



CIL Consultation
Infrastructure Planning Team
London Borough of Tower Hamlets
2nd Floor Mulberry Place
5 Clove Crescent
London E14 2BG

5 June 2013

Our Ref: SS/12/1584

Dear Sir/Madam,

**Draft Charging Schedule – Community Infrastructure Levy Consultation
– Response submitted on behalf of Redrow Plc**

On behalf of our client, Redrow Plc, please find below representations made in response to the Community Infrastructure Levy (CIL) Draft Charging Schedule consultation. Redrow is one of the UK's leading property developers and an established house builder, with a history of investing in major development schemes within Tower Hamlets. Representations are submitted to safeguard Redrow's future development interests in the borough and help ensure the viability of future investments is not threatened by the Council's emerging CIL charging schedule.

We are generally supportive of the approach taken by the Council but have fundamental concerns regarding certain elements of the Charging Schedule. The representations are primarily directed towards the proposed charging rates for residential development. However, further aspects of the CIL are considered, including the implementation of an instalment policy and a discretionary exceptional circumstances relief.

Residential Charging Rate

We support the Council's approach in setting variable rates for CIL, this helps ensure CIL charges are relevant to the infrastructure needs of different development types and accords with the Community Infrastructure Levy Regulations 2010 (as amended). However, we consider the proposed rates for

Directors:

Helen Cuthbert BSocSc (Hons) MA MRTPI

Stuart Slatter B-Tech TRP(SA) MRTPI

Claire Temple BA (Hons) Dip TP MRTPI

Consultant:

Caroline Dawson BA (Hons) DMS MRTPI

Associates:

Alastair Close BSc (Hons) MRTPI

Rob Scadding BA (Hons) PG Dip MRTPI

Katie Turvey BA (Hons) MA TP MRTPI

residential development to be set too high, particularly that proposed for Zone 1 at £200 per/sqm.

The residential charging rates proposed range from £35 per/sqm in Zone 3, £65 per/sqm in Zone 2 to £200 per/sqm in Zone 1. The difference in the proposed rates across the three zones is significantly broad and do not reflect the actual impact that residential development would have on the infrastructure needs of these different zones. Indeed, little evidence has been presented to show that the demand for infrastructure arising from residential development in Zone 1 would be significantly higher than that within Zones 2 and 3.

Further, in reference to producing Charging Schedules, the CIL Regulations makes it clear that local authorities must find an appropriate balance between revenue maximisation on one hand and the potential for adverse impact upon the viability of development on the other.

The highest tier of the residential charging rates (£200 per/sqm) will most certainly have an adverse impact on land supply and create a significant barrier to delivering homes in the most sustainable locations in the borough. Indeed, the rate is at such a level that it is likely to render sites unviable in many cases. These concerns were voiced to the Council in respect of the previous round of consultation for the Preliminary Draft Charging Schedule. Despite objections from a number of house builders and developers, the proposed residential charging rates have not been reduced. This is despite rates being reduced for other land uses such as retail.

The Council states that the evidence base of the Viability Study (March 2013) suggests there is no need to adjust the residential charging rate. However, there are other important aspects to consider when determining an appropriate charging rate. Indeed, this is acknowledged in the Council's own Viability Study, which recognises that '*CIL rates should not necessarily be determined solely by viability evidence*' (Paragraph 6.3). It is therefore important to consider the representations made by house builders and developers, which clearly suggest that the proposed charging rates for residential development would adversely impact the viability of development in the borough. The need to adjust the residential charging rate is therefore clear and essential for the delivery of housing and the objectives of the Local Plan.

In respect of delivering new housing, the Council has failed to meet annualised targets of the London Plan since 2007/08. Indeed, the latest figures contained within the London Borough of Tower Hamlets Annual Monitoring Report (2011/12) confirms that the Council are still significantly underperforming, delivering only 903 new homes in the period of 2011/12, compared to an annualised London Plan target of 2,885.

There is a recognised shortfall in housing delivery within the borough, falling significantly below housing targets and failing to meet the demands of a growing

City. In response to consistent shortcomings, the Council should be encouraging further investment from house builders, not deterring them. We therefore recommend the Zone 1 residential charging rate is reduced accordingly.

Instalment Policy

We support the Council’s decision to enable developers to pay CIL amounts in a number of instalments but strongly object to the implementation of the Mayor of London’s Instalment Policy. Indeed, to reduce the burden on developers, the Council is encouraged to develop its own instalment policy. This is an approach taken by a number of charging authorities, allowing for much more flexibility than that of the Mayor of London’s approach. For context, the London Mayor’s instalment policy is compared with that of Wandsworth Council’s in Table 1 below:

	Mayor of London	Wandsworth Council
Any amount up to £100k	No instalments	No instalments
Between £100k-250k	No instalments	2 Instalments
Between 250k-500k	No instalments	3 Instalments
Between 500k -£2m	2 Instalments	4 Instalments
Between £2m - £8m		4 Instalments
Over £8m		4 Instalments

Table 1: Comparison of Instalment Policies

In addition to the restrictive number of instalments offered, it is also important to note that the Mayor’s instalment policy requires any CIL amount of up to £500,000, is paid within 60 days of commencement of development. Wandsworth Council’s instalment policy on the other hand provides more flexibility required by developers. The amounts and timescales of which CIL is to be paid in line with Wandsworth Councils instalment policy are as follows:

- Amounts less than £100k: Payable within 60 days of commencement of development.
- Amounts between £100k and £250k: £100k payable within 60 days of commencement of development, remaining balance payable within 120 days of commencement of development.
- Amounts between £250k and £500k: £100k payable within 60 days of commencement of development, remaining balance payable in two equal instalments within 120 and 180 days of commencement of development.

- Amounts between £500k and £2m: £250k payable within 60 days of commencement of development, remaining balance payable in three equal instalments within 120, 180 and 240 days of commencement of development.
- Amounts between £2m and £8m: £500k payable within 60 days of commencement of development, remaining balance payable in three equal instalments within 180, 360 and 540 days of commencement of development.

Based on the above, for any residential development to benefit from the Mayor's instalment policy in the proposed Zone 2, it would need to comprise of over 7,600sqm of gross external floorspace. Based on an average apartment size of 70sqm, this equates to schemes comprised of approximately 100 apartments. Furthermore, the instalment policy would only be triggered in Zone 3, if a residential development comprised of approximately 200 dwellings. It is certainly clear that the Mayor's instalment policy has been designed with large scale schemes in mind and it certainly doesn't offer the flexibility that is required by a vast majority of developers that will deliver a majority of the boroughs housing needs.

In addition, the Mayor's instalment policy has not been considered or tested by BNP Paribas in the Viability Studies produced for both consultation exercises. Indeed, BNP Paribas have assumed in their worked examples, an instalment policy based on three equal instalments. Although this more flexible approach has been adopted by other charging authorities, it is not the approach being brought forward by Tower Hamlets Council.

We strongly recommend that the Council produces its own Instalment Policy and does not progress with implementing the policy produced by the Mayor of London. Increased flexibility in paying the levy is essential for developers and a Charging Schedule that doesn't offer this, significantly threatens the viability of many development projects, and will have the opposite effect.

Exceptional Circumstances Relief

We support the Council's decision to consider exceptional relief applications on a case by case basis and allow for necessary reductions of CIL liabilities in cases where there are adverse impacts on viability. However, we strongly encourage the Council to formally publicise confirmation that exceptional relief applications are to be accepted, in accordance with the CIL Regulations. We look forward to seeing this before the Charging Schedule is submitted for examination.

Summary

In preparing the draft charging schedule, the Council have failed to offer the flexibility to ensure the viability of delivering residential development on sites within the borough is not jeopardised. As such, the fundamental principles of local and national policy objectives encouraging sustainable development have been overlooked. The imposition of inordinately inflated CIL charges will simply frustrate potential development opportunities and in some instances dissuade investors entirely. The knock-on consequences of this are potentially very severe in terms of securing the investment needed to deliver new homes within the borough. We strongly encourage the Council to adopt a more positive approach towards development and with future housing delivery in mind. The charging schedule, as currently proposed, fails to find an appropriate balance between securing funding to meet future infrastructure needs and ensuring development and investment within the borough remains viable.

I trust the above will be taken into account and the CIL charging Schedule amended accordingly. I would be most grateful to be kept informed of progress and, in the meantime, please do not hesitate to contact me directly should there be any queries regarding the above.



Call for Representation Response Form

**Publication of the Community Infrastructure Levy
Draft Charging Schedule**

And

**Revised Planning Obligations
Supplementary Planning Document**

**London Borough of Tower Hamlets
Infrastructure Planning Team
April 2013**

Call for Representations Response Form for:

Community Infrastructure Levy Draft Charging Schedule and Revised Planning Obligations Supplementary Planning Document

If you are unable to use the Tower Hamlets Council's online consultation portal, you can use this form to provide your responses. Please refer to the [Statement of Representations Procedure](#) before completing this form. An electronic version of this form is available from www.towerhamlets.gov.uk/CIL

About the Consultation

Consultation period:

5pm Monday, 22nd April 2013 - 5pm Wednesday, 5th June 2013

The Council will not be able to consider any representations received after the above consultation period.

Return this Representations Response Form to:

Post:

CIL Consultation
Infrastructure Planning Team
London Borough of Tower Hamlets
2nd Floor Mulberry Place
5 Clove Crescent
London E14 2BG

Email:

CIL@towerhamlets.gov.uk with 'CIL DCS' in the subject box.

Consultation Portal:

<http://towerhamlets-consult.objective.co.uk/portal>

Please note: if you send an email, or use the online consultation portal, it is not necessary for you to also send in a hard copy. In addition, copies of representations will not be treated as confidential and they will be made available for public inspection.

What happens next?

Following the receipt of representations on the CIL Draft Charging Schedule within the specific consultation period, the Council will:

- Consider all representations under the requirements set in the relevant legislation
- Summarise the main issues raised by all representations and publish a statement of representations, with original representations on the Council's website

- Submit the CIL Draft Charging Schedule, the relevant evidence and supporting documents to an independent Examiner

Those making representations on the CIL Draft Charging Schedule have the right to be heard by the Examiner. The Examiner will assess the compliance and appropriateness of the CIL Draft Charging Schedule and its supporting documents.

For the Revised Planning Obligations SPD, where necessary, appropriate revisions to the draft document will be made in light of consultation responses, before it is adopted.

Section B (1) – Representation to LBTH CIL Draft Charging Schedule

Your representation should cover succinctly all the information, evidence and supporting information necessary to support/justify the representation and the suggested change(s), as there will not normally be a subsequent opportunity to make further representations based on the original representation at publication stage. After this stage, further submissions will be only at the request of the Examiner, based on the matters and issues he/she identifies for Examination in Public.

Questions:

1. Do you have any comments relating to the CIL Draft Charging Schedule and its supporting evidence?

Yes (Please make sure you refer to the sections or paragraphs, to which your comments relate and provide details by using the box below for your comments. If needed, please continue on a separate sheet of paper.)

No

Please refer to attached representations letter, dated 5th June 2013.

2. If your representation is seeking a change to the CIL Draft Charging Schedule, do you consider it necessary to attend the Examination in Public?

- Yes, I wish to attend
- No, I do not wish to attend

3. Please tick the box if you would like to be notified of about any of the following:

- If the Draft Charging Schedule has been submitted to an Independent Examination in accordance with section 212 of the Planning Act 2008 (as amended)
- Of the publication of the recommendations of the Examiner and the reasons behind those recommendations
- Of the approval of the Charging Schedule by the Charging Authority (The Council)

Section B (2) – Representation to LBTH Revised Planning Obligations SPD:

The adoption of a CIL Charging Schedule will have significant implications for how the Council plans for the delivery of infrastructure and secures Planning Obligations from new developments. In order to provide clarity on the Council's approach to the continued use of planning obligations together with the London Borough of Tower Hamlets' CIL, the Revised Planning Obligations SPD will be adopted alongside the CIL Charging Schedule.

4. Do you have any comments relating to the Revised Planning Obligations Supplementary Planning Document?

Yes (Please make sure you refer to the sections or paragraphs, to which your comments relate and provide details by using the box below for your comments. If needed, please continue on a separate sheet of paper.)

No