Dear Sir or Madam

RE: NORTH SOMERSET COMMUNITY INFRASTRUCTURE LEVY DRAFT CHARGING SCHEDULE

We represent the South West HARP Planning Consortium which includes all the leading Housing Association Registered Providers (HARPs) across the South West. Our clients’ principal concern is to optimise the provision of affordable housing through the preparation of consistent policies that help deliver the wider economic and social outcomes needed throughout the South West region.

Question 1: In line with the legal tests, do you think the CIL rates proposed in the Draft Charging Schedule at Appendix A strike an appropriate balance between:

- The desirability of funding from CIL (in whole or in part) the actual and expected estimated total cost of infrastructure required to support the development of the North Somerset area, taking into account other actual and expected sources of funding; and
- The potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across North Somerset?

Care Homes and C2 Uses

In line with our comments from January 2013 (reference M5/1118-12), we cannot support a proposed CIL rate for care homes and other types of development falling within use class C2.

It is considered that the Council has published insufficient evidence upon which to set a proposed rate of £40/m² for care homes. Our previous representation from January 2013 noted that one of the main weaknesses in the Council’s Viability Study was that it had not sufficiently assessed care homes and C2 uses against a full appraisal set. In light of the fresh viability evidence published in August 2016, we maintain this view, and consider that this seriously undermines the Council’s decision to charge a levy on C2 development.

Appendix III of the Viability Study states that only one sheltered housing scheme within the North Somerset Council local authority area was noted as part of the assessment (Paragraph 7.1). The Study adds at Paragraph 7.2 that, given the lack of specific updated marketing information in the study area, together with experience of similar sheltered housing scenarios for a wide range of Local Authorities, values for new build retirement homes locally would have experienced similar growth to that shown clearly by the wider market for new build homes, and indeed by housing generally in these areas.

It is this assumption in Appendix III that leads to the summary at Paragraph 3.2.14 of the main Viability Study Report that it sees “no clear viability pointers to varying the PDCS approach” in these respects – thus retaining the £40/sqm CIL charge for care homes.

On the basis that only one sheltered housing scheme in North Somerset has been assessed; that their level of growth was calculated in line with market housing; and in the absence of any conclusive
Evidence in the 2012 Viability Study: we see no clear viability pointers towards a CIL rate for care homes falling within the C2 use class.

Statistics show that whilst 28% of North Somerset’s population is 60 years or over, 49% of the district is over 45 years old. It is therefore inevitable that there will become an increasing need for sheltered and extra care accommodation in North Somerset. In our experience developers of retirement properties, including Housing Associations, are likely to avoid areas with a high CIL charge due to the significant impact on scheme costs. If the Council wishes to encourage specialist retirement schemes to come forward in the area then it needs to be pragmatic in setting a CIL rate that encourages development. Furthermore, in order to comply with charging rates of this magnitude, planning obligations towards other critical infrastructure, including affordable housing, are likely to be impacted.

**Question 2: Do you agree with North Somerset’s proposal not to introduce a policy for phasing of CIL payments? What are your reasons?**

We strongly urge the Council to allow the phasing of CIL payments via an Instalments Policy. We do not recall any other CIL charging authority in the South West that does not allow developers to pay CIL via instalments.

It must be noted that the Council’s statement on page 13 that phased payments “would increase administrative costs” is wholly inappropriate. This means that one of the reasons why the Council’s Community Infrastructure Levy cannot be paid in smaller instalments is because this would increase its own costs of administering CIL payments. For example, a residential scheme which contributes towards meeting the Council’s identified housing need; or a much needed retail scheme in one of the Council’s town, district or local centres cannot potentially pay its CIL in phases due to the concern that this would increase the Council’s administrative costs.

We echo the views of the “majority of respondents” who supported the inclusion of such a policy. Payment of CIL via instalments allows developers to spread the cost of the charge over a longer development period, which greatly improves cash flow when developing sites of all sizes.

**Question 4: Do you agree with North Somerset’s proposal not to introduce an exceptional circumstances relief policy? What are your reasons?**

We recommend that the Draft Charging Schedule includes a discretionary relief for exceptional circumstances.

This does not necessitate the entire CIL charge being afforded relief, but rather that the amount necessary to make development viable is discounted. Exceptional circumstances will be important on sites irrespective of their size. It is evident that in some instances a cross-subsidy mechanism would be required to bring forward land for development; the market housing required for this should be the minimum to make the development viable. However, if CIL is required to be paid on the market element of a scheme, this may significantly alter the number of market units required to bring the development forward. This results in the perverse situation of requiring additional market housing to pay CIL, on a scheme being brought forward principally for the delivery of affordable housing.

We urge the Council to consider including the discretionary social housing relief which can offer an alternative delivery method, whereby that tenure can be used to subsidise other affordable tenures.

**Monitoring and Review**

We support the recommendations of the updated Viability Study which outline the importance of monitoring and reviewing CIL at frequent intervals.

We recommend the Council specifies when a review of the CIL will be undertaken. We are of the view that a review of CIL ensures Local Planning Authorities (LPAs) are reactive to an industry that is constantly changing, and represents good practice.
This should be over consistent intervals of time; we suggest either (a) every three years or (b) if there has been a 10% change in house prices or (c) in light of any significant change to national planning policy or guidance. This should include a caveat stating that the review will be done ‘whichever is sooner’. This would provide clarity for local developers, landowners and others who have an interest in North Somerset’s construction and property industries.

We would like to be consulted on any further changes on CIL, by email only to consultation@tetlow-king.co.uk. Please ensure that the South West HARP Planning Consortium is retained on the LDF database, with Tetlow King Planning listed as their agents.

Yours faithfully

SEAN LEWIS MPlan
ASSISTANT PLANNER
For and On Behalf Of
TETLOW KING PLANNING

sean.lewis@tetlow-king.co.uk

Cc: Aster Group
    Curo
    DCH Group
    GreenSquare Group Ltd
    Guinness Partnership
    Knightstone Housing Association
    Sovereign Housing Association
    Stonewater Ltd

    Kay Topazio – Housing Department
    James McLoughlin – Housing Department
    Geraint Nutt – Housing Department