

Coventry City Council
Minutes of the Meeting of Cabinet Member for Housing and Communities held at
10.30 am on Friday, 9 July 2021

Present:

Members: Councillor D Welsh (Chair)

Shadow Cabinet
Members: Councillor R Bailey
Councillor M Lapsa

Other Members: Councillor N Akhtar (Chair of Scrutiny Co-ordination
Committee)
Councillor L Bigham (Chair of Communities and
Neighbourhoods Scrutiny Board (4))

Employees Present:

R Back, Planning and Regulation
M Bajway, Law and Governance
U Patel, Law and Governance
A West, Law and Governance

Public Business

6. Declarations of Interest

There were no declarations of interest.

7. Minutes

The minutes of the meeting held on 11 June 2021 were agreed as a true record. There were no matters arising.

8. Community Infrastructure Levy (CIL)

The Cabinet Member considered a report of the Director of Streetscene and Regulatory Services which reviewed the findings of the Community Infrastructure Levy (CIL) Viability Reports and concluded that there was insufficient viability to take forward a CIL Scheme in Coventry; and therefore proposed that no further work be undertaken on bringing forward a Scheme at this time.

CIL is a charge that can be made on development in addition to Section 106 developer contributions. All development would be potentially liable, with some limited exemptions, and the levy is calculated on a m2 basis, meaning all applicable developments contribute. Once collected the Levy could be spent on infrastructure projects anywhere in the city, and a portion would be given to a Parish Council if the development fell within their boundary.

In order to establish a Levy, Councils must first be able to demonstrate that there was sufficient value in development to the extent that the addition of a levy on top of all other costs would not render typical schemes unviable. Should the evidence demonstrate this, then a Charging Schedule could be drafted and be publicly

consulted upon, changes made and eventually culminating in an independent Examination in Public.

When considering the implementation of CIL, councils must also consider the consequences of the introduction of a new charge. Developments previously allocated or expected may not come forward as they were now less attractive to developers, and development patterns may change to avoid higher cost areas.

Once adopted, CIL would be a non-negotiable Levy that had to be paid upon commencement of a development, with prescribed phasing for larger payments. This inflexibility would mean that there was greater certainty of how much Levy each application would contribute. However, this also meant that should a scheme be experiencing viability issues then any appropriate renegotiation would focus on Section 106 provisions, such as education, highways or affordable housing contributions.

As part of the 2017 Local Development Scheme, extensive work was undertaken and Dixon Searl Partnership (DSP) were commissioned to produce a viability report. The 2017 Viability Report modelled viability in a range of scenarios, looking at costs and value in a variety of locations and with differing development typologies. The Report concluded that there was a viability difference between wards in the West and South compared to the North and East, and that development in the West and South had a greater scope for a Levy being applied. Based on the evidence gathered in 2017 a draft Charging Schedule was proposed.

The Report also concluded that the two Sustainable Urban Extensions (SUEs) brought forward by the Local Plan were unable to provide a Levy due to the on-site infrastructure burden required to bring forward the sites. They were therefore excluded from the draft Charging Schedule. It should be noted that this was quite common for SUEs to be excluded from Charging Schedules for this reason.

However, changes to the National Planning Policy Framework regarding the provision of affordable housing, as well as further work on the average values of Section 106 requests, necessitated an Addendum to the Viability Report to be commissioned from DSP. This was delivered to the Council in 2019. The Addendum reviewed the viability of residential development only and did not consider any other types of development that had been identified in the original report.

The 2019 Addendum found that changes since the 2017 Viability Report had rendered residential schemes less viable and that, where the median level of Section 106 was applied, there was now only one development type in the West/South that had sufficient scope for a Levy to be applied, and none in the East/North area. When modelled with the highest level of Section 106 being applied, this remaining typology was also rendered unviable for a Levy.

The 2017 Viability Report also considered other development types and concluded that there was sufficient value in large format retail and Purpose Built Student Accommodation (PBSA) for a charge to be applied to them in a draft Schedule. Given the current retail climate, officers no longer considered it prudent to apply a Levy to retail developments based on 2017 evidence.

The development of PBSA has continued at pace in the city centre, and current Covid-related occupation issues aside, the developments remained attractive to developers and occupiers alike. The 2019 Addendum did not reconsider the viability of such developments as the principle changes to the NPPF related to Affordable Housing, which PBSAs were not obliged to provide under government guidelines.

Whilst it could be assumed that there remained some residual viability in PBSA developments, probably reduced from 2017 levels due to increasing build costs, we must also consider the possible consequences of such a charge. Every student residing in purpose built accommodation was one less student in a House in Multiple Occupancy (HMO), thereby easing the pressure on the conversion of existing housing stock to HMOs or even allowing for the conversion of HMOs back to family housing. By adding a levy to PBSA we would increase the likelihood of such development not coming forward, and those wider benefits not being felt by residents across the city.

Based on the evidence, it was not considered practical to pursue the introduction of a Levy on residential development in the City due to the lack of sufficient viability to bring forward a comprehensive regime. This had been rendered even more critical given the current pandemic and material shortages, which have slowed development across the country.

Where value had been identified in the 2017 Viability Report for other development types, only PBSA remained a potentially viable opportunity. However, as outlined above, officers did not believe the potential benefits outweighed the potential risks.

It was therefore concluded that the evidence showed that there was insufficient scope to bring forward a draft Charging Schedule and that the investigation into CIL should draw to a close.

Finally, it should be noted that it is the government's current intention to abolish CIL, and Section 106, and replace them with a new mechanism, as yet undefined. This intention was outlined in the "Planning for the Future" White Paper consulted upon at the end of 2020 and was confirmed as part of a Planning Bill in the Queen's Speech at the state opening of Parliament in May 2021.

Some members present at the meeting expressed their disappointment at the missed opportunities for not having implemented CIL and the associated income potential. However, it had to be noted that the CIL brought its own challenges and implications as other local authorities who had implemented it were now experiencing.

Currently work was underway to ensure policies and strategies were robust to secure and utilise Section 106 money to mitigate the impact of a development.

In accordance with the Constitution, Councillor N Akhtar, Chair of the Scrutiny Coordination Committee attended the meeting for the consideration of this item to agree the need for urgency so that call-in arrangements would not apply. The reason for urgency was that a formal decision on this was needed prior to the Local Development Scheme report due to be considered by Cabinet on 13 July

2021. However, the Cabinet Member having considered the detailed report, and having noted the discussions at the meeting, considered that there was insufficient justification to stop the call-in process run its course, therefore, the decision would be open to the call-in process as normal.

RESOVED that the Cabinet Member for Housing and Communities:

- 1. Notes the work of the Community Infrastructure Levy (CIL) working Group and the findings of the CIL Viability Reports.**
- 2. Concludes the work on investigating implementing CIL in Coventry as there is insufficient scope to introduce a charging scheme.**

9. Response to Nuneaton and Bedworth Borough Council (NBBC) Public Consultation

The Cabinet Member considered a report of the Director of Streetscene and Regulatory Services which proposed a response to the Issues and Options consultation currently being undertaken by Nuneaton and Bedworth Borough Council.

Nuneaton and Bedworth Borough Council (NBBC) adopted their current Local Plan in June 2019 and had recently triggered a Local Plan review. The first stage of the Review is an Issues and Options public consultation, which was launched on 11 June 2021 and would close 6 August 2021. The consultation document was attached as Appendix 1 to the report.

Coventry and Nuneaton & Bedworth are part of the same Housing Market Area (HMA) along with Stratford Rugby, Warwick and North Warwickshire, and as such both authorities had a Duty to Cooperate. Evidence of cooperative working was a key part of the Local Plan process and therefore it would be appropriate for Coventry City Council to respond to this consultation.

As part of the Duty to Cooperate, a Memorandum of Understanding (MoU) was agreed between all authorities in the Housing Market Area to apportion the un-met Housing Need of Coventry, and this was taken into account in the drafting and examination of all Local Plans in the housing Market Area, including the current NBBC Local Plan.

Paragraph 7.8 of the NBBC Issues and Options consultation, stated that NBBC would be *“withdrawing from the current memorandum of understanding (and will seek to negotiate an appropriate arrangement with sub-regional partners”*.

Given that the MoU was an integral part of meeting the sub-region’s Housing Need, it was important that the Council responded to this intention formally through the consultation process. A draft response was attached as Appendix II to the report. It was noted that there was a typo in the draft response and that the word “proscribes” would be amended to “prescribes” before the consultation response is finalised and submitted.

Members noted that, although disappointed with NBBC's decision to withdraw from the MoU, Coventry City Council would remain committed to working closely, proactively and constructively with all neighbouring authorities.

Members discussed the impact that major developments taking place in NBBC had on the infrastructure within Coventry, especially those close to the neighbouring borders to the north of the City and particularly in terms of highways and air quality. Although such matters were not covered within the NBBC consultation, Members requested that this be included within the response to ensure that NBBC continue to work closely and collaboratively with Coventry to achieve the best outcome for both authorities and their residents.

RESOLVED that, the Cabinet Member for Housing and Communities approves the submission of the proposed response as attached at Appendix II of the report subject to the addition of the request made by Members to ensure that Nuneaton and Bedworth Borough Council continue to work closely and engage with Coventry Council in relation to any major development proposals close to neighbouring borders to ensure that appropriate consideration has been given to the impact on services and infrastructure within Coventry boundaries.

10. Outstanding Issues

There were no outstanding issues.

11. Any other item of public business which the Cabinet Member decides to take as matters of urgency because of the special circumstances involved

There were no other items of public business.

(Meeting closed at 11.25 am)