

Peach Place Redevelopment – Payment of Infrastructure Contributions

1. Background

An updated scheme viability appraisal has been prepared for the Peach Place redevelopment and is summarised below. This identifies the value of infrastructure contributions that can be paid by the development to the Local Planning Authority.

2. Level of financial return

As a “rule of thumb” an acceptable level of return to a private developer on residentially led schemes is 20% return on Gross Development Value. In summary this means that unless this level of return is achieved once all costs have been taken into account it is unlikely that a private developer would undertake a scheme. The return reflects the pricing of risk.

The redevelopment of Peach Place is being undertaken by Wokingham Borough Council as a regeneration project because the scheme will not generate a level of return in the range of 20%. The Council, in its Development Agreement with Wilson Bowden Developments, set a target to achieve a 5% return on Scheme Cost. This was deemed to be an acceptable financial return to the Council (as developer) on its investment, alongside the benefits of delivering regeneration in the town centre, and the scheme has been progressed on this basis.

3. Value of infrastructure contributions

The project has committed to the payment in total of £35,590 to mitigate its impact upon the Thames Basin Heath Special Protection Area (SPA), comprising the following:

- £6,897 to be applied by the Council to the provision of off-site Suitable Alternative Natural Greenspace (SANG); and
- £28,694 to be paid to Natural England and to be applied towards the Strategic Access Management and Monitoring (SAMM) of the SPA.

The re-run viability appraisal, inclusive the 5% return on Scheme Cost, confirms that there is no financial headroom for the provision of additional infrastructure contributions, over and above the SANG and SAMM payments identified above. Therefore no further infrastructure payments will be made to the Local Planning Authority. This position has not changed materially from when the development was commenced; at which time (February 2017) Alder King independently verified on behalf of the LPA that there was no further financial contribution available for contributions over and above that ring fenced for the SPA.

