

Planning Policy Team,
Shropshire Council,
Shirehall, Abbey Foregate,
Shrewsbury,
Shropshire,
SY2 6ND

Dear Sir

**Response by the Country Land & Business Association (CLA)
Shropshire Council Community Infrastructure Levy – Preliminary Draft Charging
Schedule and Rationale for the Levy Rate**

The Country Land and Business Association (CLA) is a national organisation embracing the owners and occupiers of all types of rural land and business in England and Wales. It represents the interests of the owners of some 35,000 land holdings and rural businesses.

Shropshire Council is part of the area covered by the West Midlands Region of the CLA. Shropshire CLA members include every size and type of holding, from estate owners to the smallest land holding of less than a hectare. The membership encompasses all traditional agricultural and forestry from the most sophisticated dairy and arable enterprises, pigs and poultry, through to highly productive intensive horticulture and vegetable production and more extensive livestock systems. The majority of our landowning membership is made up of family farm owner-occupiers many of whom have diversified into other business activities in response to the downturn in farm incomes.

The CLA also represent the interests of owners of other types of rural businesses including, for example: forestry enterprises, mineral and aggregate operators and owners, hotels, golf courses, tourist enterprises, equestrian establishments, a myriad of small rural enterprises and also institutional land owners such as water companies, pension funds, and development companies. Our members have businesses in rural Shropshire and most live in its rural communities and villages.

The CLA represents the wide diversity of the rural community and is the only single organisation able to do so in quite so comprehensive a manner. We are glad of the opportunity to be an active partner in any consultation exercises or decision making processes in which rural business and the communities form part.

The CLA comments are as follows:

The CLA supports Shropshire Council and its proposal not to apply a CIL onto commercial and industrial development and other land use classes during these financially difficult times, as stated in the “Rationale for the Levy Rate”.

It is important that there is a nil rate for employment and commercial development, as these are important areas for rural landowners and farmers to diversify into in order to support their farming and forestry enterprise. If CIL charges were to be applied for these developments, regeneration would be stifled and sustainability of the rural areas in Shropshire would be adversely affected, by making them less economically viable; particularly in the current climate where rural workshops and offices are difficult to let especially where broadband connection is poor.

The CLA also supports Shropshire Council's decision not to impose a CIL on any agricultural or forestry developments, as farmers and landowners are often forced to upgrade their buildings and infrastructure due to legislation with no commercial gain to the enterprise. If a CIL had been imposed on these types of enterprise it would have a major impact on the farming and rural business community, who would be unable to afford the increase cost of the development due to the CIL.

When considering CIL charges, Shropshire Council must consider the accumulation of all charges levied on developments. In future, developments may be required to pay an affordable housing levy, section 106 charges and CIL; these charges added together could make development uneconomic and lead to stagnation of housing development.

However, the CLA has major concerns on Shropshire Council's proposal to levy a charge of a £80 per square metre on rural market housing, which is twice the cost of the equivalent housing in urban areas. The CLA would suggest that both urban and rural developments be judged under the same CIL charge criteria

The CLA is extremely concerned that the short time frame to review this document has made it difficult for us and our members to respond in a comprehensive manner to the proposed charge of £80 per metre square.

It is our view that the market housing in rural areas is being used to subsidise the increased infrastructure required for development of Shrewsbury and the other Key Centers by asking for twice the amount of CIL to the urban areas. The CLA views this as an unacceptable high charge and the impact will stop the much need objective of rural rebalancing in Shropshire as the profit margins for development of rural housing will be squeezed and make sites unviable, especially when you include the additional charges for affordable housing and costs to promote a site for development. It is our view that the £80m2 contributions will act as a significant disincentive for development in rural areas. In addition we support the Council's decision for a hundred percent relief on affordable dwellings.

The current Localism Bill going through Parliament proposes that a percentage of the CIL is kept local, however the CIL infrastructure schedule in annex A of the Levy Rationale Background Paper shows considerable infrastructure proposals which will benefit Shrewsbury and the Market Towns but not rural areas and many of the additional facilities proposed will be sited in these areas. Given the current list of infrastructure we do not believe that Hubs and Clusters will see significant benefit from development in their areas as the document proposes to overcome concerns around increased development in these areas. We are concerned that this might be delivered by additional section 106 agreements increasing the costs of development still further.

We are concerned that the Council has chosen to use two different rational for setting the charge, in urban areas it based on past historical evidence of section 106 agreements and in

rural on project viability. We would argue that they should be on the same basis of project viability. If so a levy for the whole of Shropshire could be set that allows both urban and rural regeneration.

Herefordshire Council has taken the approach of tariff through??, this has allowed an ability to negotiate the tariff to fit the circumstances of the developer. This has been particularly important during the current climate where the tariff has been waived to boost building projects in a recession.

The CLA feels strongly that all developments being requested to contribute to infrastructure should have the opportunity to negotiate the level of payment depending on what a community/area needs, as they do in Herefordshire.

Shropshire Council pointed out in Levy Rationale Background Paper the contribution will dramatically increase developer contributions for less than five houses in rural areas. This equates to sixty percent of residential development. The Levy Rationale Background Paper also states that these contributions are less than in Herefordshire Planning Obligations SPD. The CLA understand that Herefordshire Council do negotiate the charges for developments and that the amounts stated in the document are the higher level that a developer would pay.

In Herefordshire there is currently an exemption where developments of under five houses do not to pay the contributions Herefordshire Planning Obligations SPD. This was done because applications were not coming forward to develop houses. Shropshire Council should bear this in mind as if they do not allow themselves flexibility in the application of CIL they will stifle development.

Additional CLA concerns

What will be the review period for the CIL charge, we note that the Council has proposed a mechanism by which the CIL charge can be amended by an inflation measure. However it is proposed that the infrastructure schemes will be reviewed annually; it therefore follows that a review period should take place, which allows for reduction if the infrastructure requirements are reduced for Shropshire or the local area. The current document does not set a review date for the CIL. Given our concerns on the impact of rural development in the hubs and clusters of Shropshire and the amendments proposed in the Localism Bill, the CLA would recommend that there is an ability to review this charge within a year not simply allow for an inflation measure.

Shropshire Council is proposing to issue a Liability Notice which makes the liability for the CIL to be paid as soon as development commences. There appears to be no flexibility to negotiate the method and timing of payments to help a landowner/developer take a site forward. The Localism Bill allows for increased flexibility around how the CIL is levied and we would urge Shropshire Council to consider greater flexibility especially where it is the intention to retain the new housing and not to simply sell the property on.

The CLA would like to know what will happen where landowners decide to build houses to keep within their long term ownership, to diversify their income through a residential portfolio of properties. There are no capital receipts from which to fund a CIL charge, rather the CIL charge would have to be met from existing revenues which the land manager is trying to improve by diversifying to obtain an alternative rental income stream. In this case we believe the Council should be more flexible in their approach for the payment of CIL for example not charging the CIL until a rental income is received.

Houses for essential workers - The CLA have concerns that there is no allowance for housing needed for rural businesses such as agricultural, forestry and other essential rural workers. The CLA would like clarification that these dwellings will be treated the same as affordable housing, with a nil rate set for CIL. Our view is that the CIL should not apply to these dwellings which will have been justified as a requirement for the business.

The CLA view is the proposed contribution of £80m² for rural areas for residential, combined with the other costs will suppress development and therefore impact the rural economy and the ability to regenerate our rural villages in Shropshire, we urge Shropshire council to re think this excessive charging policy.

Any future review by Shropshire Council for CIL on development should be done in full consultation with both urban and rural stakeholders, including the CLA.

Yours sincerely

Caroline Bedell

Regional Director