

Enterprising ideas

A complex number of elements are in play to make the best use of Birmingham city centre's enterprise zones. Mark Smulian reports

Two major regeneration projects in Birmingham's city centre enterprise zone are set to seek planning permission this year. Argent expects to submit an application for its 1.5m sq ft Paradise Circus office project "before the summer holidays", says Gary Taylor, founding member of Altitude Real Estate, and former director of development partner Argent Developments. The neighbouring 2.3m sq ft Arena Central, which has outline consent, should be with planners for full consent before the year's end, says Jonathan Wallis, director of developer Miller Development. But it could be in nearby Digbeth that work starts first, because it has simpler sites that require little infrastructure

BLACK COUNTRY ENTERPRISE ZONE

The Black Country enterprise zone has seen planning permission granted to Jaguar Land Rover to build a major engine plant of 754,000 sq ft, with a further 700,000 sq ft of expansion space available, on the i54 site, close to the M54. Jaguar will invest £355m into the project. This is the main site in the zone, on the border of South Staffordshire and Wolverhampton.

The zone also has funding in place for a £26m project to improve road junctions in Darlaston, where it has 99 acres (40ha) of developable land available on both sides of the M6.

work, says Chris White, director of development consultancy and regeneration at CBRE.

Birmingham council and the Greater Birmingham and Solihull LEP unveiled the 26 sites in the city centre enterprise zone in December. The sites total just over 170 acres (see box) gathered in the Westside, Snow Hill, Eastside, Southern Gateway and Jewellery Quarter areas and the adjacent Digbeth and Birmingham Science Park.

All are intended for occupiers, in particular from the financial services, information technology, digital media and creative industries.

Birmingham council is using tax increment financing to pay for the infrastructure needed to unlock

enterprise zone sites. This works by the council borrowing against future business rate income generated in the zone.

Although zone occupiers receive a business rate "holiday" worth up to £275,000 over five years, they must pay rates above that level, and full rates after that period; the council estimates this will generate some £1bn over 25 years.

Taylor says Paradise Circus needs substantial infrastructure funding agreed with the council before it can proceed because "it requires demolition of the old Birmingham Library, the Copthorne Hotel and Birmingham City University School of Music, which share building services and have the A38 beneath it.

"This is as complicated as development comes," he says. "The TIF can invest in the infrastructure needed."

Carl Potter, senior director at GVA, believes the council's willingness to use its rate income to finance infrastructure will be the key to the zone's success.

"Development depends on occupiers, and business rate relief is not that special to attract large ones," he says.

"Some occupiers see political benefit from locating in an enterprise zone, because they believe that is what the local authority wants them to do, and think that will be good for their business in the long-term.

"But it is the local authority's decision to use TIF to provide infrastructure that is really positive, because that will allow sites to go ahead," adds Potter.

The council is working with Miller on an innovative approach to planning for Arena Central.

Wahid Nazir, Birmingham's director of planning and regeneration, explains: "The fast-track process is not about removing planning controls, but about making the system less bureaucratic.

"We are starting with Arena Central, asking them what could be taken out of the process while keeping its integrity, such as dropping demands for supporting material in applications, and if that works we would try it elsewhere."

Miller's Wallis says Arena Central will seek full permission "by the end of the year", but declined to elaborate on planning reforms.

Nazir notes: "No developer has said that they want planning rules removed altogether, because they do not want residential built in inappropriate places, or so many offices built that it undermines that market."

But Drivers Jonas Deloitte partner Gary Cardin believes Birmingham has missed a trick. "It would be a huge advantage to have a flexible planning regime, but this is limited to change of use," he says. "I would have wished to see a policy that said you can build anything."



Artist's impression of Paradise Circus

The only actual planning relaxation is local development orders at Digbeth and Birmingham Science Park. These would permit changes of use without planning permission, though not changes to residential since, "We would not want homes there that would lead to noise restrictions on businesses," says Nazir.

CBRE's White says: "Digbeth probably will go first, as it is an extension of the Bullring redevelopment, certainly earlier than Paradise Circus and Arena Central, which need complex financial packages because of the highways requirements.

"But when those two do come forward that entire area will fly as an extension to the city centre."

Not everyone is happy with the council's approach. One developer, who asked not to be named, thinks too much council property has found its way into the zone.

He also speculates: "Local authorities have discretion over empty property business rates, but in the enterprise zone they want the rate income so I don't think we will see that discretion used and people will be paying rates on empty space."

Nazir says councils have no such discretion. But they could gain it in future as part of the government's wider reforms of business rates, "We would look at it, but it would be a city-wide decision, not just for the enterprise zone, and we are certainly not encouraging people to build empty buildings," he says.

Birmingham is taking a new approach by locating its zone in a city centre, rather than a former industrial area. If it works, other councils might be tempted to use TIF in a similar way to kick-start sites.

BIRMINGHAM ENTERPRISE ZONE SITES

	Size (acres)
Arena Central	6.91
Beorma	2.01
Birmingham Children's Hospital	9.45
Birmingham City University Campus	1.30
City Park Gate	3.80
Connaught Square	3.80
Curzon Street	26.29
Custard Factory Extension	0.85
Digital Media Zone	2.29
Eastside Locks	16.31
Former Post and Mail Building	1.61
Great Barr Street	4.97
Kettleworks	7.57
Ludgate Hill	3.95
Masshouse	3.64
Newhall Square	1.99
Paradise Circus	10.01
Smithfield Court	4.03
Snow Hill Queensway Phase 2	1.08
Snow Hill Queensway Phase 3	1.13
Southern Gateway	35.65
Typhoo Wharf	12.40
University College Birmingham	3.35
Venture Way	2.36
Warwick Bar	3.61
103 Colmore Row	0.45
Total	170.81

Source: Birmingham city council

Full planning application for Arena Central should be with planners before the end of 2012

