

Greater Norwich Development Partnership

Community Infrastructure Levy Consultation and Next Steps GNDP Board

December 2011

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What is CIL?

- A non negotiable levy on all new dwellings and all built development of at least 100m² (into which people normally go)
- £s per m² GFA
- Net new floorspace, and not change of use
- Affordable housing is exempt
- Rates must be derived from **viability** evidence
- For **infrastructure** needed to support the development of the area
- CIL rate should not put overall development of area at serious risk - will rate make a material or significant difference to level of risk

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Consultation

Key Issues raised (page 3 and Appendix 1)

- Localism - meaningful amount to local communities
- Charging rates for non residential uses
- Viability and evidence
- Residential garages
- Residential charging zones
- Policy for staging of payments
- Payment in kind

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“Meaningful amount”

- Expected to be resolved through changes to regulations
- Proposed joint response - Item 7
- Consultees comments sent on to DCLG

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Non-residential uses

- Several food retailers have expressed concerns over rate for large scale – no change recommended
- Community uses – recommended change to apply £0 per m² to fire, police and ambulance stations (appendix 3 page 38)

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Residential zones

Concerns from Zone B parishes

- Some evidence provided
- Some “hotspots”
- But overall, evidence still suggests a lower rate is valid and boundary is reasonable
- Issue for ongoing monitoring for first review?

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Viability evidence 1

- Longer, slower economic recovery
- But Norwich house price expected to recover more strongly than average
- Evidence and model provided by consultee
- Further residual land value analysis

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Viability : Residual Model

Gross Development Value all income generated by the development

minus

Total Costs construction costs, fees, planning, finance charges, and also payments under S106, S278 and CIL– many of these pushing upwards e.g. carbon reduction, CIL likely to raise more than S106 etc

minus

Developer's Profit usually percentage of GDV or Total Costs

Equals

Residual Land Value

(can be compared to a “benchmark value”)

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Viability evidence 2

- Viable development exceeds benchmark land values
- within -25% is marginally viable

GVA advice:

- Central = £1,235k per ha (£925k)
- Inner = £520k-£620k per ha (£390k-£465k)
- Outer = £495k per ha (£370k)

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Viability evidence

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Viability evidence - conclusions

- GDV is key (principally house prices)
 - Costs assumptions are key
 - CIL impact is more marginal
- BUT
- Economic uncertainty suggests reduction
- CONTINGENCY
- Monitoring and review
 - Adjustment CIL/S106 balance

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Proposed change to residential rates

1. Roll garage rate into total charge for Zone A
 - Reduces impact on development (incl size)
 - Closes differential between Zones
 - Simplifies collection
 - Limited impact on total available for investment
2. Lower rate for 6+ storey flats in the City

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Illustrative impact (Zone A)

	CIL £135/£30	CIL £115
90m2 no garage	£12,150	£10,350
90m2 + 15m2 garage	£12,600	£12,075
90m2 + 30m2 garage	£13,050	£13,800

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Illustrative impact (Zone B)

	CIL £75/£30	CIL £75
90m2 no garage	£6,750	£6,750
90m2 + 15m2 garage	£7,200	£7,875
90m2 + 30m2 garage	£7,650	£9,000

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NORWICH
City Council



Norfolk County Council



Broads Authority
The Broads - a member of the
National Park family

CIL Rates for publication (£ per m2)

Residential	£115 (Inner) £100 (City flats 6+ storeys) £75 (Outer)
Large Foodstores	£135
Other Retail (A class) Assembly and Leisure (D2 class)	£25
Residential and non-residential institutions (C2, C2A, D1) Fire, police, ambulance stations	£0
All other uses including Business (B class), Hotels(C1), PD, shared garages	£5
Sui generis	In line with similar use class

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Other viability issues

- Staging of payments – taper
- Payment in kind – clarification

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Next steps (agenda page 3)

- January 2012 - Councils consider publication
- Feb/March 2012 – publication (4 weeks)
- 26 March 2012 - submission
- Summer 2012 - examination
- November 2012 - adoption

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