

# **Solihull Metropolitan Borough Council Community Infrastructure Levy Examination**

Written Statement prepared on behalf of:

IM Properties

May 2015

**Turley**

# Contents

---

1.	Introduction	1
2.	Background to IM and BVP	2
3.	Background to the CIL Examination	3
4.	The Principle of a CIL Charge for BVP	4
5.	Response to Examiner's Issues	6
6.	Summary and Conclusions	13
Appendix 1: BVP's location within the CIL charging area		15
Appendix 2: Schedule of Solihull Local Plan Allocations		16
Appendix 3: Schedule of Nil Rates		20
Appendix 4: Schedule of neighbouring authority CIL charge rates		23

---

**Contact:**

Matt Spilsbury BA (Hons) MSc MRICS MRTPI  
Associate Director – Economics  
Turley

[matthew.spilsbury@turley.co.uk](mailto:matthew.spilsbury@turley.co.uk)

May 2015

# 1. Introduction

- 1.1 Turley act on behalf of IM Properties PLC (“IM”), owners of Blythe Valley Park, in respect of the Solihull Metropolitan Borough Council’s (SMBC) Community Infrastructure Levy (CIL) Examination in Public (Examination).
- 1.2 Following confirmation of the Examiner’s decision to reopen the CIL Examination in April 2015, Turley wrote to the Examiner setting out why IM had not previously submitted representations, and why their participation in the Examination was justified. The Examiner subsequently allowed for IM to participate in the Examination and these representations set out IM’s position. As such, these are the first representations submitted on behalf of our client.
- 1.3 It should be noted that discussions with SMBC are on-going in respect of a number of matters raised within these representations. Updates will be provided to the Examination (or in advance if available).
- 1.4 IM has carefully considered the CIL Draft Charging Schedule (DCS) and would like to highlight a number of concerns to the Examiner, both in relation to the principle of the proposed residential CIL charge in relation to BVP and the more technical aspects of the CIL charge in relation to legal compliance and the viability evidence base.
- 1.5 On the basis of the above, these representations are structured as follows:
  - Section 2 – Background to IM and BVP
  - Section 3 – Background to the CIL Examination
  - Section 4 – The Principle of a CIL Charge for BVP
  - Section 4 – Response to Examiner’s Issues
  - Section 5 – Summary and Conclusions

## 2. Background to IM and BVP

- 2.1 IM purchased Blythe Valley Park (BVP) Solihull in December 2014 from administrators acting on behalf of the former owners. Given the date of the purchase of the site, IM did not make representations to the Preliminary Draft Charging Schedule (PDCS) (SD2) or Draft Charging Schedule (DCS) (SD1c) consultations undertaken by SMBC in March 2013 and October 2013 respectively. This process substantially pre-dated IM's involvement in BVP.
- 2.2 In the Solihull Local Plan (2013) (SD6), BVP is allocated for mixed use development, comprising 1.75 million sq. ft. of employment floorspace, circa 600 dwellings and supporting facilities, which could include hotels, health and fitness, leisure, childcare facilities and other local facilities falling within classes A1 to A5.
- 2.3 BVP is already a well-established business park, currently accommodating approximately 60,000 sq. m of employment floorspace and other supporting uses such as the Busy Bees nursery and Virgin Active. The park is home to a number of multi-national companies including Arup, Atkins, Bam Construction and Siemens. As well as the built structures on site, BVP is also home to a large country park and an exemplar SUDs drainage system.
- 2.4 IM are currently working collaboratively with the Council's officer team to develop a Development Framework which will set out the principles for bringing forward development in a way that achieves these policy aspirations. It is anticipated that a planning application will be submitted in autumn 2015 with proposed development primarily taking the form of an extension to the existing operational business park.
- 2.5 IM's principle area of concern in relation to the CIL DCS (SD1c) is the £150 per square metre (/sqm) charge for residential development in the designated 'Rural Area' charging Zone, as set out within the DCS on page 9; for this is the area within which BVP lies. Please refer to the plan provided at **Appendix 1**.
- 2.6 BVP's allocation represents a significant proportion of the employment and residential development allocated in the Solihull Local Plan (SD6) and the introduction of CIL will have significant cost, and hence financial viability, implications for the delivery of the development.

### 3. Background to the CIL Examination

- 3.1 SMBC submitted the CIL DCS (SD1c) to the Planning Inspectorate (PINS) on 27 June 2014 for independent Examination. On 4 July 2014, the Examiner wrote to SMBC (EX1) setting out that:

*“due to outstanding legal issues relating to the Council’s Local Plan, and specifically the judge’s decision that Policy P5, dealing with the overall new housing requirement for the plan period, must be remitted for further consideration, it is not yet possible for me to progress the examination to the stage of arranging hearings to consider the issues arising from representations and any other questions that I may have.”*

- 3.2 Furthermore, the letter went on to state:-

*“until a full, as distinct from partial, and up to date plan is in place it is not possible or practical for the necessary viability testing of the Council’s evidence supporting the proposed CIL rates to be carried out as an essential part of my examination”.*

- 3.3 The final outcome of the Solihull Local Plan High Court Challenge resulted in those parts of the plan relating to Objectively Assessed Need being remitted to SMBC to be addressed. As such, SMBC does not currently have an up to date housing target, or fully adopted Local Plan (SD6). Following the outcome of the High Court Challenge, SMBC wrote to the Examiner in March 2015 and requested that he reconsider his interim conclusions and reopen the CIL Examination (CNL2).
- 3.4 IM has not seen any further correspondence between the Examiner and the Council, and as such is not clear as to the reason for the Examiner’s change in position.
- 3.5 On this basis, clarification on why the Examination has now been reopened, despite the Local Plan (SD6), and in particular an up to date housing target, not being fully adopted, would be welcomed.

## 4. The Principle of a CIL Charge for BVP

- 4.1 As set out in Section 1 of this Written Statement, BVP is allocated in the Solihull Local Plan (SD6) for 1.75 million sq. ft. of employment development, circa 600 dwellings and supporting facilities, which could include hotels, health and fitness, leisure, childcare facilities and other local facilities falling within classes A1 to A5.
- 4.2 Ongoing discussions are being held with SMBC with regard to the total quantum of development which could be delivered at BVP, and on the basis of these discussions it is currently envisaged that BVP will accommodate closer to 950 dwellings (comprising a 250 unit extra care scheme and 700 residential units).
- 4.3 As demonstrated in the table provided at **Appendix 2**, the scale of the development proposals at BVP makes it the largest site allocated for residential development within the Borough during the Local Plan (SD6) period. It is anticipated that the site will make a significant contribution to the five year housing land supply within the Borough.
- 4.4 To support the development, there are a range of significant enabling on-site and off-site infrastructure costs, which are specific to the delivery of BVP. These are further increased by the requirement to deliver enhancements to the overall offer on the business park (residential and commercial), by front loading the provision of a retail offer and new community facilities. The scale of the costs and the cash flow implications (i.e. need to 'front load') has significant implications for the viability of the scheme.
- 4.5 On this basis, **IM considers that due to its strategic importance to the delivery of the Local Plan (SD6), BVP should effectively be 'carved out' as a separate charging zone within the CIL DCS (SD1c), with the proposed CIL rate revised to £0.** It is recognised that this will require modification of the CIL DCS (SD1c) and the preparation of additional evidence by SMBC to resolve existing inadequacies in the viability evidence base documents (SD3-SD4c).
- 4.6 We set out below our justification for this proposed approach and elaborate upon our concerns within subsequent sections of this statement.

### **Justification for Exclusion**

- 4.7 IM are currently in the process of preparing a planning application for development of residential and employment uses on BVP. IM are working with a team of technical consultants to understand the costs associated with developing the BVP site, and the initial assessment work has identified that there will be a number of substantial enabling infrastructure costs associated with the development of BVP for residential and employment uses.
- 4.8 These infrastructure costs have been discussed with SMBC, who are aware of the complexities of viably delivering development on the site. On the basis of the infrastructure costs associated with the site, it is proposed that development would be best brought forward under a Section 106 (S106) and Section 278 (S278) regime, where the costs associated with site specific mitigation can be addressed in order to make the development acceptable and deliverable. It is anticipated that this mitigation will be

exclusive to the development, and therefore unlikely to be aggregated with other CIL contributions.

- 4.9 Alongside the necessary site-specific S106 and S278 infrastructure costs, the inclusion of BVP within a blanket CIL rate of £150/sqm within the CIL DCS (SD1c) is considered highly likely to render residential development on the site unviable, and therefore has the potential to prejudice the delivery of the Local Plan (SD6). Given the strategic importance of the site, it is imperative to ensure that the CIL charge does not fetter delivery.
- 4.10 The principle of a nil CIL charge rate for strategic sites and major Local Plan allocations has been established in a number of adopted and emerging CIL charging schedules across the county (please refer to **Appendix 3**). Most notably this approach has recently been adopted by neighbouring authority Birmingham City Council, having proposed a nil charge rate for the Sustainable Urban Extension (SUE) at Langley. Turley participated in the Birmingham CIL Examination on behalf of another client. Based upon the discussions at the Examination it is widely anticipated that the approach will be accepted by the Examiner, and it was supported by the landowners and developers promoting the SUE.
- 4.11 Ongoing discussions are being held between IM and SMBC in relation to the exclusion of BVP from the CIL DCS (SD4c) and it is envisaged that these discussions will have progressed in advance of the Examination, such that the Examiner can be updated at that time (or earlier if possible).
- 4.12 Notwithstanding the 'in principle' view that BVP should be exempt from the proposed CIL charge, IM also have a number of technical concerns relating to viability evidence base (documents SD3 – SD4c) underpinning the CIL DCS (SD4c), which they consider to be critical to bring to the attention of the Examiner. These concerns are set out, in response to the Examiner's key issues, in Section 5 of this statement.

## 5. Response to Examiner's Issues

- 5.1 This section of the representations seeks to directly address the issues set out by the Examiner in the Examination hearing programme.

### **Issue 1 – Residential Levy Rates**

**(a) Are the three local levy rates for residential development justified by appropriate available evidence, having regard to national guidance, local economic context and infrastructure needs, including in relation to the Council's adopted planning policies?**

- 5.2 IM do not consider that the local levy rates are justified as there are a number of flaws in the CIL Viability Study (SD3 – SD4c), which constitutes the bulk of the available evidence. The available evidence is therefore deficient in several ways and these deficiencies are set out below under key sub-headings.

#### **Dated Nature**

- 5.3 The CIL Viability Study (SD4b) is dated and pre-dates the latest planning practice guidance (PPG) and CIL Regulations. It also fails to take into account market changes in development cost and values. The Viability Evidence Update document (CNL3) which was submitted to the Examiner on 21 April 2014 does not re-examine viability to resolve these deficiencies, but merely provides an inconclusive and basic commentary summarising broad market changes.

#### **'Black Box' Viability Evidence**

- 5.4 The CIL Viability Study (SD4b) is a 'black box', which is advised against by the Planning Advisory Service (PAS) and the PPG. Both recommend transparency in viability modelling and presentation of assumptions.
- 5.5 Without disclosure of headline viability appraisals it is impossible to address whether the available evidence is appropriate, and has been appropriately applied, for the setting of CIL rates.

#### **Absence of Justification for Key Appraisal Assumptions**

##### ***Threshold / Benchmark Land Values (BLV)***

- 5.6 No threshold land values are provided within the CIL Viability Study (SD3-SD4c) and neither is the local comparable evidence necessary to justify the thresholds set out.
- 5.7 It is IMs view that the CIL Viability Study (SD4b) includes hypothetical typology 'Site 39' as the closest representation to BVP. Site 39 is greenfield, it has a developable area of 7.5ha, is located within the 'Rural' area, has a current use value of employment and an assumed development yield of 350 residential dwellings. The approach taken in SD4b is to add a 20% premium to the greenfield employment current use value (CUV or EUV) (which is not stated or evidenced) to generate the BLV. Within the appraisals it is assumed that the gap between the residual land value (RLV) and the BLV is therefore available for CIL.



- 5.8 This approach is fundamentally flawed as a starting point in the case of BVP. It fails to recognise that BVP has an allocation for residential development of 600 residential dwellings within the Solihull Local Plan (SD6). The allocation of a site will substantially increase landowner expectations, given that subject to submission of an acceptable planning application, SMBC has effectively accepted the principle of substantial residential development. As a result, it was not possible for IM to acquire the site for a commercial CUV. Instead, as would be expected from a rational landowner, greater regard was had to residential land values.
- 5.9 The CIL Viability Study (SD4b) does not appear to reflect to the RICS Professional Guidance *Financial Viability in Planning* or the Planning Practice Guidance (PPG) published by the DCLG. Both documents have regard to *'the current use value of the land or its value for a realistic alternative use that complies with planning policy'* (Para 15: Planning Practice Guidance) and recognise that, *'appropriate comparable evidence, even where this is limited, is important in establishing Site Value for scheme specific as well as area wide assessments'* (Box 13: RICS Financial Viability and Planning).
- 5.10 The approach taken and absence of evidenced confirmation of the BLV's is inadequate, opaque, and fails to have regard to the PPG. It makes it impossible to assess whether the viability evidence reflects the operation of the local market.
- 5.11 In order to support the approach taken, we request that SMBC and CBRE demonstrate examples of transactions within the Borough where landowners have accepted the CUV plus a 20% premium in other, similar circumstances in order to support this approach. Similarly, if SMBC has disposed of public sector land, this information should be available to demonstrate that SMBC has accepted the CUV plus a 20% premium for residential sites.

***No Allowance for Buffer***

- 5.12 The CIL rate proposed for the designated 'Rural Area' charging zone within the CIL DCS (SD1c) is very high – particularly when benchmarked against CIL Schedules proposed by neighbouring authorities (please refer to **Appendix 4**). There is no evidence presented to demonstrate, as per the CIL Regulations (2010 as amended) that the CIL Viability Study (SD4c) or SMBC has applied a 'buffer' to draw back from the margins of viability in setting rates. Practice in recent Examinations, and adopted CIL Charging Schedules, points to a minimum buffer of 30% across all residential zones.
- 5.13 Specifically, the evidence presented in the CIL Viability Study (SD4b) includes tables within Appendix 3, which summarise the viability appraisal outputs. However, these tables only include results inclusive of up to £150/sqm CIL. Given the rate set for the Rural Area charging zone is £150/sqm, it is not discernible from the tables what scale of buffer has been applied. As a result, this evidence has not been put before the Examiner or stakeholders for comment.
- 5.14 Furthermore, notwithstanding what buffer has been applied (if any), IM has serious concerns regarding the robustness of other components of the viability evidence base (i.e. assumptions underpinning appraisals). As a result, the inadequacy of the viability evidence undermines the validity of any buffer applied. The details of these concerns are set out within this statement.

### ***Residential Site Typologies***

- 5.15 Table 3.1 of the CIL Viability Study (SD4b) sets out the residential site typologies utilised within the viability appraisals. Table 4.1 subsequently proceeds to set out the residential unit mix.
- 5.16 Paragraph 4.6 of the document confirms the following:
- “This takes into account current market sentiment to optimise the number of family housing units, i.e. 3-bed and 4-bed houses within any development scheme together with a reduction in the number of apartments”.*
- 5.17 As a result, the typologies utilised are substantially weighted in favour of 3-bed and 4-bed houses.
- 5.18 However, SMBC adopted its *Meeting Housing Needs* Development Plan Document (DPD) (July 2014) on 3<sup>rd</sup> July 2014 in order to support Local Plan Policy P4: Meeting Housing Needs. This document has not been submitted by SMBC as part of the CIL Examination library. On page 31 SMBC stipulates that residential developments located within the rural area of the Borough, which includes BVP, will be required to provide 50% of open dwellings as 1-bed and 2-bed properties in order to meet local needs.
- 5.19 Table 4.1 of the CIL Viability Study (SD4b) fails to incorporate the requirements of the adopted DPD as set out above. For example, Site 39 incorporates only 14% of units as 2-bed, with 0% of units included as 1-bed dwellings. This represents just 49 units from a total of 350.
- 5.20 As a result, it is IM's view that the CIL Viability Study (SD4b) is not consistent with the current policy requirements of SMBC. The implication is that SMBC currently expects developers to bring forward a greater proportion of smaller dwellings, at higher densities, on sites in line with adopted policy. The current approach used in the viability evidence base (SD4b) therefore significantly skews the cost and value inputs for the hypothetical sites away from the commercial and market reality of obtaining planning consent and delivering development within the Borough. Consequently, it is likely to substantially overplay the gross development value (GDV) of the hypothetical sites within appraisals.
- 5.21 In summary, the CIL Viability Study (SD4b) forms an unreliable basis upon which to calculate CIL rates and is inadequate for establishing an 'appropriate balance' under CIL Regulation 14.

### ***Lack of Transaction Evidence to Support New Build Residential Values***

- 5.22 Inadequate evidence is provided within the CIL Viability Study (SD4b) to justify the residential open market sales values (£/sqm) applied within the viability assessment.
- 5.23 Appendix 2 of the CIL Viability Study (SD4b) includes evidence from Land Registry dated at 2011 and aggregated to postcode district and sector scale. No further evidence is provided.
- 5.24 Firstly, it is unclear as to whether this represents re-sale dwellings or newly built dwellings. The markets for the former and latter can differ significantly.

- 5.25 Secondly, there is no obvious correlation between the evidence within Appendix 2 and the private residential sales values applied across the range of hypothetical sites within Table 4.3 of SD4b.
- 5.26 The absence of any comparable transaction evidence to underpin the values applied is a major oversight. PPG<sup>1</sup> requires that values are based upon comparable market information, with specific schemes considered where possible.
- 5.27 In order for the value evidence to be robust and transparent, IM would expect to see comparable evidence of transaction values from a range of new build development sites across the Borough to substantiate the £/sqm values utilised.
- 5.28 The failure to include this information makes it impossible to confirm whether the values applied are reflective of new build residential sales across the Borough.

***Lack of Transaction Evidence to Support Affordable Unit Values***

- 5.29 No evidence is provided to substantiate the appraisal assumption of 65% of open market sales value and 45% of open market sales value for shared ownership (intermediate) and social rent affordable housing within SD4b.
- 5.30 IM consider that the values proposed appear overly optimistic and will falsely inflate viability within the appraisals in SD4b. This should be based on local transactional evidence and information from Registered Providers and capped at levels affordable in the local area.

***Inadequate Allowance for Residual Section 106 Costs***

- 5.31 The draft Regulation 123 List excludes secondary education provision / contributions, site specific public open space and recreational facilities, and strategic transport infrastructure (e.g. junction improvements) from funding via CIL liability. It will therefore currently remain funded via S106 and S278 Agreements.
- 5.32 The CIL Viability Study (SD4b) allows just £1,000 per unit for residual Section 106 costs. No evidence is provided to support this position. IM is firmly of the view that the costs associated with residual Section 106 agreements, based on the excluded items, will far exceed £1,000 per unit on average – particularly on BVP.
- 5.33 A review of recent planning consents in the Borough demonstrates secondary education costs alone are in the region of £3,000 - £4,000 per unit on average in Section 106 Agreements. This information can be provided to the Examiner if required.
- 5.34 At present, the viability appraisals significantly overstate viability to accommodate CIL as a result of inadequately reflecting the cost of residual Section 106 contributions.
- 5.35 No evidence has been presented by SMBC to confirm otherwise. IM would expect this key assumption to be evidence-based, drawing on recent Section 106 Agreements and cross referencing this with the draft Regulation 123 List prepared by SMBC. This evidence should be then utilised to inform the costs incorporated within viability appraisals in SD4b.

---

<sup>1</sup> Paragraph: 013 Reference ID: 10-013-20140306

### ***Residential Build Costs***

- 5.36 The CIL Viability Study (SD4b) utilises base construction costs sourced from RICS BCIS. Whilst these costs may be suitable for standard unit types and designs, they will fail to account for the requirement to introduce higher design standards and bespoke non-repeat unit types required for the initial phases of BVP.
- 5.37 This approach is necessary in order to incentivise occupier demand, by offering an enhanced quality of product and 'arrival', given that BVP will be accessed via an existing business park. This is an approach that has been accepted and encouraged by SMBC within on-going dialogue regarding the emerging BVP Development Framework document.
- 5.38 The non-standard designs will result in increased build costs over and above BCIS, and will also attract a premium on design and professional time and fees.
- 5.39 The implication is that the simplistic approach utilised within the CIL Viability Study (SD4b) will substantially under-cost development such as BVP, which will falsely inflate the 'overage' available for contribution towards CIL.

### ***Absence of Off-Plot Site Works Costs***

- 5.40 There appears to be no allowance for off-plot site works costs within the appraisals prepared within the CIL FVA. The document states that 15% of base costs are allowed for 'external works' (although no detail is provided as to what this actually constitutes). It is industry practice for this cost line to represent only on-plot external works.
- 5.41 It would therefore exclude any provision for other site infrastructure including spine road, distributor roads, sewers, lighting, service connections or strategic landscaping, all of which would generate additional costs. This is a major oversight, which will impact on all but the smallest development sites, and represents a significant understating of the costs of development.
- 5.42 In addition, the CIL Viability Study (SD4b) states categorically at paragraph 4.29 that:
- "...we have not taken into account in the base case scenarios any 'abnormal' costs related to site-specific items. This could include site clearance, remediation and/or extraordinary infrastructure costs."*
- 5.43 Instead, just a contingency of 5% is included on build costs.
- 5.44 This allowance is stated as covering unexpected items or site specific items including abnormal costs, remediation and on-site highway works.
- 5.45 This approach is totally inadequate and misrepresentative when dealing with large strategic sites. The contingency will be required to cover unexpected items or abnormal costs through the development process.
- 5.46 However, it should not be used to cover infrastructure works, which are critical to the delivery of a development. This is recognised within Appendix B bullet 2 of *Viability Testing Local Plans – Advice for Planning Practitioners* (otherwise known as the 'Harman Report') published by the Local Housing Delivery Group in June 2012. This

relevant and available evidence confirms that, on larger sites, the strategic infrastructure and utility costs alone are typically in the order of £17,000 to £23,000 per unit. For a scheme of 350 units (e.g. Site 39) this would equate to a cost of £5,950,000 to £8,050,000.

- 5.47 The use of a 5% contingency on build costs to cover these costs is utterly flawed and misrepresentative of the costs of developing larger sites.
- 5.48 The result is that this will substantially and falsely overstate the viability of sites to contribute to CIL – and will be particularly inaccurate for larger sites (upon which SMBC is dependent to delivery its housing supply targets).

***Lack of Appraisal of Key Local Plan Allocations***

- 5.49 Despite their importance to the delivery of the Local Plan (SD6), the viability evidence base does not specifically assess the viability of sites allocated for residential development in the Local Plan (SD6). IM consider this to be a major shortcoming of the viability evidence base for the reasons set out above.

**(b) Overall, do they strike an appropriate balance between helping to fund the new infrastructure required and the potential effect on the economic viability of new housing schemes?**

- 5.50 The fundamental concerns set out in response to the Examiner's point a (above) can only draw IM to the conclusion that **the proposed CIL rates will fail to strike an appropriate balance as necessary under CIL Regulation 14.**
- 5.51 The flaws in the viability evidence base (specifically SD4b) have the effect of significantly overstating the viability of residential schemes to contribute towards CIL – particularly on major schemes, which will contribute towards the housing targets within the Solihull Local Plan (SD6).
- 5.52 Specifically, IM is concerned (as set out in Section 2) that the proposed CIL rates would render BVP unviable. BVP forms a key housing allocation within the Local Plan and a primary component of SMBC's 5 year housing supply (and 5-10 year housing supply). By rendering this site unviable, the proposed CIL rates would prejudice the delivery of an allocated site, with a negative concurrent impact on SMBC's five year housing land supply.
- 5.53 The on-going internal viability appraisal work conducted to date by IM highlights that, with the proposed CIL rate, IM will be required to negotiate with SBMC on the proportion of affordable housing that BVP can provide in order to safeguard the viability of BVP for development. The concurrent impact is that this will reduce the proportion of affordable housing provided below the level of policy compliance sought within the Local Plan (Policy P4 – Meeting Housing Needs sets a requirement of 40%) (SD6).
- 5.54 Failure to address this will result in the delivery of BVP being substantially delayed or remaining undeliverable for residential development – which places delivery of the Local Plan (SD6) at significant risk and undermines SMBC's 5 year housing supply.

- 5.55 However, a reduction in affordable housing provision at BVP, due to CIL liability, will result in heightened affordability challenges and increased affordable housing need within SMBC.
- 5.56 According to the Local Plan (SD6), SMBC has a need for 1,182 affordable homes each year to reduce the backlog and provide for a proportion of newly formed households. According to the latest Annual Monitoring Report (AMR) published by SMBC for 2011-13<sup>2</sup>, in no year between 2006/07 and 2012/13 did the delivery of affordable housing exceed 250 dwellings. In fact, affordable housing delivery has continually failed to meet affordable housing needs. As a result, the issue is acute.
- 5.57 Introducing a CIL regime that further increases the risk to affordable housing delivery will clearly fail to result in an 'appropriate balance'.

**c) What effect, if any, will the likelihood that the new housing total (and annual delivery rate) in the revised SLP will need to be higher as a result of the legal proceedings to quash the original figures, have on the balance drawn between the proposed residential rates and the funds raised from the CIL, in the light of any increased infrastructure requirements to help deliver that growth?**

- 5.58 An increased housing total, and delivery rate, will necessitate the acceleration of the delivery of housing schemes. The setting of an unrealistically high CIL rate will place achievement of the Local Plan (SD6) policies at risk, as it will place an unreasonable CIL burden on sites – particularly in the designated 'Rural Area' charging zone proposed within the CIL DCS (SD1c).
- 5.59 It is therefore recommended that SMBC takes a conservative and cautious approach to the introduction of CIL to ensure that deliverability is safeguarded and the acceleration of residential development is achievable.

---

<sup>2</sup> SMBC (2013) Local Plan Annual Monitoring Report 2011-13

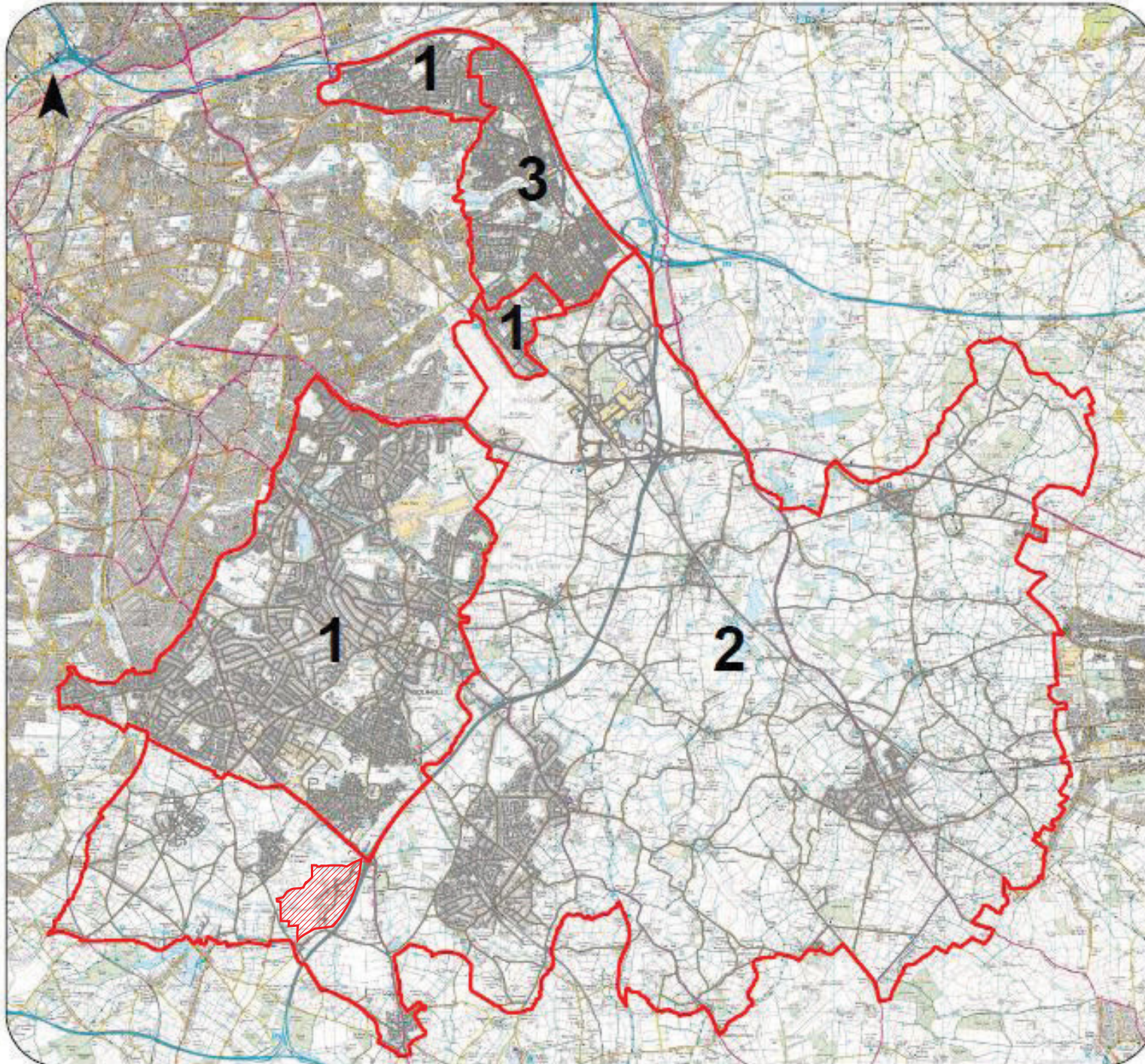
## 6. Summary and Conclusions

- 6.1 BVP is the largest allocated site within the Solihull Local Plan (2013) (SD6). It benefits from a mixed use allocation, and will deliver substantial residential development to meet identified housing need in the Borough. It forms an important part of the SMBC's five year supply of housing.
- 6.2 BVP has a number of site-specific infrastructure costs associated with enabling development, which will be required to be resolved via Section 106 and Section 278 Agreements. The addition of the proposed CIL rate of £150/sqm within the 'Rural Area' zone proposed in the CIL DCS (SD1c) will place a considerable and unreasonable burden on BVP.
- 6.3 As a result, the CIL DCS (SD1c) is anticipated to render the development of BVP unviable and could therefore prejudice the delivery of the Local Plan policies.
- 6.4 **It is therefore requested that BVP 'carved out' as a separate charging zone with a nil charge rate within the SMBC CIL DCS (SD1c).**
- 6.5 The principle of 'carving out' BVP is the subject of on-going discussion between IM and SMBC, and will require modification to the CIL DCS (SD1c) and the preparation of further evidence to resolve the inadequacies within the existing viability evidence base (specifically SD4b). It is anticipated that these discussions will continue following the 19<sup>th</sup> May 2015 in the run up to the Examination.
- 6.6 A number of adopted and emerging CIL Charging Schedules have adopted a similar approach whereby strategic sites and key allocations have been set at a nil CIL liability (as their own 'zone') to reflect substantial site-specific infrastructure costs. Most notably this approach has been taken by adjoining authority, Birmingham City Council, which has proposed nil CIL charges on their SUE at Langley.
- 6.7 The introduction of a nil CIL rate at BVP would allow for not only the cost of infrastructure, but also the cash flow implications of its anticipated phased delivery to be reflected within an agreed package of Section 106 measures. These measures are expected to be exclusive to the development, and therefore unlikely to be aggregated with other CIL contributions.
- 6.8 Notwithstanding the 'in principle' consideration that BVP should be exempt from the CIL regime, IM has also highlighted a number of fundamental concerns in relation to the technical aspects of the CIL viability evidence base (SD3-SD4c) which has been submitted to underpin the charging rates proposed in the CIL DCS (SD1c).
- 6.9 **Specifically, IM considers the CIL Viability Study (SD3-SD4c) evidence base to falsely overstate the viability of development sites to accommodate CIL liability. It therefore represents a wholly inadequate and unreliable basis upon which to place reliance in establishing whether an appropriate balance has been struck as per CIL Regulation 14.**

6.10 IM respectfully request that the Examiner give due consideration to the concerns set out within this Written Statement.



## **Appendix 1: BVP's location within the CIL charging area**



Copyright of Turley.

This drawing is for illustrative purposes only and should not be used for any construction or estimation purposes.

**DO NOT SCALE DRAWINGS.**

No liability or responsibility is accepted arising from reliance upon the information contained within this drawing.

Key:



**CIL Charging Zones**

- 1. Mature Suburbs
- 2. Rural Area
- 3. North Solihull Regeneration Area



Plans reproduced by permission of Ordnance Survey on behalf of The Controller of Her Majesty's Stationery Office. © Crown Copyright and database right [2015]. All rights reserved. Ordnance Survey Licence number [100020449].

Client:  
**IM Properties**

Project:  
**Blythe Valley Park**

Drawing:  
**BVP - Illustrative Site Location**

Scale:  
**NTS @ A4**

Status:  
**Final**

Project Number:  
**IMPQ3001**

Date:  
**May 2015**

Revision:  
-

**Turley**

## **Appendix 2: Schedule of Solihull Local Plan Allocations**

Site Name	Proposed no. of dwellings	Capacity identified in Local Plan
<b>Phase 1 Allocated Sites</b>		
<b>Blythe Valley Business Park</b>	-	<b>600</b>
Simon Digby, Chelmsley Wood	-	200
Herbert Road/ Station Road/ Homer Road  (Solihull Town Centre)	-	150
Monkspath Hall Road Car Park  (Solihull Town Centre)	-	150
Four Ashes Road, Bentley Heath	44	150
Bishop Wilson and St. Andrews Scout Hut, Pike Drive, Chelmsley Wood	106	140
Powergen, Stratford Road, Shirley	-	130
Middlefield, Knowle	-	115
Hampton Road, Knowle	88	100
Chelmsley Lane/Colehill Road, Marston Green	-	80
Conway Road, Fordbridge	-	75
Lowbrook Phase II, Oxford Grove, Chelmsley Wood	56	75
Land rear of Cooks Lane, Kingham	-	70
Birmingham Road, Fordbridge	38	70
Chester Road/Centurion PH and adjoining land, Fordbridge	-	35

**Phase 2 Allocated Sites**

Aqueduct Road, Solihull Lodge	200	300
Station Approach/ Lode Lane including Lode Lane Car Park (Solihull Town Centre)	-	250
Braggs Farm/ Bricklin Farm, Dickens Heath	71	105
Touchwood II (Solihull Town Centre)	-	100
Riddings Hill, Balsall Common	-	65
Griffin Lane, Dickens Heath	23	50

**Phase 3 Allocated Sites**

Land at Mount Dairy Farm, Tanworth Lane, Cheswick Green	220	200
Land at Cleobury Lane, Dickens Heath	130	185
Land fronting Kenilworth Road, Balsall Common	80	110
Land off Meriden Road, Hampton in Arden	-	110
Rail/Bus Interchange Station Approach (Solihull Town Centre)	-	100
Mell Square East (Solihull Town Centre)	-	100

Other small scale opportunity sites in the town centre (Solihull Town Centre)	-	100
Land between Kenilworth Road/ Windmill Lane, Balsall Common	35	45

## **Appendix 3: Schedule of Nil Rates**

	Local Authority	CIL Status	Supporting Summary
1	Waveney District Council	Adopted	Nil charge for residential developments within Zone 1 - including Lake Lothing Flood Zone, the Sustainable Urban Neighbourhood and Kirkley Waterfront site).
2	Dacorum Borough Council	Adopted	Nil charge for residential developments within Zone 4: Identified Sites -comprises two major development sites on the edge of Hemel Hempstead (Spencer's Park and West Hemel).
3	Winchester City Council	Adopted	Nil charge for residential developments within Zone 1: Strategic Allocations and South Hampshire Urban Areas.
4	Peterborough City Council	Adopted	Nil charge for Strategic site developments of 500 dwellings or more.
5	Birmingham City Council	CIL hearing took place on 30th April 2015 - awaiting examiners report.	Nil charge for development within the Sustainable Urban Extension.
6	Test Valley	Under examination - public hearing to take place on 27th May 2015.	Nil charge for development within the strategic sites allocated in the revised Local Plan including: Whitenap (COM3), Hoe Lane (COM4), Park Farm (COM5), George Yard/Black Swan Yard (LE14), Picket Piece (COM6) and Picket Twenty extension land (COM6A).
7	Leicester City Council	Draft Charging Schedule published for consultation in February - March 2015.	Nil charge for residential developments within the Strategic Regeneration Area.
8	Christchurch and East Dorset Councils	Charging Schedule submitted for examination - Statement of Modifications submitted in March 2015.	Nil charge for residential developments within the new allocated neighbourhood sites (Roeshot Hill / Christchurch Urban Extension and Land South of Burton Village).
9	Stroud	Preliminary Draft Charging Schedule published for consultation in February 2014.	Nil charge for development on strategic sites identified in the Local Plan. Residential development in strategic sites will, however, be required to fund their own site infrastructure costs.
10	West Dorset and Weymouth and Portland Councils	Charging Schedule submitted for examination - Statement of Modifications published in March 2015.	Modification 1 – CIL Exemption on Strategic Development Sites. Nil charge for development on strategic development sites allowing infrastructure to be secured through a planning obligation requiring the developer to enter into a section 106 agreement.



11	Eastleigh	Charging Schedule submitted for examination - August 2014.	Nil charge for residential and sheltered housing developments in Zone B: Strategic Sites including: West of Horton Heath, West of Woodhouse Lane and South of Chestnut Avenue.
12	Maldon	Charging Schedule submitted for examination - September 2014.	Nil charge for residential developments at the Heybridge strategic sites: (S2(d) North of Heybridge and S2(e) North of Holloway Road).
13	Shepway	Draft Charging Schedule published for consultation in February 2015.	Nil charge for development at strategic and key development sites. The Council considers that strategic & key development sites are more appropriately addressed by s106.
14	South Oxfordshire	The Statement of Modifications to the Draft Charging Schedule published for consultation from 8 May - 5 June 2015.	Nil charge for residential development on Strategic Sites (Didcot North-East, Ladygrove East site and Wallingford site B).
15	Vale of White Horse	Charging Schedule submitted for examination - April 2015.	Nil charge for residential development in Zone 3 (Crab Hill and Monks Farm strategic site allocations).
16	South Cambridgeshire	Charging Schedule submitted for examination - October 2014.	Nil charge for residential development in Area 2 (strategic development sites).

## Appendix 4: Schedule of neighbouring authority CIL charge rates

Local Authority	CIL Status	CIL residential rates
Birmingham	Under examination - public hearings will commence on 2nd June 2015.	High Value area - £69 per sq m. Low Value area- £0 per sq m.
Bromsgrove	Not Published	-
Cannock Chase	Adopted - with effect from the 1st June 2015.	Standard Rate - £40 per sq m.
Coventry	Not Published	-
Dudley	Charging Schedule approved by Inspector subject to modifications in March 2015 - still to be adopted by the Council.	Zone 1 - £0 per sq m. Zone 2 - £20 per sq m. Zone 3 - £50 per sq m. Zone 4 - £75 per sq m. Zone 5 - £100 per sq m.
Lichfield	Draft Charging Schedule published in March 2015.	Lower charging zone - £25 per sq m. Higher charging zone - £55 per sq m.
North Warwickshire	Preliminary Draft Charging Schedule published in February 2015.	Standard Rate - £40 per sq m.
Nuneaton and Bedworth	Not Published	-
Redditch	Not Published	-
Solihull	Under examination - public hearings will commence on 2nd June 2015.	North Solihull - £0 per sq m. Mature Suburbs - £75 per sq m. Rural Area - £150 per sq m.
Tamworth	Preliminary Draft Charging Schedule published in October 2014.	Standard Rate - £35 per sq m.
Walsall	Not Published	-
Warwick	Draft Charging Schedule published in March 2015	Zone A - £50 per sq m Zone B - £170 per sq m Zone C - £120 per sq m Zone D - £180 per sq m  Rates for strategic sites: Zone A - £30 per sq m Zone B - £90 per sq m Zone C - £70 per sq m Zone D - £110 per sq m
Wolverhampton	Not Published	-

**Turley**