

GVA

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GNDP CIL Viability

Developer Forum

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Introductions

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Structure

- Overview of Dec 2010 Viability Advice
- Establishing the Charging Zones
- Brief
- Detail of Work
- DCLG Advice
- Residential
- Commercial
- Retail
- Summary & Map



Viability Advice on CIL/Tariff for Broadland, Norwich & South Norfolk

(December 2010)



Brief

- Assess economic viability of introduction of CIL/tariff levy to growth area;
- Examine CIL/tariff charging levels – time/geography;
- Test residential and commercial schemes;
- Assess viability within plan period aligned to infrastructure needs assessment;
- Advise on potential accountable body/delivery vehicle; and
- Provide a clear, robust evidence base.



Results & Recommendations

Recommended Residential CIL / Tariff Levels

Market Value Area	Per Private Dwelling	Per Sq M
Central	£20,000	£225
Inner	£15,000	£170
A11	£17,500	£195
Outer	£7,500	£85

Recommended Commercial and Retail CIL / Tariff Charges

Market Value Area	Office per sq m (GIA)	Industrial / Warehousing per sq m (GIA)		Retail Warehousing per sq m (GIA)	Convenience Retail per sq m (GIA)
Norwich City Centre	£5	£5	Norwich City Centre	£25	£25
South Area	£5	£10	Rackheath Urban Extension Area	£25	£25
North Area	£5	£10	Rest of Area	£10	£25

Assumptions



Market Conditions:

- (1) Normal market (mid 2007) / (2) Recession market (mid 2009)

NAHP (Social Housing) Grant:

- Appraisals undertaken assuming a no grant scenario, and a grant scenario.

Enabling Costs:

- Dependent on brownfield / greenfield site characteristics.

Land Values:

- Land values reflective of work undertaken by Drivers Jonas Deloitte and discussions with local agents.

Benchmark Land Values (per acre)	City Centre Benchmarks	Out of City Centre Benchmarks
Agricultural Land	n/a	£100,000
Office Land	£400,000	£200,000
Industrial Land	£400,000	£200,000
Retail (Convenience)	£400,000	£300,000
Retail (Warehouse)	£400,000	£300,000
Residential	£450,000	£350,000

Residential Values:

- Land values reflective of work undertaken by Drivers Jonas Deloitte and discussions with local agents.

£ PER SQ FT.	CITY	A11 Corridor	Inner Area	Outer Area
'Normal' Market	£240	£220	£209	£187
'Recession' Market	£200	£180	£165	£150





Establishing the Charging Zones



Setting Charging Zone Boundaries



Brief

- Provide GNDP with the evidence base to support its CIL;
- Undertake further, more specific research to support Charging Zone Schedule.

Detail of Work

- Analyse market evidence sources such as VOA data, PROMIS, Rightmove, EGi and Focus;
- Source comparable Land Registry data sets;
- Map out delineating boundaries overall at street level; and
- Consult with Developer's Forum on proposed Charging Zone Schedule.

DCLG Advice on Charging Zones



- “Strike what appears to the Charging Authority to be an appropriate balance between the desirability of funding infrastructure from CIL and the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area”;
- Use appropriate available evidence;
- Ensure that CIL is anticipated to have a positive economic effect on development in the medium to long term;
- Broad test of viability across the area as an evidence base;
- Take a strategic view across the area, not focus on individual development sites;
- Consider a range of data.



RESIDENTIAL

In- depth analysis of Land Registry Data

- Disaggregate data using GIS mapping to reflect the GNDP area as a whole by postcode.
- Cross-reference data tables with agent discussions from Viability Study.

Viability Study Evidence vs. Charging Schedule Report Evidence: The Move from Four Charging Zones to Two

- Wymondham, Norwich Central & Norwich
- Wymondham, Norwich Central and Norwich vs. Harleston & Diss
- Costessey, Wroxham & Rackheath
- Outer Value Areas (Reepham, Acle, Harleston, Diss & Long Stratton)
- Wymondham vs. Long Stratton



COMMERCIAL: Office & Industrial

- GVA Viability Study - office and industrial schemes only able to make modest CIL / Tariff contributions;
- Viability highly dependent upon proposed development location;
- GVA advises that Authority sets a single (lower) CIL/ Tariff across the whole area;
- Specific contributions can be secured if necessary from separate planning consents (i.e. through S106 agreements).



RETAIL

Convenience / Standard Retail Development

- Rental value of any given retail development highly dependent upon location.
- Rental values can differ significantly from street to street depending on frontage and foot fall, so difficult to set CIL Charging Zones, even within a single settlement.
- GVA advises a single, minimal CIL/ Tariff charge across the study area to encourage delivery of retail development.

RETAIL



Supermarket / Large Food store Retail Development

Assumptions:

- At least 6,500 sq m (circa 70,000 sq ft) / space for circa 350 – 400 car parking spaces.

Viability Models:

Two models of land purchase for supermarket stores:

- 1) Developer purchases the land and then sells it on a supermarket operator; and
- 2) Operator purchases land directly.

Outcome:

Potential for higher 'supermarket' tariff for retail development over a given size.

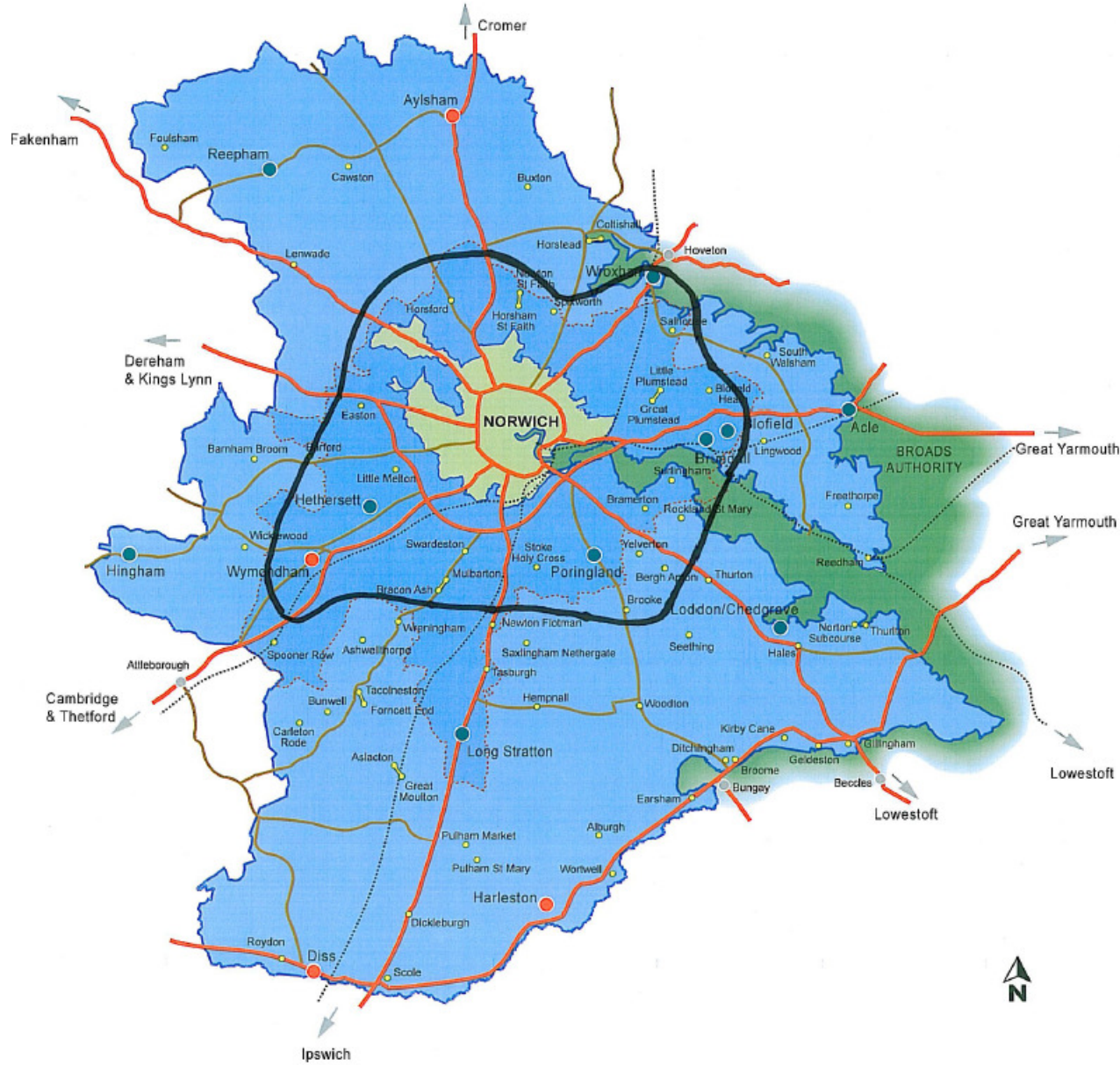


SUMMARY

We set out below our summary table for the proposed Charging Zones (£ per Sq M)

Charging Zone	Residential	Commercial	Retail	Hotel	Leisure
'A'	£170	£5	£25	t.b.a.	t.b.a.
'B'	£85	£5	£25	t.b.a.	t.b.a.

Proposed Residential Charging Zones





Next Steps

- Report Availability