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Dear Mr Opacic,

Community Infrastructure Levy – Preliminary Draft Charging Schedule consultation

Thank you for providing the County Council with the Preliminary Draft Charging Schedule that has been prepared by the City Council. As you are aware, the County Council is keen to work in partnership on such matters in order to ensure that the infrastructure required to support development continues to be funded and delivered in the most appropriate way in the future.

Extra Care housing

The *Non-Residential CIL Viability Study* (November 2012) explains that uses within class C2 (including care homes) are usually subsidised by public funding and that a £0 charge rate is considered appropriate. It is therefore assumed from Table 3 that the proposed charge for Use Class C2 development would be £0 (under the 'All other uses' category), although a definition of 'residential' in the charging schedule to explicitly state which types of residential development fall under this category would be helpful for the avoidance of doubt.

Whilst the County Council is supportive of this approach, it is noted the absence of any viability assessment of Extra Care housing. This is specialist provision defined as "purpose-built accommodation in which varying amounts of care and support can be offered and where some services are shared." Schemes can combine a range of tenures and as such the private units can provide some cross-subsidy to the affordable. It is likely that some Extra Care development will fall partly within Class C3 and partly within C2. Therefore if the City Council makes all Class C3 development liable to CIL then some Extra Care housing development will be liable to the charge. For the

avoidance of doubt, it is therefore important that the CIL charging schedule is explicit about the CIL rate for this type of development.

The County Council considers that, given the demographic profile of Winchester, there is likely to be a need for up to 430 units of Extra Care housing in Winchester City in the period to 2025. By their nature, Extra Care developments will have a significant proportion of their total floorspace given over to communal areas, service areas and care facilities. Extra Care housing developments are likely to have different funding arrangements than other residential developments, and will need to be assembled from a range of public and private sources of which the County Council will be one. For these reasons, it is considered that the viability implications of Extra Care housing should be addressed by the City Council. The County Council considers that charging CIL on Extra Care housing is likely to affect the viability and deliverability of this important infrastructure asset. Residential schemes that are recognised by the Borough Council and the County Council's Adult Services department as being in accordance with the requirements and guidance for Extra Care housing, should be charged at a rate of £0 per sq m on grounds of viability.

CIL Charge rates and Strategic Allocations

The decision to charge £0 per sq m for all types of development within Zone 1 (the strategic allocations) on the basis that there is no scope for a CIL in addition to the negotiated on site section 106 infrastructure packages within these areas raises concern.

Once CIL has been adopted (or as of April 2014) Regulation 123 will come into force restricting the use of section 106 planning obligations for infrastructure funding. This will mean that it will no longer be possible to pool contributions towards infrastructure as no more than five planning obligations may be entered into for any one type of infrastructure or project (backdated to April 2010). Additionally, it will not be possible to secure section 106 funding for infrastructure types or schemes that are listed on the Regulation 123 list.

Whilst the County Council is in favour of utilising section 106 where possible in order to secure key necessary infrastructure (such as primary schools) to be provided on-site, these restrictions in the use of section 106 will prevent much of the off-site infrastructure being secured in this way.

The *Residential Viability Report* (November 2012) states that 'there is no scope for a CIL in addition to these negotiated on site S106 infrastructure packages within these specific strategic allocation areas'. This assumes that the section 106 infrastructure packages will be unchanged post CIL. However, in the event that new planning applications are submitted for these strategic allocations once CIL has been adopted, section 106 will not be able to secure contributions towards infrastructure to be funded by CIL or where pooling is required (for instance highway schemes). It would therefore be

prudent to reassess the viability of these developments by looking at the different scenarios for the delivery of infrastructure and how the developments may come forward.

To illustrate this point, for West of Waterlooville and North Winchester the developers of future phases could choose to submit full planning applications instead of reserved matters applications, or come in with a new application for the whole site. In this event, the section 106 contributions agreed towards infrastructure schemes that may later appear on the Regulation 123 list could not be re-secured. Even if the Regulation 123 list excluded such schemes, every variation to the existing section 106 agreement will count towards the maximum of five planning obligations that are permitted under Regulation 123 and consequently will restrict the ability to secure funding for infrastructure.

Furthermore there is no section 106 agreement in place for the allocation at North Whiteley and so any application is likely to be submitted following the adoption of CIL.

What the levy will be spent on

The County Council is keen to work in partnership with the City Council to help set spending priorities, taking account of the key infrastructure requirements for which the County Council is responsible for delivering (notably schools and transport infrastructure). The Hampshire Strategic Infrastructure Statement (Version 1) December 2012 was approved by Cabinet in December, subject to some minor amendments, and will be published shortly so will provide a helpful basis for discussions.

Paragraph 48 of the *Community Infrastructure Levy Guidance* (DCLG, 2012) encourages County Councils' infrastructure spending priorities to be taken into account where possible, in light of the aggregate funding gap and other infrastructure funding sources. Additionally, paragraph 86 of the guidance states that the Regulation 123 list should be based on the draft list that the charging authority prepared for the examination of their draft charging schedule. The County Council is therefore keen to collaborate on these matters and assist you as far as possible.

I would be pleased to discuss the comments raised in more detail with you if that would be of assistance.

Yours sincerely,

Laura McCulloch
Developer Contributions Manager
County Planning