Turley

10 April 2024

By Email only

CIL CONSULTATION
Strategic Planning Team
Perceval House
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Dear Sir/Madam

WRITTEN REPRESENTATIONS TO THE LONDON BOROUGH OF EALING DRAFT COMMUNITY INFRASTRUCTURE LEVY ("CIL") CHARGING SCHEDULE

1. We hereby submit written representations on behalf of our client, Christian Vision, with respect to the Public Consultation on the emerging London Borough of Ealing ("LB Ealing"; "the Borough") Draft CIL Charging Schedule (February 2024).

About Christian Vision and the IM Group

2. It is considered that it would be helpful to provide some background to Christian Vision, its history, operations and associated companies.

3. Christian Vision forms part of the wider IM Group, and is a global charitable Christian organisation founded in 1988 by Lord Edmiston. Christian Vision has its own property portfolio which provides reliable income for the charity. One of the assets within our client's portfolio is the Sainsbury's Superstore in West Ealing (Melbourne Avenue, London, W13 9BZ), subject to draft Site Allocation 11EA in the emerging LB Ealing Local Plan (Reg. 19 version, 2024). As such, our client has a strong interest in the emerging Local Plan and draft CIL Charging Schedule.

4. IM Group operates in various markets, mainly focussing on the automotive and property sectors. **Figure 1** below illustrates the structure of the Group, to aid the Council's understanding.

5. One of the companies operating under IM Group alongside Christian Vision is IM Properties. Founded in 1987, IM Properties operates in the commercial, residential and investment sectors. IM Properties has established itself as one of the UK's largest privately owned investor developers, becoming renowned for the consistent delivery of award-winning schemes.

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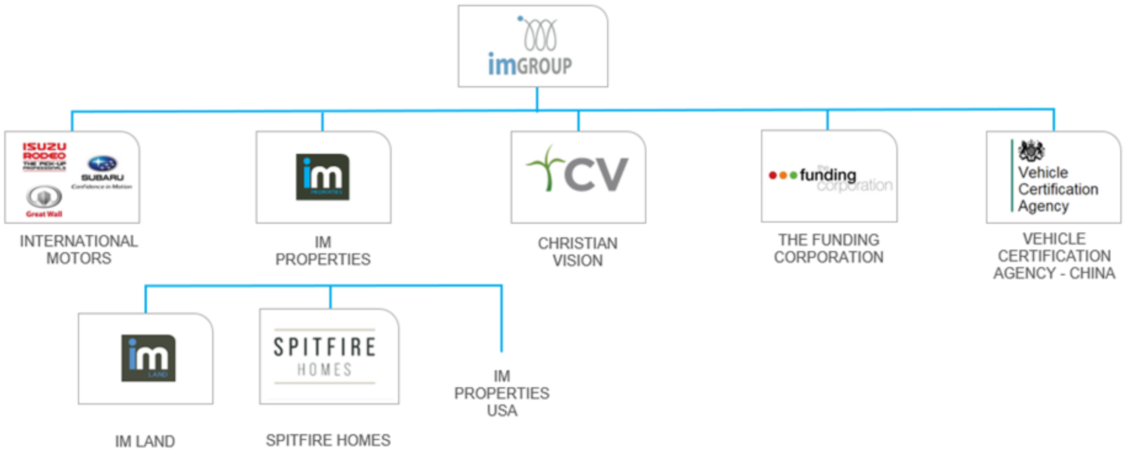

Figure 1: IM Group Organigram

Draft CIL Charging Schedule and its Implications on the delivery of new homes & employment floorspace

6. The use of CIL to fund essential infrastructure projects including those set out in the Council's Infrastructure Delivery Plan (February 2024) is generally supported. Nevertheless, our client, and the wider IM Group, is concerned about the proposed CIL rates in general and particularly those applicable to new/additional residential and industrial (including data centres) floorspace. It is considered that the proposed CIL rates will have a significant impact on development viability, and the linked delivery of much-needed new homes and employment floorspace within LB Ealing.

Baseline Assumptions / Development Viability

7. It is important to note that the emerging Reg. 19 Local Plan seeks to establish Ealing as *"the engine of West London's new economy"* (Draft Policy SP.1) providing access to well-paid local jobs and meeting its annual housing target of 2,157 new homes (contained in the London Plan, 2021, and Draft Policy SP4.3).

8. However, in recent years, the Council has failed to meet its objectively assessed housing need. The Government's *2022 Housing Delivery Test* identified that LB Ealing only delivered 86 per cent of this need, meaning that the Borough require an Action Plan to set out how it intends to boost housing delivery.

9. In the *London Plan Review – Report of Expert Advisers (January 2024)* commissioned by the Secretary of State for Levelling Up, Housing and Communities, a significant undersupply of new housing completions (>5,000) in comparison to its London Plan (2021) housing targets has similarly been identified for LB Ealing (see Figure 2.2 of the Report which is based on information contained in the Greater London Authorities ["GLAs"] Planning London Datahub), constituting the third highest of all London boroughs.

10. One of various reasons for the stagnating delivery of new homes identified in the Report is **development viability**. Paragraph 3.36, for instance, notes that *"the challenge of resources and levels of investment to bring forward developments in light of global economic challenges […] have naturally impacted on scheme viability. This problem is particularly acute for higher-density, capital-intensive projects on previously developed land"*.

11. In recent years, several factors have had significant impacts on development viability (and resulted in a reduced/stalled delivery of new homes and employment floorspace), including (but not limited to):

– Changes to building regulations (including fire safety requirements reducing design efficiency/lettable floorspace);

- Changes to planning policy and (design-related) guidance (impacting design efficiency and increasing build costs);
- Higher sustainability requirements;
- Affordability requirements (both affordable housing and workspace) and reduced grant availability;
- Increases in build/construction costs (including a sustained inflation in the cost of labour, materials, and energy) caused by Brexit and other macro-economic events;
- Mandatory Biodiversity Net Gain requirements;
- Inflation; and
- Rising interest rates.

12. The effects are not only visible in the number of planning applications being submitted and determined across the UK in recent years[1], but also actual delivery rates, as noted above.

Market trends

13. In addition, and notwithstanding positive market signs in terms of a slowing inflation and mortgage rates, house prices in outer London fell by 1.2 per cent over the past year[2]. Particularly properties worth less than £1m saw prices fall between 1.8-2.3 per cent. Whilst forecasts anticipate growth in mainstream capital (housing) value from 2025 onwards, London is set to see the highest reduction in value until then (-4.0 per cent) and the lowest growth projection over the next five years compared to all other regions in the UK[3].

14. As recognised in the *Local Plan Viability Assessment (December 2023)* accompanying the draft CIL Charging Schedule, predicted growth cannot be guaranteed (Para. 4.4), and the evidenced fall in sales values across 2023/24 has not even been considered as part of the Council's growth scenarios (see Para. 2.21 onwards, and Section 4). It does however show decreasing sales volumes across the Borough since late 2022 (Fig. 2.20.2) which somewhat stands in contrast with its future growth assumptions.

15. From an industrial and logistics development perspective, it is similarly important to flag that land values only rose marginally in Qs2-3/2023 following the significant market correction of -29.3 per cent in Q4/2022 and Q1/2023, whilst as of Autumn 2023, London and the M25 Sub-Market recorded reductions in rental values of 2.7 per cent[4], as shown in **Figure 2** below.

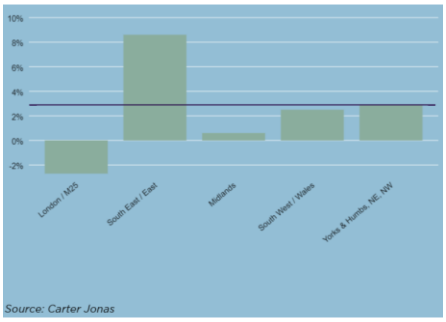

Figure 2: Change in prime industrial rents (March-September 2023)

[1] Planning Resource (2023), Number of planning applications plummets 12% year-on-year in latest government figures
[2] Savills (2024), Prime London house prices – Q4 2023
[3] Savills (2024), Residential Property Market Forecasts
[4] Carter Jonas (2023), Industrial Overview – Autumn 2023

Comparative CIL Rates (Outer London)

16. Our client has further undertaken a comparison exercise of the draft LB Ealing CIL Charging Schedule for residential and industrial uses against other relevant or (recently) adopted CIL Charging Schedules in Outer London Boroughs demonstrating that the proposed CIL Charging schedule is likely to be perceived as a significant burden to future investment into development projects within the Borough (see **Table 1**).

17. Particularly in comparison to the neighbouring Old Oak & Park Royal Development Corporation ("OPDC"), the proposed CIL Charging Schedule seems exorbitantly high – especially when taking into account the additional Mayoral CIL 2 ("MCIL2") rate of £60/sqm (£69.27/sqm indexed) for new residential and industrial floorspace which is charged in addition to LB Ealing's proposed CIL rates.

Outer London Borough	CIL Status	Residential CIL Rate	Indexed Residential CIL Rate (2024)	Industrial CIL Rate	Indexed Industrial CIL Rate (2024)
Ealing	**Draft** **February 2024**	**£300 / sqm (Central Ealing)** **£200 / sqm (Rest of borough)**	**n/a**	**£100 / sqm**	**n/a**
Harrow	Adopted September 2013	£110 / sqm	£187.11 / sqm	£0 / sqm	£0 / sqm
Hounslow	Adopted July 2015	£70-£200 / sqm	£102.92-£294.21 / sqm	£20 / sqm	£29.42 / sqm
OPDC	Adopted February 2024	£80 / sqm	n/a	£35 / sqm	n/a
Barnet	Adopted March 2022	£300 / sqm	£344.27 / sqm	£20 / sqm	£22.94 / sqm
Enfield	Adopted April 2016	£0-£120 / sqm	£0-£169.33 / sqm	£0 / sqm	£0 / sqm
Havering	Adopted July 2019	£55-£125 / sqm	£63.50-£144.32 / sqm	£0 / sqm	£0 / sqm

18. As can be seen, particularly the extremely volatile industrial (and logistics) market could be significantly undermined by the proposed rates of £100 / sqm which is, based on our research, substantially higher than the adopted rates in **all** other Outer London boroughs[5] (not limited to those listed above).

Potential Impacts on Future Developments

19. If adopted, new residential floorspace would be charged[6] at £269.27-£369.27 / sqm and industrial floorspace at £169.27 / sqm, respectively. In practice, this may mean that a housing development with circa 325 new homes and corresponding new floorspace of 27,500 sqm (GIA) could be subject to an overall CIL liability of £7,404,925 (assuming a *Rest of the Borough* location and 2024 indexation for MCIL2), whilst a medium-sized industrial development with 12,500 sqm (GIA) of new employment floorspace could be subject to a CIL

[5] Excl. LB Croydon's CIL rates for new/additional floorspace in the Croydon Metropolitan Centre.

[6] LB Ealing & indexed MCIL2 combined

liability of £2,115,875 – in addition to wider potential financial contributions or direct infrastructure delivery to be secured under a Section 106 Agreement. Both scenarios do not take into account the provision of affordable housing and/or workspace similarly impacting development viability.

20. Without any existing floorspace to offset against, this could result in significant CIL liabilities which have the potential to undermine the overall viability of new development projects, particularly when considering those non-negotiable charges against the wider factors impacting development viability as set out in Paragraph 11 above.

Conclusion & Recommendations

21. Taking into account the various – largely unpredictable – factors affecting development viability of new developments described in this submission, alongside uncertain, ever-changing market conditions and growth projections, it is considered that the Draft CIL Charging Schedule and its rates for residential and industrial (and data centres[7]) uses are proposed too high and **likely act as a hindrance to developers investing and bringing forward new housing and employment schemes in LB Ealing** (and therefore likely to be directing those to other Outer London boroughs).

22. It is strongly recommended to review the proposed CIL Charging Schedule on the basis of an up-to-date Viability Assessment and consider a reduction in residential and, particularly, industrial (and data centres) CIL rates prior to adoption to ensure development within the Borough remains deliverable, thereby ensuring that the vision of the emerging Local Plan to position LB Ealing as the engine of West London's new economy is indeed deliverable.

23. Please do not hesitate to get in touch [redacted] if you would like to discuss the content of the above written representations.

Yours sincerely

[redacted]

[redacted]

[redacted]

[redacted]

[7] Note: Given that data centres often operate within a B8 (or SIL/LSIS-specific sui generis) use class, it is recommended to incorporate those within the standard industrial rates rather than introducing a separate CIL rate.