

Places & Planning

Ms Louise Nurse, Examiner
% Ms Claire Jones-Hughes, Programme Officer

By email

Our Ref
Date: 17 November 2015

Dear Ms Nurser

RE: Reigate & Banstead Community Infrastructure Levy Charging Schedule Examination – Response to ED-04

Thank you for your letter (ED-4) seeking the Council's views on your possible recommendation to introduce a development size threshold within Zone 3.

The viability of schemes in Zone 3 is represented in the viability appraisal by the outputs of both Value Points 2 and 3. This follows the market evidence which suggests that sales values achieved across the Zone fall within a range from £3,400 per sqm up to and exceeding £3,600 per sqm.

In our original VAR (RBBC4, as summarised at paragraph 3.7 of RBBC14), the surplus available for CIL for 1 and 3 unit schemes in Zone 3 ranges from £80 to £128 per sqm. The revised viability evidence (RBBC20), assuming a s106 contribution of £1,000 (rather than £500) per unit, indicates that the surplus available for CIL for 1 and 3 unit schemes in Zone 3 ranges from £74 to £124 per sqm.

Whilst the revised evidence does therefore suggest that some 1 and 3 unit schemes within Zone 3 may be unable to support the proposed £80 per sqm charge should they be subjected to the higher s106 requirement; others would remain viable with a healthy cushion. This evidence also suggests that all such schemes would be viable at a charge of £70 per sqm. As set out in our response to Matter 3 (RBBC14 section 4) our evidence suggests that the vast majority of schemes of this size are unlikely to attract a s106 requirement of £1,000 per unit.

Schemes of 3 units or less in Zone 3 have accounted for 3% of permissions granted over the past 5 years in the borough. These therefore represent a very small proportion of the borough's housing supply. In the context of the Practice Guidance and National Planning Policy Framework, we would suggest that the impact of the proposed £80 per sqm charge on these schemes would not threaten delivery of the Council's Core Strategy as a whole.

We acknowledge that the modification that you are considering may reduce the likelihood of the viability of a small number of small development schemes in Zone 3 being threatened by

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the introduction of CIL. However, we have concerns that setting a unit number threshold could risk motivating landowners and developers to contrive sites within these locations so as to avoid CIL liability (for example by subdividing sites, or artificially reducing densities). This could potentially be detrimental to the overall CIL income achievable from this Zone and damaging to good planning.

We are not, therefore, persuaded that the modification you suggest is necessary to make the Schedule compliant with the drafting requirements, and we consider that such an approach would introduce undue complexity into the Charging Schedule. Based on the available evidence, identifying the point between 3 and 7 units at which all schemes would be viable at the proposed £80 per sqm charge with any certainty is also challenging. In our view, there may therefore be alternative modifications, such as a modest reduction in the Zone 3 charge as a whole, which would equally ensure the viability of 1 and 3 units schemes in Zone 3, be consistent with the viability evidence, minimise complexity and avoid the risks set out above.

We trust that this clarifies the Council's position on the matter, and look forward to receiving your report in due course.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Catherine Rose', written in a cursive style.

Catherine Rose
Planning Policy Team Leader