

## **Developer Contributions Supplementary Planning Document**

### **Community Infrastructure Levy:- Final Draft Charging Schedule**

#### **Overview of current state of the Housing Market and current National Economic Circumstances**

I have set out below on a bullet point by bullet point basis the issues which I believe have contributed to the state of the current housing market and which are extremely relevant to the proposals put forward by the Shropshire Council. They are not in any specific order and elements of them have been extracted and incorporated within the Representations Form.


- Over the last 2 or 3 years the Country has experienced the lowest output of housing completions since the early 1920's.
- The lack of mortgage funding and the higher level of deposits and requirements of lending institutions has had an impact on the ability of house buyers to proceed with the purchase of a home, whether it be on the open market or by the acquisition of an equity shared or Home Buy home.
- Most house builders have maintained a sustainable but reduced housing output, but only with a considerable reduction in their profits, all because of the Governments support for the 'Home Buy Scheme'
- The support funding for Home Buy accommodation has now been withdrawn by Central Government.
- Housing Associations have seen their financial subsidies from central Government sources reduced by as much as 50%.
- Overall, however, this figure is compounded, it is understood, by several other factors, so the actual available cash for Social Housing has seen a reduction by some 75%.
- Local Authorities and Central Government at the same time have increased the standards which new housing has to achieve. I.e. under the new Building Regulations the introduction of Code 3 and Code 4 Standards for sustainable homes, so when coupled with the cost of increased design standards, there has been a significant increase in the house builders building costs and commensurate reduction in project viability.
- The Planning system has progressively demanded a greater contribution from Private Sector house building in order to satisfy Planning Conditions, Section 106 Agreements and contributions towards Affordable Housing.
- Many Authorities are not adhering to Central Government advice that Affordable Housing should only be required on schemes of 0.5 of a hectare or 15 houses or more, at the rate of 25% of the total.

- Lower thresholds than this have contributed considerably towards the non viability of schemes and reduction in the open market housing output.
- My Clients, Lioncourt Homes, have advised me that virtually every house builder is having to re-evaluate the viability of their projects and to such an extent that many of them are not likely to proceed.
- The issues of viability and its effect on the supply of available housing land has resulted, I am informed, in on average a significant drop in Land values to a level not seen since the last recession. National house builders in my experience are talking about Land prices on average of £300,000.00 to £350,000.00 per acre. At these levels, Land owners are refusing to sell their Land, thereby aggravating the supply situation.
- Against this general background the introduction of additional developer contributions by way of CIL, Affordable Housing contributions plus potential Section 106 Agreements and meeting the costs of Planning Conditions, the house builders will suffer further difficulties in delivering financially viable housing developments.
- It is for these reasons that quite a number of Local Planning Authorities have suspended, for the time being, the introduction of further developer contributions from house builders. This action is supported by numerous housing and financial experts who believe that it will be several years before the Country's economic circumstances will recover.

**Roger Tweedale Dip Arch, RIBA, DipTP, MRTPI  
Director  
MTC Planning & Design Limited.**

**21<sup>st</sup> April 2011**

**Shropshire Levy Draft Charging Schedule: Representations Form**

	<p><b>Community Infrastructure Levy Draft Charging Schedule</b></p> <p>Representations Form</p>
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**Please return to:**

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**BY 21<sup>st</sup> April 2011**

1. Personal Details*	2. Agent's Details (if applicable)	
<i>*If an agent is appointed, please complete only the Title, Name and Organisation boxes below but complete the full contact details of the agent in 2.</i>		
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Job Title (where relevant)	Strategic Land Director	Director
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## Shropshire Levy Draft Charging Schedule: Representations Form

### Matters on which representations may be made

The purpose of the examination is to consider whether the Draft Charging Schedule meets the following statutory tests in accordance with sections 212(4) and 221 of the Planning Act 2008:

- (a) That the charging authority has complied with the requirements of the Planning Act 2008 and the CIL Regulations;
- (b) That the charging authority has used appropriate available evidence to inform the draft charging schedule;
- (c) That the charging authority has had regard to the Statutory Guidance, "Charging setting and charging schedule procedure guidance" (March 2010).

Representations must relate to these matters. Other matters may be outside the scope of the examination and will be subject to the Examiner's judgement as to their relevance.

All representations will be considered by the Examiner as written representations. In addition, any persons or organisations making representations have the right to be heard in person at the examination, should they choose to appear. The examination will take the format of a hearing, using an informal 'round table' format under the direction of the Examiner.

Q1. Please indicate whether you wish to be present at the Hearing

a) Yes	See below
b) Possibly: to be decided at a later date and confirmed with the Council in May / June (we will write to you to confirm)	Yes
c) No: please treat my representation as a Written Representation (note that equal weight will be given by the Examiner to written representations)	Not Applicable

### (a) Procedural and Legal Points

Q2. Do you wish to make representations regarding matters of technical compliance with the Planning Act 2008 or the CIL Regulations?

a) No	No
b) Yes <i>(please detail using continuation sheets if necessary)</i>	NB. Please see supporting document.

**(b) Appropriate Available Evidence**

Q3. Do you have any representations regarding the evidence that has been used to inform the Draft Charging Schedule?

*(please detail using continuation sheets if necessary)*

I do not believe that the Council have considered in detail the factors and circumstances which currently prevail in the housing market which have contributed to the worse delivery of house building since the mid 1920's. Further I cannot see anywhere in the documentation where a comprehensive analysis has been carried out which demonstrates that the CIL charging rates when coupled with other contributions to Affordable Housing, Section 106 Agreements and Planning Conditions will not make new housing in the low to mid price range unviable.

Q4. Do you have any representations regarding the Council's interpretation or use of the evidence?

*(please detail using continuation sheets if necessary)*

I believe the evidence base has not been examined in sufficient detail to justify the proposed charging rates

## Shropshire Levy Draft Charging Schedule: Representations Form

Q5. Do you have any other representations regarding the statutory test, “That the charging authority has used appropriate available evidence to inform the draft charging schedule”?

*(please detail using continuation sheets if necessary)*

Not specifically – but the detail of these representations need to be viewed in this context.

### **(c) Regard to the Statutory Guidance**

Q6. Do you have any comments on the proposed Levy rates for residential development, of £40/m<sup>2</sup> in Shrewsbury, the towns and key centres and £80/m<sup>2</sup> in the rural area?

(NB. Comments relating to charging zones should be addressed in Q7 and comments relating to affordable housing should be addressed in Q8)

*(please detail using continuation sheets if necessary)*

Yes – The introduction of the CIL Levy should not be proceeded with until such time as there has been a recovery in the economic conditions governing the construction of housing.

I believe that the Council’s premise that a higher charging rate should be applied to the rural areas rather than the urban area on the basis that rural areas have accounted for the larger percentage of house building in the County is not a commercially sustainable argument .

Generally speaking the economic dynamics of the rural housing provision are less sustainable than urban housing development. Rural areas tend to have a lower comparative value to the equivalent housing in urban areas. In rural areas, as I pointed out in my previous representations, there would be great difficulty in providing units of low cost housing because the elements which make up the cost of providing a house, excluding the Land costs, would lead to negative equity or an unreasonably low value for the associated land element of the equation.

Consequently, a higher charging rate would inhibit the supply of certain types of housing in many of the rural areas of the County.

Shropshire Levy Draft Charging Schedule: Representations Form

Q7. Do you have any comments on the boundary line between the two Charging Zones?

*(please detail using continuation sheets if necessary)*

Yes - If my understanding is correct, "that the boundary line between the charging zones follow the loose boundary of the Local Joint Committee Area documents then I believe these boundaries are potentially too loose and could lead to considerable debate over there interpretation".

Would it not be better if the boundary line between the urban and rural zones followed an approved inset/development boundary for each settlement.

Q8. Do you have any comments on the proposed nil Levy rate for affordable housing?

*(please detail using continuation sheets if necessary)*

No – However, greater emphasis should be placed on joint venture partnership with the private house building sector in order to deliver low cost/affordable housing which would relieve the pressure on the Public Sector as being the main provider of this type of accommodation.

## Shropshire Levy Draft Charging Schedule: Representations Form

Q9. Do you have any comments on the proposed Levy rates for any other type of development (commercial, industrial, employment, retail, hotels, residential institutions, assembly and leisure, agricultural or other uses)?

*(please detail using continuation sheets if necessary)*

No – however, I believe it is unrealistic to encourage commercial, industrial, employment, retail, hotel, residential institutions, assembly and leisure developments without considering if the Policies for economic development proves successful an appropriate level and scale of housing which is required for employees engaged in those activities may be provided at a commensurate rate of progress. I believe that the introduction of the charging levy's against the provision of all housing especially where it, when coupled with other development contributions, would make the delivery of that housing unviable and uncertain.

Q10. Do you have any other comments relating the Council's Charging Schedule?

*(please detail using continuation sheets if necessary)*

I believe that this is an inappropriate time for the Council to implement any further charging levy's against housing development, for the reasons I have outlined. I further believe that rather than promote new housing developments it will add further to the financial burden which is already placed on such development. A lack of housing supply will place further pressure on existing housing potentially driving up prices due to lack of supply.

A few years ago the South Shropshire District Council introduced an interim Affordable Housing Policy, which demanded a levy on all open market new build housing outside the towns of Ludlow and eventually Church Stretton, and this caused the construction of new housing to fall to a point where very few developments were being undertaken. The proposed charging structure at this time will create similar pressures upon the delivery of housing, which would be detrimental to the well being of the County.

On a point of detail, my Clients object to the imposition of a 2% charge payable additionally to the Council on top of the levy's to cover the cost of the Council monitoring the system. This cost should be the responsibility of the Council.



## Shropshire Levy Draft Charging Schedule: Representations Form

### **Comments on other matters**

Please note that comments on the Accompanying Notes or any other matters that do not form part of the Charging Schedule will not be considered in the examination, but will be included as part of the responses to the concurrent consultation on the Developer Contributions Supplementary Planning Document. This includes comments on the types of infrastructure on which the CIL may be spent in the future.

**Roger Tweedale Dip Arch, RIBA, DipTP, MRTPI  
On behalf of Lioncourt Homes Limited.**

**21<sup>st</sup> April 2011**