examples where the proposed CIL rate would stop development.</p> <p>Reading needs to strike the right balance to keep developments going. Whereby viability of a CIL at £140 reduces the number of developments being economic to 50%, which is a 35% change from today's base line values. What it doesn't refer to directly is if the market values of property were to fall by 10% ten this CIL would make only 10% of developments viable. This is too risky to introduce.</p>

Customer/ Organisation Details	Summary of Comments Received
<p>Peacock and Smith on Behalf of WM Morrison Supermarkets PLC</p>	<p>Strongly object to the proposed CIL for retail development.</p> <p>Consultants Aspinall Verdi Ltd has reviewed the Economic Viability Assessment.</p> <p>In summary their observations/ recommendations are:</p> <ul style="list-style-type: none"> • Full development appraisal needs to be provided. • All assumptions need to be made explicit and be clearly evidenced. Aspinall Verdi would expect sourced market evidence and rationale for the appraisal inputs, such as rents, values, land values, and construction costs. Aspinall Verdi recommends that these be included so that a key aspect of the CIL calculation is clearly evidenced. • When considering larger scale development the following factors/costs need to be taken into account as the scale of the site needed results in additional costs - land assembly costs, costs associated with brownfield development, S278 and S106 costs. <p>The work makes several optimistic assumptions, lacks clear rationale for the assumptions used and is missing the development appraisals to allow analysis. The market research evidence is lacking detail.</p> <p>The proposed CIL rate for out of town retail is too high and will prejudice future growth and development. Our client is gravely concerned that the suggested charge will have a significant adverse impact on the overall viability of future retail development in the Borough. A balance has not been found between infrastructure funding requirements and viability.</p> <p>The draft charge will put undue additional risk on the delivery of any such proposals and will be an unrealistic financial burden. This, in turn, poses a significant threat to potential new investment and job creation in the local area at a time of economic recession and low levels of development activity.</p>
<p>Quod on Behalf of Sackville Developments (Reading) Limited</p>	<p>Statutory CIL Guidance requires the Local Planning Authority to ensure that they use CIL charges positively in order to contribute to the implementation of the “relevant Local Plan” (paragraph 8) including impacts on strategic sites and affordable housing (paragraph 27 and 29).</p> <p>Imposition of CIL on Station Hill scheme could prejudice delivery of one of the most important sites in the Borough.</p> <p>CIL is expected to have a positive economic effect on development across an area and this definition</p>

Customer/ Organisation Details	Summary of Comments Received
	<p>should be at the centre of the charge-setting process.</p> <p>Key considerations [of revised SPG on S106 planning obligations and consideration of Exceptional Circumstances Relief] need to be viewed alongside the CIL Charging Schedule now. Without this information we do not consider that the Council can reach a robust conclusion on viability matters, and reserve the right to reconsider or add to our comments.</p> <p>Welcome the principle of an instalment policy, but current drafting front loads payments which will act as a barrier to delivery contrary to CIL guidance.</p> <p>It appears that the evidence base does not adequately consider issues associated with strategic development, including their longer construction and delivery timescales and the differing risk profiles of these scheme types. Updates and additional modelling would assist the Council in understanding the importance of, and need for, an appropriate instalment policy.</p> <p>We consider that the evidence base for the suggested Charging Rate for Central Reading offices is contradictory and not robust. It is not evident to us that there has been sufficient consideration of pessimistic assumptions and the reality of delivering offices on complex urban sites where demolition, remediation, infrastructure and other constraints increase costs significantly.</p> <p>BPS do not provide summary appraisals and without this it is impossible to judge the realism of key metrics including land value, construction costs, programme and demolition.</p> <p>We welcome the variety of scenarios adopted for the viability testing. However, we do consider that there needs to be a realistic assessment of key central regeneration schemes including Station Hill. E.g. Offices are considered only as pure office schemes and do not reflect a more mixed use scheme; Station Hill 2 has been considered, but this is clearly not viable and should not be used as a benchmark; development typology for larger sites only considers houses. The assessment has failed to test the impact of CIL of flatted schemes, which can incur considerably higher costs and therefore failed to adequately test the likely site typologies that support the delivery of the Core Strategy.</p> <p>We consider that Station Hill should be nil rated given its strategic significance.</p>

Customer/ Organisation Details	Summary of Comments Received
<p>Red Kite on Behalf of themselves and various clients including Viridis Real Estate Services Ltd, Jansons Property, Square Bay Land LLP, and other landowners</p>	<p>The Core Strategy predates the issue of the NPPF, and relies on evidence and research carried out more than 6 years ago. It is therefore debatable whether it can be claimed to be an up to date Development Plan document as required by Paragraph 215 of the NPPF.</p> <p>The BPS report tests the impacts of the proposed charges, rather than proposing a charging level after gathering evidence. It is unclear why the charging schedule uses the figures it does, or selects and bands land uses into categories. More detail is required to explain and demonstrate the choices made.</p> <p>The Council could continue to collect infrastructure contributions via S106 instead of adopting CIL. This would enable the Authority to:</p> <ul style="list-style-type: none"> • Continue to negotiate on a policy basis with flexible site by site appraisal; • Secure reasonable contributions to essential infrastructure; • Exercise local control over the release of a percentage of funds to other bodies (achieve affordable housing rather than investment in less essential local enhancements); • Avoid generalisations which are likely to be harmful to the viability and delivery of development. <p>The Viability Study for Reading interprets the CIL Regulations in relation to buildings being 'in use' as requiring the premises to have been occupied/ tenanted. The bulk of allocated sites feature buildings with lawful uses. The perverse outcome of this approach is that it becomes more CIL expensive for a developer to redevelop vacant premises rather than ones in active use - encouraging developers to delay redevelopment. This would be more cost effective than losing the [CIL] discount.</p> <p>Operating CIL in this way will provide a strong disincentive to developers bringing forward large scale sustainable redevelopments at the earliest opportunity.</p> <p>Recent House of Lords Select Committee report recognised that specialist accommodation for older people including accommodation with care cannot compete in the market with standard residential values, and carries a high ongoing management and staff cost. Other LPAs have drawn a distinction between the CIL rates for sheltered, residential care, C2 and C4. Demographic data demonstrates that specialist accommodation is urgently required in the Borough, but unless a dramatically lower or zero CIL rate is applied there will be a major disincentive to provision.</p> <p>While it is unarguable that occupiers of long term rental residential developments will place demands on local services included in the CIL regime, extended period of payment should be designed into the</p>

Customer/ Organisation Details	Summary of Comments Received
	<p>charging schedule for developments restricted by condition or Agreement to this form of tenure.</p> <p>The imposition of a new liability of CIL of £200 psqm [for retail outside of the town centre], will have a substantial adverse impact on delivery, which is not justified by the assumptions on costs and viability set out in the BPS study.</p> <p>It is unreasonable to proceed on generalisations when known facts demonstrate that a significant number of sites are likely to be unrealistically and adversely affected.</p> <p>In view of specific local circumstances an additional allowance for abnormal/ special costs should be factored in to the assumed viability costs.</p> <p>BPS states that whether or not a pre-existing development is capable of qualifying for a deduction in CIL has a very significant impact on the development scenarios. Research has not established how many existing buildings are capable of being tenanted and of these how many are likely to be attractive to the market. In the absence of any substantive information on this point, the anticipated revenue from CIL cannot be relied on.</p> <p>Rendering 50% of all development sites in the Borough unviable will prevent those sites from being delivered for development and the prime objectives of a reliable flow of contributions to infrastructure is significantly weakened.</p> <p>The BPS report recognises that charges should not be set on the margins of viability, yet that is what has been proposed.</p> <p>It is difficult to understand why the Council has decided to promote a CIL charging level which demonstrably prevents achievement of the affordable housing requirements set in policy.</p> <p>Consideration should therefore be given to revisions which address:</p> <ul style="list-style-type: none"> • Reflecting the special costs of brownfield sites • Creating a separate much lower or zero rate for specialist housing to meet the needs of older people and vulnerable groups • Reducing the proposed level of charges on all residential schemes • Adjusting the proposed phasing to reflect circumstances where new properties will not be sold for capital receipt but kept for rental units in the long term

Customer/ Organisation Details	Summary of Comments Received
	<ul style="list-style-type: none"> • Reduce or zero rate new retail development on out of town sites
<p>Savills on behalf of Taylor Wimpey Homes</p>	<p>We are only commenting on particular key areas of the evidence base. The lack of reference to other parts of the evidence base should not therefore be taken as agreement with them and our client reserves the right to make further comments upon the evidence base at the Draft Charging Schedule consultation stage.</p> <p>Having studied the Economic Viability Assessment (EVA) it is unclear under what basis the profit level for residential development is calculated. The consultants' appraisals are not made available. We seek clarification on this.</p> <p>In Savill's experience the minimum profit margin that lending institutions are currently prepared to accept on residential development is <u>20% on GDV</u> [reference to recent appeal decision which addresses developer's profit and no difference between profit margins for market and affordable housing]. It is not clear from the EVA whether a different profit level has been applied, but we believe that no distinction should be made between the profit levels on affordable and private housing. Only appraisals which reflect a developer profit level of 20% on GDV should be allowed when considering the "appropriate balance .."</p> <p>The viability or otherwise of site typologies which represent a significant proportion of the anticipated housing trajectory does not appear to have been given greater weight than other typologies which are likely to contribute less to the supply of housing in the Borough over the Plan period.</p> <p>We note that none of the tenure mix options appear to accord fully with either the adopted or emerging policy. We strongly recommend that the appraisals are recalculated allowing for an adopted policy compliant option as well as an emerging policy compliant option.</p> <p>We are strongly of the opinion that only appraisals which reflect current market values should be considered.</p> <p>The results of the EVA does not represent a robust evidence base to support the proposed charging level of £140 per Sqm for residential development. Assuming that the appraisals currently reflect the viability of each development scenario, the results show that none of the scenarios which are closest to reflecting adopted and emerging affordable housing policy and reflect current market values and reflect current developer profit requirements are able to support a CIL charge of any value.</p>

Customer/ Organisation Details	Summary of Comments Received
	<p>No viability cushion has been proposed by the Council. In accordance with statutory CIL guidance “charging authorities should avoid setting a charge right up to the margins of viability across the majority of the sites in their area”. Site specific circumstances will mean that the economics of the development pipeline will vary from the typical levels identified via analysis of a theoretical typology. Therefore, there must be a viability cushion incorporated either into the benchmark land value or elsewhere through the CIL assessment process.</p> <p>The Examiner’s Report for the Greater Norwich Development Partnership notes that there must be allowance within the CIL rates to account for the variation in landowner aspiration, as well as the potential differences in costs and values of individual sites. The EVA does not appear to allow any uplift to existing value to incentivise landowners to bring forward land for development. There should be a buffer at a discount of at least 30% applied.</p> <p>The Charging Schedule should be clear that ‘double counting’ of Section 106 and CIL is not permitted by law. We therefore request that the Draft Regulation 123 list of infrastructure is provided for comment at the earliest opportunity, preferably prior to the publication of the Draft Charging Schedule.</p> <p>Urge RBC to make clear at the earliest opportunity the supporting documentation needed to operate CIL and to make it available for input/comment. Whilst this information is not tested at Examination it is critical to allow for successful implementation of CIL. Documentation should include:</p> <p>Guidance on how to calculate the relevant chargeable development; Guidance on liability to pay CIL/ Appeals process; policy for payment by instalments; approach to payments in kind; guidance on relief from CIL.</p> <p>Recommend that RBC take advantage of payments in kind and allow for land in lieu of CIL. This should be explored as a mechanism to avoid ‘double counting’ where infrastructure is provided by developers on site.</p> <p>Imperative that RBC makes exceptional circumstances relief available from the date of adoption of CIL and that they clearly outline their approach to doing so.</p> <p>RBC should have a clearly defined review mechanism and suggest that monitoring takes place on a 6 monthly basis. Monitoring data and reviews should be regularly published, for example on the Council’s website.</p>

Customer/ Organisation Details	Summary of Comments Received
Savills on behalf of Thames Water Utilities Ltd. (Thames Water)	<p>Thames Water supports the Preliminary Draft Charging Schedule under which CIL would not be applicable to water and wastewater infrastructure developments.</p> <p>Water and wastewater infrastructure buildings should be exempt from payment of the CIL as follows:</p> <p>It is unlikely that the provision of water and wastewater infrastructure could be funded through CIL.</p> <p>CIL was not taken into account in the submission of our business plan for the period to Mar 2015 and if for any reason we were required to pay CIL this would impact on the ability to deliver important water and wastewater infrastructure required to support growth.</p> <p>The provision of such infrastructure usually does not result in an increased demand for other types of infrastructure and therefore has no significant impact on wider infrastructure provision.</p> <p>The predominant aims of water and wastewater infrastructure development are to support growth rather than to increase the financial value of land on a profit making basis.</p>
David Shepherd	<p>What do businesses get for the rates we pay?</p> <p>If there are further increases in taxation are we more or less likely to take on staff reducing the burden of councils paying housing benefits etc</p> <p>Do the businesses benefit from the so called infrastructure we are being further taxed to provide - I think not.</p>
South Oxfordshire District Council	<p>We note that your proposed CIL rates reflect the findings of your accompanying viability assessment. On this basis, we do not have any specific comments to make.</p>
Tom Steel	<p>Who decides whether a developer pays S106 or CIL levy? On what basis is that decision made?</p> <p>It says that a portion of the levy may be used to fund local infrastructure or projects defined by local neighbourhoods where development has taken place. Tilehurst does not have a parish council so who or what will determine that portion of any levy?</p>

Customer/ Organisation Details	Summary of Comments Received
The Theatres Trust	<p>The Trust supports the nil rate in Table 1 for “all other chargeable developments”. A theatre makes a positive contribution to the provision of cultural infrastructure in an area.</p>
<p>The Planning Bureau Limited on behalf of McCarthy and Stone Retirement Lifestyles Ltd</p>	<p>The effect of the imposition of CIL will be to constrain land supply. This is a significant threat to land with a high existing use value and therefore to the delivery of retirement developments.</p> <p>The CIL Guidance states that proposed rates “..would not threaten delivery of the relevant Plan as a whole”. The Guidance also stresses the importance of this principle to individual market sectors that play an important role in meeting housing need, housing supply and the delivery of the Development Plan, such as specialist accommodation for the elderly. The emerging CIL rate should accurately assess the development of specialist accommodation for the elderly in Reading Borough.</p> <p>The demographic profile of Reading is projected to age.</p> <p>The provision of suitable housing to meet the diverse needs of the population is addressed in Policy CS15 [Core Strategy]. It is clear [from policy] that the development of specialist accommodation is a priority for the Council.</p> <p>It is of vital importance that the emerging CIL does not prohibit development of specialist accommodation for the elderly at a time when there is an existing and urgent need for this form of development and by not properly assessing this form of development the proposed CIL rate would threaten the delivery of the relevant Development Plan contravening Government Guidance.</p> <p>The Preliminary Draft Charging Schedule provides a uniform CIL levy rate for all forms of residential development. Whilst there is an understandable desire to keep the charging rates as simple as possible the broad inclusion of some retirement housing fails to acknowledge the very specific viability issues associated with such specialist accommodation for the elderly. It is unclear as to what the Council’s rationale is for grouping all residential development including hotels, student accommodation, and care homes.</p> <p>The viability of retirement should be assessed against both likely existing site values, and of potential alternative (competitor) uses.</p> <p>Retirement housing can only be built on a limited range of sites, typically high value, and previously developed sites in close proximity to town centres. The Assessment should provide a development</p>

Customer/ Organisation Details	Summary of Comments Received
	<p>scenario for a typical flatted retirement housing scheme, located on a previously developed site within 0.4 miles of a town centre.</p> <p>Any CIL viability assessment should consider the effect of the imposition of CIL on a retirement scheme and should be quantified using appraisal inputs specific to the retirement housing product.</p> <p>The provision of communal areas is at additional cost and is non-saleable floorspace. The ratio of CIL rate to net saleable area would be disproportionately high when compared to other residential accommodation.</p> <p>There is a longer sales period and sales and marketing fees are typically 6% of GDV (not 1.25% in the Viability Assessment).</p> <p>Properties can only be sold on completion and therefore empty property costs, for typical 45 unit McCarthy and Stone Later Living Development are on average £100k.</p> <p>Specialist accommodation tends to be 5% more than apartments and 15-20% more than estate housing to build.</p> <p>Developer returns of less than 20% would not provide sufficient incentive.</p> <p>Would welcome flexibility in the timing of CIL payments. Suggest staged payments reflecting occupation levels throughout the sale of the development.</p> <p>There are potential shortcomings of providing a uniform CIL rate for all forms of residential development. The additional costs of construction, initial maintenance, coupled with slower sales rate make it clear that the financial viability of such developments are more finely balanced than those of houses and apartments.</p> <p>Suggest that a bespoke CIL rate is prepared for sheltered housing and other forms of specialist accommodation.</p>
<p>Thomas Eggar LLP on behalf of Asda Stores Limited</p>	<p>The Charging Schedule does not strike the appropriate balance between funding of infrastructure and effects on economic viability of development.</p>

Customer/ Organisation Details	Summary of Comments Received
	<p>Fundamentally object to the disproportionate loading of CIL upon large retail development on the following grounds:</p> <p>Impact on policies promoting economic growth and employment opportunities - Any CIL Schedule that imposes a CIL charge only on retail would effectively undermine the retail functions of local centres by detracting from their viability and vitality.</p> <p>Proposals to split small and large retail development - at odds with Government guidance as consider. The inadequate testing of viability to support the proposed charge of £200 per m2 for retail outside the Central Reading area, appears to be motivated by policy considerations and not viability as required by the CIL Regulations and national guidance.</p> <p>Financial assumptions and viability assessments in the Council's viability profiling document - do not make sufficient allowance for S106 and/or Section 278 contributions which will need to be paid in addition to the CIL payments; and costs involved in obtaining planning permission. The Council has underestimated the true cost of retail developments and artificially inflated the relevant benchmark land values. This will, in turn, have inflated the amount of CIL proposed for retail. For large retail developments outside the Central Reading area, when combined with CIL charges will make these proposals commercially unattractive and unviable.</p> <p>Without evidence of the amount of revenue raised by S106 it is difficult to see how the Council can be certain that the proposed CIL levy will not prohibit the viability of retail development.</p> <p>Concerns about the Councils' approach to CIL setting generally - The Viability Assessment does not acknowledge that the economics of conversion schemes are very different to those of new build schemes. It is difficult to see how the Council can assess whether the imposition of CIL will put the majority of these schemes at risk without having considered its impact on their viability.</p> <p>The Charging Schedule, does not make the connection between the CIL charges proposed and the infrastructure requirements of the particular developments upon which they are being levied. The Charging Schedule does not contain details of the actual or estimated cost of infrastructure provided to support the local plan. Nor, indeed, does it suggest that additional infrastructure is actually required to support the level of development set out in its Core Strategy.</p> <p>There is concern that as local authorities will still seek site-specific commitments under the S106 regime as well as CIL that the two charges together represent an unreasonable double levy for infrastructure,</p>

Customer/ Organisation Details	Summary of Comments Received
	<p>which is seemingly being placed onto a very limited category of development.</p> <p>There is also the risk that some of the infrastructure projects identified by the Council to be funded by CIL will already have been funded by undelivered projects through existing S106 commitments.</p> <p>At present S106 is repaid to a developer if the infrastructure has not been delivered within a certain period of time. There is no similar mechanism for CIL.</p> <p>Asda suggests:</p> <p>Council offer exceptional circumstances relief;</p> <p>Adopt an instalment policy which ensures that developers are not disadvantaged by the decision to submit a full planning application for a phased development scheme;</p> <p>Adopt a flat rate levy - divide the Council's estimate of total infrastructure costs over the charging period by the total expected development floorspace and apply a flat rate levy across the Borough and across all forms of development. Alternatively reduce the CIL charge for large scale retail developments to that of small scale retail developments to ensure consistency.</p>
<p>Turley Associates on behalf of Aldi Stores Ltd</p>	<p>The meaning of retail is not specific in the Preliminary Draft Charging Schedule (PDCCS) and the charging schedule does not fully explain the basis for the Charge (i.e. per m2 of gross floorspace). This will need to be clarified. Suggest that retail should be clarified by reference to the Use Classes Order. It is not clear whether the LPA is actually intending a differential rate based on use, as well as based on location.</p> <p>Concerned that the LPA may have used a policy basis for the charging zones rather than a viability basis. Unclear from the evidence how the LPA has arrived at the decision to charge a rate of £200 per Sqm.</p> <p>The Viability Assessment does not consider the deep-discounted retail market. A high rate could impact upon the viability of the business and deter future investment resulting in a loss of key discount retail provision within Reading Borough. Any retail levy must be demonstrated to be viable for any retail development, irrespective of the size or type of A1 use.</p> <p>Request that the LPA clarifies on what basis additional s.106 contributions would be sought for retail</p>

Customer/ Organisation Details	Summary of Comments Received
	<p>development. No allowance has been made for S106 costs in the Viability Assessment.</p> <p>Payment by instalments would provide certainty and flexibility. Consideration should also be given to payments in kind.</p> <p>Urge Council to consider non-mandatory exemptions as soon as possible.</p> <p>It would be helpful if the charging schedule could be specific regarding how the LPA intends to monitor changes in the market and to set out how often the charging schedule will be formally reviewed.</p>
<p>Turley Associates on behalf of Sainsbury's Supermarkets Ltd</p>	<p>We consider that testing only a scenario which assumes an unconstrained greenfield site is overly simplistic and not sufficiently robust to justify the proposed CIL rate [£200 per m2 for retail across the whole of the rest of the Borough]</p> <p>£200 per sqm is excessive and could be prohibitive for retail development in the Borough, especially in view of the extreme sensitivity to rental levels that this use has, as identified by BPS. The proposed approach could be particularly detrimental to the potential for new development in established centres in the Borough which are nevertheless outside of the central Area and brownfield/ previously developed sites, which normally have higher development costs.</p> <p>It does not appear that the Infrastructure Delivery Plan is sufficient evidence in relation to actual and expected estimated total cost of infrastructure. Support the provision of further evidence.</p> <p>Note that the Council is proposing an instalments policy and this is welcomed.</p> <p>Sainbury's suggest that the Council also adopt a policy to offer discretionary relief from CIL payments.</p>
<p>Peter Webb</p>	<p>I believe that the base data used for some of the residual valuations is defective and will show overstated resale values and understated build costs. As such the viability of many developments will in no way stand the levels of infrastructure charging proposed. It is also quite clear that the economics of care homes, hotels and residential are all very different and again certain uses should not have a one price fits all generic banding. I am afraid that the attempts to extract ever more contributions from the development sector is going to completely stifle development and is already stifling schemes coming forward. The penal system of empty rates on existing buildings has already lead to some demolition bob</p>

Customer/ Organisation Details	Summary of Comments Received
	sites. I am not entirely clear how the value of existing buildings will be regarded in this context and what calculations will be made in viability terms to reflect this with a change of use. Answers to these questions should be published.