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Submitted by e-mail to planningpolicy@christchurch.gov.uk

Dear Sir or Madam

Brookhouse (Christchurch) Limited
Meteor Retail Park, Somerford Road, Christchurch
Response to Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule for Christchurch and East Dorset

Introduction

We write on behalf of our client, Brookhouse (Christchurch) Limited, who is the owner of Meteor Retail Park, on Somerford Road in Christchurch. Brookhouse is a nationwide developer specialising in retail property development and in particular large format foodstore development. It has recently been granted planning permission on 11 March 2013 by Christchurch Borough Council to construct a foodstore at the Retail Park (Reference 8/12/0464).

This letter provides our representations on the Preliminary Draft Charging Schedule for the Christchurch and East Dorset Community Infrastructure Levy (CIL). It comments on the proposed charging rates for retail development. A precursor comment to the representations set out below is that the backdrop to development remains challenging. It follows that the imposition of any CIL Charging Schedule must be flexible to offer scope for developments that are acceptable in land use terms to proceed without their viability being compromised. Should a development's viability be compromised, it may have the effect of resulting in an acceptable development not proceeding. That would be at odds with the planning system which seeks to ensure that acceptable development proceeds without delay.

Comments on the Draft Charging Schedule

The proposed CIL rates for retail development in Christchurch are:

- Convenience retail – £110/sq.m
- Comparison retail – £0/sq.m

The rates proposed are based on the Peter Brett Associates (PBA) East Dorset District Council and Christchurch Borough Council Community Infrastructure Levy Viability Testing report, dated June 2013, with commentary on the retail appraisals at Chapter 11 and a viability appraisal included at Appendix 1.

We support the Council's rate setting for comparison goods retailing, which reflects the difficulty in viability in delivering comparison goods floorspace and the shifts and trends that have occurred in that retail goods category over the last decade – such as the increase in the amount of comparison goods retailing that now takes place away from physical stores.

We consider that the rates proposed by the Local Planning Authority for convenience goods retailing are not reflective of the current convenience goods retail property market. There have been movements in this sector of the property market over the last twelve months, with all the big foodstore operators scaling back their store programmes as a consequence of declining sales. Retailers such as Asda and Morrisons have also announced that they will be making significant redundancies shortly.

The viability appraisal that the charging rate is based on is included at Appendix 1 of the PBA report. Our comments are:

1. PBA set a construction rate of £800/sq. m (75/sq. ft) for convenience goods retail floorspace, whereas we are advised by Brookhouse, who has been granted permission to construct a foodstore in Christchurch, that construction rates would be in the order of £1,075/sq. m (£100/sq. ft). This is approximately 25% above the level forecast by PBA. It is important to note that construction cost inflation is increasing significantly and is outstripping rental growth. Convenience goods retail rents themselves are on a downward trend and so are likely to be at a rate that is lower than that forecast by PBA in its report at Appendix 1.

2. We understand from Brookhouse that residual land values for a large format foodstore scheme in Christchurch would be in the order of £2,500,000 per hectare as opposed to the £3,356,494 used by PBA at Table 11.2.

3. The appraisals do not accurately reflect the levy of s106 agreement that have been sought by the Local Planning Authority for foodstore proposals. A modest £10,000 is included by PBA in the viability appraisals. The Local Planning Authority has however sought contributions to Christchurch town centre that are greater than or equal to £500,000 for convenience goods retail development. Paragraph 5.29 of the PBA report confirms that a modest figure has been used on the basis that CIL will now pick up area-wide strategic infrastructure requirements. As the LPA identifies in its Draft 123 Regulation List that offsite provision / enhancements of Public Realm Improvements will be sought by CIL, we consider that it appears to be the Local Planning Authority's intention that CIL would replace s106 contributions previously sought. If this is not the case, then an update of the PBA viability assessment is required to better reflect any s106 contributions sought by the Local Planning Authority.

Paragraph 25 of the DCLG CIL Guidance states that:

'Charging authorities need to demonstrate that their proposed CIL rate or rates are informed by 'appropriate available' evidence and consistent with that evidence across their area as a whole.'

We are unsure of where the PBA evidence comes from for its appraisals as it is not referenced. They may well have been up-to-date 12 – 18 months ago, but note that the figures we have provided above are appropriate available evidence from a live permission for convenience goods development in the Christchurch area.

In the light of the above, we therefore consider that a review of the rates used by the Local Planning Authority should be required to better reflect current market circumstance. In addition, the Local Planning Authority should incorporate a level of flexibility into its CIL to enable developers to negotiate rates based on sound evidence relating to the viability of the development. Not undertaking this approach may result in acceptable developments becoming unviable.

Conclusion

In the light of the above, we consider that:

- A review of the rates used by PBA is required to better reflect current market circumstances.

- Flexibility should therefore be built into the Charging Schedule to permit negotiations on the CIL rate to be charged, where this can be supported by sound viability evidence.

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We trust that the above representations will be considered by the Council as part of the ongoing process for developing its CIL. We would be grateful if you are able to keep us informed of the progress of the CIL and we reserve our right to appear at its examination. If you have any questions, please do not hesitate to contact either Matthew Sobic or Peter Whittingham at these offices.

Yours faithfully

Savills (UK) Limited
Retail Planning

cc. T. Whitehead – Brookhouse (e-mail only)
M. Nuttall – Brookhouse (e-mail only)