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Policy and Spatial Planning,
Solihull MBC,
Council House,
Manor Square,
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Ref: RJJ
Date: 22nd April 2013

Dear Sir/Madam,

Solihull MBC – CIL Preliminary Draft Charging Schedule Consultation

Thank you for giving us notice of the above consultation in your letter dated the 15th of March. William Davis Ltd have significant concerns with the proposed CIL rates for residential development contained within the document. We consider the rates to be too high, particularly in rural areas and are concerned that such levels of CIL payments will have an extremely limiting effect on residential development viability in rural areas of the borough. This goes against national planning policy including the NPPF which is very much focussed on delivering housing growth and avoiding local planning policy which restricts the viability of development.

We believe the high levels of residential CIL requirement have been based on incorrect assumptions made in the CIL Viability Study (Dec 2012) as detailed below. We consider that these assumptions need to be reconsidered as part of the viability assessment and that the onerous rates for residential development will need to be reduced as a consequence of reconsidering the viability assessment.

Build Costs

Table 4.4 of the viability study indicates the assumed residential build costs used. William Davis consider these figures to be too low in comparison to our experience of accepted build costs in viability negotiations with the District Valuer (DV) and other LPA's. The table includes figures in square metres but we have calculated the figures in square feet, a more commonly used measure in the development industry. Table 4.4 indicates that £85 per square foot is an appropriate build cost for houses including external works, however our experience indicates that £90 per square foot is a more appropriate figure and is a figure that has been accepted by the DV. This difference of £5 per square foot would make a

considerable difference to the viability calculations made in the viability assessment. The build costs figure should be increased and brought into line with the accepted industry standard to allow for a more realistic calculation.

Land Values

We are concerned that the land values included in the viability assessment are vague, with no specific benchmark figures included in the document. The majority of viability assessments we have worked with include specific figures on anticipated land values, allowing for a more robust consideration of viability. It is our opinion that such an approach should be replicated for Solihull, with specific base land values included in the report on a range of different land types.

Currently the viability assessment indicates that benchmark site values should be based on a 20% uplift on existing use values. We consider this to be completely unrealistic for Greenfield sites and such an assumption would result in hugely undervalued land prices for Greenfield sites in the calculation. In addition to this the 20% uplift would also be too low in terms of brownfield and employment sites. A recent Planning Appeal in Shinfield, Reading (Ref: APP/X0360/A/12/2179141) was concerned with viability in terms of affordable housing provision and the inspector concluded that it was reasonable for a landowner to expect a competitive return of at least a 50% uplift in value. This figure should be repeated for brownfield sites in the Solihull assessment.

Developers Profit

Table 4.6 of the Viability Assessment indicates a Developers Profit for residential development of 16.67% on Gross Development Value (GDV). This figure is too low with 20% a more appropriate figure that is in line with the figure expected by banks when lending. 20% was also the figure supported by the inspector in his decision on the Shinfield appeal detailed above. Therefore we consider that the developer profit figure should be increased to 20% in the viability assessment.

Yours sincerely
For WILLIAM DAVIS LIMITED

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