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Dear Neil

Revised Draft Charging Schedule – Proposed Community Infrastructure Levy Response By Barberrry

We write on behalf of Barberrry to submit comments to the Revised Draft Charging Schedule for the proposed Community Infrastructure Levy (CIL) that has been published for consultation. Barberrry are a commercial property developer who focus on constructing buildings for use in the industrial and logistics and distribution sector. They have recently secured planning permission for a 100,000 sq. ft. building with Class B2 Use on Ansty Business Park. They are active in the Borough and have a number of land interests that would be affected by the proposed CIL Charge.

Whilst we have not previously commented on the earlier draft charging schedules the need to do so now has arisen due to the Council’s intention to apply a charge of £5 per sq. m. to industrial, light industrial and logistics development. Such an approach would have a direct impact on my Client’s business and their ability to bring forward development for new commercial and employment floor space within the Borough. Accordingly, we wish to register an objection to the proposed charge and set out our reasons for doing so below.

Impact On Viability

Our key objection to the proposed charge is the impact that it will have on the viability of new development. The supporting Viability Assessment prepared by BNP Paribas states that at £5 per sq. m. it is a nominal charge. We disagree.

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The development finances underpinning commercial development are different in nature to that of the residential market. Developers work on different margins and are more susceptible to changes in build cost inflation. Furthermore, the need to secure pre-let interest greatly influences the decision to build or not. In addition, ever increasing energy and environmental standards for new buildings are increasing the cost of construction and which do not automatically relate to a pro-rata increase in rents that can be obtainable from such developments. Additionally, the incoming statutory requirement to deliver biodiversity net gain on sites will also present another potentially significant development cost to take account of.

The impact of these competing policy and statutory requirements when added to the overall scheme development costs will chip away at the scheme viability. Potentially this could stop or prevent new development coming forward if the scheme falls into borderline viability. This would have a negative impact on the supply and availability of good quality employment land and employment floor space within the Borough but also the wider sub-region. It is noted that there is already a significant requirement for the delivery of new employment floor space as evidenced by the publication of the recent Coventry and Warwickshire Chamber of Commerce Report and the Council's HEDNA identifies a strategic requirement for B8 Development over 500 hectares of land within the region. The application of a charge to industrial and logistics development could deter developers from looking to bring forward this type of development within the Borough.

In light of the potential impact of delaying or preventing development going ahead, when weighed against the likely benefit that the charge will generate to the Council we would argue that the benefits do not outweigh the cost. As such, we contend that industrial and logistics development should be subject to nil charge.

Discouraging Development within the Borough

In applying a charge, the Council may in fact seek to deter developers looking to locate in the Borough particularly if adjoining authorities do not charge CIL on industrial and logistics development. If this were the case this could undermine the Council's objectives for meeting economic growth and job creation. Again, whilst the charge is referred to as nominal it could still potentially add an additional £100,000 on a 100,000 sq. ft. building. This would certainly act as a deterrent particularly if such a charge was not payable in nearby authorities.

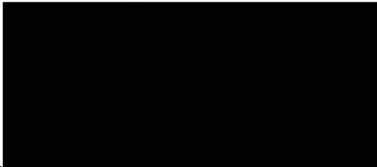
Summary


Barberry, therefore, wish to register an objection to the proposed revised Draft Charging Schedule and specifically the intention to apply a £5 per sq. m. charge to industrial, light industrial and logistics development. Barberry as a commercial developer who are active within the Borough and wider West Midlands region consider that such a charge would be detrimental to the delivery of high quality new employment and commercial floor space. As a developer, they are currently faced with a range of competing policy and statutory requirements that are seeking to deliver ever increasing energy and environmental standards within the new development. The cost of these, when added to the proposed CIL charge, will have an adverse impact on viability and ultimately could lead to schemes not coming forward. This would only be to the detriment of the Borough which would lose out on good quality and floor space that would be delivered elsewhere within the region where CIL was not charged. Barberry remain committed to undertaking further developments in the Borough and have a number of land interests that they are promoting for development. The application of CIL, albeit in a modest state, may deter them from proceeding with these developments should it be adopted.



We trust that you will take our comments into consideration and we look forward to being informed of when the charging schedule is submitted for examination and we would welcome the opportunity to participate in this should the opportunity arise.

If you have any questions or need any clarification on the above please do not hesitate to contact me.

Yours sincerely



 **BSc (Hons) MTPL MRTPI**
Associate


DIRECT DIAL: 

c.c.  – Barberry