Gail Mayhew

Phil Morris

GNDP

C/O Broadland District Council

Dear Phil,

Please see below my comments on the proposed CIL Levy.

1. While appropriate to ensuring a fair and transparent charging regime that ensures that schemes within an urban area share equally in the cost of collective infrastructure provisions to support growth, the CIL mechanism has a number of fundamental flaws in its application to large scale urban extension.

2. Whereas in an established urban area, sites tend to benefit from existing historic investment in infrastructure (roads, schools etc – even when sites are large scale brownfield or regeneration areas) and key additional infrastructure to unlock growth can be relatively easily identified, quantified and an appropriate tariff set; the opposite is the case in a major urban extension.

3. In the case of an urban extension scheme, typically almost every category of infrastructure needs to be provided within the scheme in order to unlock the site and create an adequate level of amenity.

   It has also been demonstrated (*Valuing Sustainable Urbanism, Savills & The Princes Foundation for the Built Environment 2007*) that the delivery of such infrastructure beneficially impacts on land values, however over an extended period.

4. A rigid charging and delivery regime such as is anticipated by the GNDP has insufficient flexibility in terms of phasing, procurement and delivery to support the delivery of the infrastructure required within a major urban extension.

5. Area of Benefit / Hypothecation

The CIL mechanism, as anticipated by the GNDP, effectively severs the link between land/property taxation and 'area of benefit' and will allow the delivery body absolute authority to prioritise the delivery of infrastructure across the wider charging area.

This regime should not apply to the delivery of complex development scenarios such as the North east Growth Triangle which have a sufficiently intensive infrastructure requirement as to require the hypothecation of revenues raised within the local area to the local infrastructure requirement.

A locally operated CIL could potentially be a workable mechanism, on the other hand.

This would require genuinely strategic unlocking infrastructure projects, such as for example an intensification of the Bittern Line Rail Service; an intensification of the Norwich-Cambridge Link; major new green infrastructure for city-wide benefit to be charged through another mechanism – potentially a Tax Increment Finance measure which might apply to investment as well as to development property.

6. The CIL mechanism anticipates placing infrastructure delivery in the hands of the charging/delivery body. This raises questions around value for money procurement , phasing and alternative funding models.

Value for Money

Public procurement routes do not necessarily produce the most cost effective provision of a given piece of infrastructure. This raises the question of whether the role of the charging/ delivery authority should be to procure infrastructure or to monitor its delivery, potentially by commercial land / property /infrastructure interests.

Phasing

There may be a conflict between the delivery authority's views on the phasing of infrastructure (particularly a body covering a wide geographical area) as compared with that of land developer or locally based delivery agency or partnership. Whereas within a single urban extension, careful infrastructure phasing will closely ally the infrastructure investment to the creation of land value/amenity and the unlocking of the development on a phased basis; across a wide geographic area where very large strategic infrastructure projects are planned for, the prioritisation may be driven by other imperatives and may become politicised.

Account also has to be taken for demand and value to be created within a site, such that a given piece of infrastructure becomes viable. Sometimes an incremental approach to the provision of such infrastructure can be adopted, eg co-occupation of flexible buildings by different community uses prior to the construction of bespoke buildings. Flexibility should be built in to charging and delivery practise to support this.

Alternative Public Sector Funding Models

The lack of flexibility of the CIL makes it incapable of embracing alternative funding models that are rapidly emerging in many areas of the public and private sectors. For example, in education, DFE is forging a rapidly moving agenda on alternative funding models for schools – this needs to be taken account of. Equally, as new delivery mechanisms are being forged for a range of social services, flexibility should be maintained to respond to this changing environment.

Contribution in Kind

In some cases developers may wish to provide certain elements of infrastructure as part of the value creation in their own scheme. CIL does not provide a mechanism for recognising private sector delivery of elements of infrastructure – this should be addressed.

Equally the CIL makes no provision for reimbursing nor recognising the contribution of land that services the infrastructure provision eg. to accommodate public uses, parkland. This should be addressed.

7. New Residential Funding Models

Within the property industry, strategic residential development practice is rapidly evolving.

The government has been keen to support the emergence of the rented property sector; equally there is increasing evidence of investment activity in strategic land, with the potential for the emergence of investment backed strategic land vehicles with an appetite for the delivery of fully serviced sites. The CIL mechanism potentially will operate to inhibit the emergence of these new approaches unless sufficient flexibility is built in.

8. Risk Management / Driving Efficiencies

While there is a need to embrace growth in order to restart the economy, it must also be recognised that it may take many years for the property market to re-establish high levels of demand, sufficient to pay for major strategic infrastructure. In such a climate, efficiencies in delivery and the optimisation of historic and current infrastructure spend should be to the fore to enable development to progress. This argues for:

a) Utilising existing infrastructure as far as is possible (infrastructure efficiency)

b) Optimising the use of land that is already served by infrastructure (landuse efficiency)

c) Considering minimum additional infrastructure requirement to unlock sites and phasing this carefully to produce added land value; (capital efficiency)

d) Maintaining local control over additional infrastructure requirement such that prioritisation can be influenced;

e) Prioritising infrastructure and land use patterns that minimise trip generation, vehicle miles travelled and encourage modal shift. (energy efficiency)

f) Reducing carbon emissions, and optimising other resources.

In conclusion, while the GNDP CIL may be an appropriate charging mechanism to capture value across a range of diverse and relatively small scale sites, the points made above argue that it has the potential to undermine effective delivery of large scale urban extension.

Instead, for such urban extension scenarios, a local charging mechanism to underpin the delivery of collective infrastructure within the scheme should be put in place, with much higher levels of flexibility to encourage and allow for alternative funding mechanisms to emerge.

Yours sincerely,

Gail Mayhew