

Supplementary statement for examiner on behalf of Norwich City Council following representation made by Savills in response to published modifications to Norwich City Council draft CIL Charging Schedule.

Introduction

1. Supplementary evidence relating to flats in Norwich was produced by Norwich City Council following consultation on the preliminary draft charging schedule. One respondent (Morston Assets) had made comments relating to the specific costs of brownfield development in Norwich. Generic viability assessments of residential and mixed use schemes on brownfield sites had already been included in the GVA viability assessment originally published in December 2010. One aspect which we subsequently considered not to have been fully taken into consideration was the higher build costs associated with flatted developments in the City. This type of development is favoured, particularly in the city centre and higher density generally helps with viability. The build costs however resulting from steel frame construction, requirements for lifts plus the fact that flats have a lower saleable floorspace in relation to the gross internal floor area of the buildings were considered to impact on viability. Although GVA had included assumptions about the higher build costs of flats in their original evidence, a decision was taken to look in more detail at the build cost of flats and test out viability again.

Supplementary viability evidence relating to flats in Norwich City, December 2011.

2. Initial BCIS data relevant to Norwich was obtained which appeared to suggest that build costs increased at 6 storeys and above. The impact of a reduced rate of CIL for flats of 6 storeys and above was tested in the supplementary evidence relating to flats in Norwich. This was based on notional schemes but grounded in reality by experience of real schemes which had been the subject of open book viability assessments for planning purposes and where the assumptions had been verified by the district valuer. Standard appraisal tools were used, consistent with the approach by GVA. The viability examples also examined the impact of a lower rate of CIL applied to a lower threshold (flats of 3-4 storeys).
3. A reduced rate of CIL was felt to be justified for flats of 6 storeys and above on the basis of higher build costs.

Representations at draft charging schedule stage.

4. Savills on behalf of Easton Landowners Consortium in conjunction with Norfolk Homes and Endurance Estates submitted an addendum to their response to consultation on the draft charging schedule on 5 March 2012, which suggested that a more appropriate threshold for the reduced levy for flats was 4 storeys and above rather than 6 storeys and above. No specific data was provided to justify this threshold apart from the suggestion that once a steel or concrete frame is required, build costs increase substantially and that the inclusion of lifts is a

significant cost. They provided an appraisal on an actual scheme. No alternative rate of CIL was suggested

Supplementary evidence on build costs of flats in Norwich City, May 2012.

5. Given that Savills had queried the threshold at which the reduced rate of CIL should apply, some further evidence was commissioned to look at this specific aspect. Norfolk Property Services (NPS) was asked to provide specific advice on build cost of flats and define the threshold at which build cost increased for the majority of cases. NPS recognised that there was a wide range of costs for schemes and some data was less reliable given the small sample of schemes. Having examined the data in a variety of ways, however NPS concluded that if there was any justification for a threshold it was that build costs increased significantly at 5 storeys and above. This was proposed in the modifications.

Savills response to the Statement of Modifications, 6 September 2012.

6. Savills have not provided any further evidence to demonstrate that the proposed threshold is incorrect nor have they proposed a different rate of CIL.

CIL charges for parking in flats

7. It is also worth noting that the rate of CIL proposed for shared-user/ decked garages) is £5 per sq m whereas for houses with garages, the garages are charged at the £115 per sq m residential rate. This further acknowledges the issues of viability and recognises the lower saleable floorspace in high density flatted developments.

Statement of common ground

8. We have a meeting arranged with Savills to agree a Statement of Common Ground, which will be passed to the Inspector once agreed and signed.

Conclusions

- Savills' build cost rates do not reflect BCIS data.
- Savills provide no actual build cost evidence to justify a different threshold.
- We recognise that build costs for flats are highly variable but have commissioned specialist advice from a QS to determine the most appropriate threshold.
- Savills' viability evidence is based on a single scheme. The CIL Regulations require generic assessments of viability to ensure that CIL will not threaten the viability of the majority of sites. The viability assessments carried out for the Council's supplementary evidence are based on notional examples to comply with the Regulations however they were carried out by planning colleagues with access to data from real schemes tested by the District Valuer.

- Savills' arguments about other variables in the viability appraisals form part of a general difference of opinion over GVA assumptions rather than the specific threshold for flats.
- We would therefore ask the examiner to look specifically at the build cost data we have provided to assess the most appropriate level at which a reduced level of CIL may be justified.

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