

The preparation of the Community Infrastructure Levy is a public process and your full representation will be made public for this purpose.	<i>For office use only:</i>
	<i>Date received:</i>
	<i>Rep no:</i>

**Greater Norwich
Development
Partnership**

**Community Infrastructure Levy
Draft Charging Schedules for Broadland,
Norwich and South Norfolk**

Representations Form

Please return to:

By email: cil@gndp.org.uk
By post: Greater Norwich Development Partnership
PO Box 3466
Norwich
NR7 0DU

All comments must be received by 5pm on Monday 5 March 2012

Please read the Statement of Representations Procedure and Guidance Notes before you complete this form.

1. Personal details:

**If an agent is appointed, please complete only the Title and Name boxes in column 1 below, but complete the full contact details of the agent in column 2.*

Title

First name

Last name

Job title

Organisation

Address

Postcode

Telephone no.

Email address

2. Agents details (if applicable)

Q1. Do you consider the Council(s) has followed a correct approach in developing the Draft Charging Schedule as required by the Community Infrastructure Levy Regulations 2010 (as amended)?

Yes No

I would like my representation to be considered for (please tick all that apply):

Broadland District Council's Draft Charging Schedule.....

Norwich City Council's Draft Charging Schedule.....

South Norfolk Council's Draft Charging Schedule.....

If no:

a. Did you raise this issue at the Preliminary Draft Charging Schedule Consultation Stage?

Yes No

b. Please give details of what change(s) you consider are necessary, having regard to the legal requirements for a charging schedule and, if not raised previously, why not. You will need to say why you think this change will make the Draft Charging Schedule legally compliant. It will be very helpful if you could also put forward your suggested revised wording of any text. Please note your comment should briefly cover all the information, evidence and supporting information necessary to support or justify the representation and the suggested change as, after this stage, further submissions will only be possible at the request of the examiner, based on the matters and issues he/she identifies for examination. Please be as precise as possible. Only information that relates to the representation will be accepted.

This response has been produced by Bidwells on behalf of Barratt Eastern Counties who have various property and development interests in the District. These representations are intended to assist the Council in finalising their CIL Charging Schedule and associated policies for the implementation of the proposed CIL such that a clear, robust and equitable approach is adopted by the Council in securing CIL Payments in relation to future planning applications.

Summary

Barratt Eastern Counties note that the residential CIL rate (Zone A – Inner) has been reduced from £165 sqm as proposed in the draft Charging Schedule (Oct-Nov 2011) to £115 sqm (Feb 2012). However, although the reduction in the CIL rate to £115 sqm is a move in the right direction, Barratts still retain a number of concerns about the robustness of the assumptions and data that support the draft schedule.

The GNDP still appear to be relying on the GVA Study 2011 (and addendum) with some additional work (Supplementary Evidence on Residential Viability (GNDP Dec 2011) to underpin the current reduced rate and to attempt to demonstrate viability. The GVA Study (2011) suggested that a CIL rate of £170 sqm would be viable in the inner area/A11 corridor which is clearly not the case. The reduction to £115 sqm appears to be as a result of a

discounting process applied to the £170sqm figure. Barratt Eastern Counties suggest that this is the wrong approach as the starting point figure of £170sqm is inappropriate and not based upon robust evidence.

In addition, Barratt Eastern Counties has a number of concerns regarding the supplementary evidence report (GNDP Dec 2011) that has been undertaken to support the reduction and these are detailed below. They are also concerned about the GNDP's contingency mechanism for dealing with inaccuracies in its evidence. This appears to suggest that if the development industry is proved right and for instance, build costs are higher than expected, then affordable housing provision can be reduced accordingly. However, there is no explanation given in the evidence regarding the level of affordable housing reduction that the Council's would consider reasonable. This is a considerable shortcoming in the evidence.

Detailed Comments on Background Documents and the Evidence Base

The robustness of the data and assumptions that supported the draft schedule, in particular the GVA study (2011) are questioned and further concerns are raised in respect of the supplementary work that purports to provide evidence of viability.

Concerns Regarding GVA Study and Supplementary Evidence

The GVA Study's assumption on the values of land in the A11 corridor and on densities are questioned. Barratt Eastern Counties have the following issues to raise:

- 1. Why have development land values of £210,000 - £250,000 per acre (865,000-£1,500,00 per ha.) been used in the viability assessment for land within the A11 corridor when these figures are contrary to the advice that GVA received from local agents who suggested figures in the region of £350,000 - £600,000 per acre (with the A11 corridor achieving similar values to the city-centre) would be more appropriate?**
- 2. Why does the GVA's Addendum state on page 2 that the land values used in their report are for land with planning permission while on page 3 it specifies that the land values represent existing use values with an element of "hope value" on anticipation of planning permission?** The difference in potential values for each of these descriptions is significant and brings into question the accuracy of the whole document.
- 3. Why does the viability assessment for scheme 5 in the A11 corridor not reflect the lower density development character of most schemes in Norfolk (outside the city centre)?** Scheme 5 uses a benchmark land value of £13m. Assuming GVA's land value of £0.21m - £0.25m per acre is correct this would equate to this scheme having approximately 57 Net Developable Acres. Scheme 5 is supposed to represent a development of 1,000 houses equating to a development density of 17.5 dwellings per acre. It is considered that a more appropriate density figure outside the city centre would be 15 dwellings per acre. If this figure was applied to Scheme 5 it would mean the development would have 67 Net Developable Acres. If applied to GVA's suggested land values this would mean the benchmark land value should actually be £15.4m not £13m as suggested. If this land value had been used in the viability assessments then there would be many

- more scenarios which would show the CIL charges being unviable or marginal.
4. **Why does the Supplementary Evidence on residential Viability, Dec 2011 not look at schemes larger than 250 units?** This size of site is not considered to be representative of the large scale sites that are likely to come forward in zone A and which are more likely to attract large infrastructure costs.
 5. **Why is a gross/net development ratio of 83.51% used in the Scheme 1 (250 dwellings) modelling assumption?** This is considered to be completely unrealistic and more akin to a Norwich City Centre density than a greenfield site. Paragraph 4.3 of the report suggests that the scheme is low density and could be potentially increased further which is considered extremely unlikely.
 6. **Why are average open market house sizes of 113m² used when this dwelling size is not typical for the area and artificially inflates overall numbers?** The evidence assumes an average house size of 97.31m² which is in line with what most house-builders would say represents a typical size of an open-market dwelling in the local area (as advised at the Developer CIL Forum). However the way the examples work mean that once the affordable housing units are deducted average size of the open-market units works out to be 113m² (18,809m²/167nr).
 7. **Why is no evidence provided to demonstrate that the assumed affordable housing sales figure of £77,000 per dwelling can be achieved?**
 8. **Why does the example assume Affordable Housing at Code Level 3 when they must already be built to code level 4?**
 9. **Why is Developer's Profit calculated as only 20% of Cost?** It should be calculated as 25% of the GDV of the open-market units and 6% of the affordable housing units. Most developers and house builders will only undertake development where they can demonstrate a Profit on GDV of at least 20% at the outset and many banks and funders are insisting on 25% Profit on DV in the current economic climate. There should be reasonable assumptions regarding developers Profit on GDV given the capital outlay and timescales associated with the implementation of larger sites.
 10. **Why are Finance Costs for land purchase not included?** Developers are unlikely to buy land with 100% equity, and a financing cost needs to be included.
 11. **Why is no statement provided that for scenarios where affordable housing is reduced, the Councils will accept 18% affordable housing provision as reasonable?** For the scenarios where affordable housing has been reduced, the reduction is to 18% which is less than the previous base level of 20%. However, there is no evidence provided that would give developers the certainty that Councils will be willing to accept 18% affordable provision. This is a serious shortcoming.
 12. **Why does the report refer to the Savills forecast which suggests that house prices in the Eastern Region are predicted to grow by 14% in the next 5 years but the scenarios do not take account of inflation over the period?** In other parts of the Savills forecast article, it was noted that inflation over the period would have the effect of wiping

out the impact of the 14% increase in house prices.

Report Conclusions

Barratt Eastern Counties do not consider that the report's conclusion that the "**...proposed CIL charges will result in the full requirement for affordable housing and a viable land value in most cases, particularly where reasonable assumptions are made on costs.**", is credible. The development industry has consistently raised issues on the GNDPs/GVA's assumptions on land values and costs and there are a number of serious shortcomings to the report as highlighted above. Tellingly, using the assumptions on costs provided by the development industry, the report concedes that even marginal land values cannot be achieved.

Other comments

CIL Background and Context Paper

The CIL Background and Context paper (GNP, March 2012) (para 7.9) suggests that recent s106 negotiations help justify the GVA study. This requires further explanation.

For instance, no evidence is put forward concerning:

- where the schemes were situated
- How many schemes were looked at
- what type of development were they
- whether they have they been built out;
- what level of affordable housing was provided.
- What the developable acreage was;
- Whether the section 106's are in the process of being renegotiated.

Until more information is known and placed in the public domain, this 'justification' cannot be considered admissible. Barratts' have major concerns regarding the interrelationship between CIL, scaled down s106 and s278 of the Highways Act (which remains in place and is unaffected). There is concern that the payment of CIL could lead to the potential for double charging given the Council's intended approach unless clear and robust assumptions are made with regard to the s106 site specific requirements to account for the Levy payments. The provision of s106 infrastructure needs to be clear and transparent to ensure that no double counting occurs.

Using CIL Monies

The proposed Infrastructure Framework at appendix 7 of the Joint Core Strategy sets out how CIL might be spent and provides some estimated costs. Charge Setting and Charging Schedule Procedures guidance produced by the Department for Communities and Local Government, states at paragraph 15 that the role of evidence supporting CIL is not to provide absolute upfront assurances as to how authorities intend to spend CIL, it does clarify that local infrastructure need has to be demonstrated to justify the CIL. The Infrastructure Framework does provide some information regarding how CIL might be spent, estimated costs and refers to background evidence papers to justify this. Clearly, this will need to be subject to regular review to ensure that the items are relevant and appropriately costed. The charging schedule should also include a target amount to give clarity to developers on what level of CIL will be available to deliver the infrastructure

that is identified with the Infrastructure Framework.

Suggested Changes

1. Further convincing evidence must be provided by the GNDP to demonstrate that the CIL rates will result in viable schemes. The current evidence base does not currently demonstrate scheme viability at the rates proposed. Until it does so, the CIL rates cannot be considered to be based on robust and credible evidence and should not be approved.
2. The GNDP should re-run its testing scenarios with correct assumptions as we have highlighted above. If the re-runs cannot justify the proposed CIL rate, then it must be reduced to a level that does demonstrate development viability across Zone A.
3. The GNDP should also confirm in a written statement that where there are issues of viability, caused by CIL that Council's will accept a reduced affordable housing figure, and state what the figure can reasonably be reduced to and still receive Councils support.

In setting appropriate CIL rates it is vital that the Council fully reflect the development viability issues being faced in the current market as a result of the ongoing economic difficulties. A more conservative and realistic approach must be adopted in setting CIL rates at this current point in time. Setting CIL Rates at an unduly onerous level will only serve to discourage and prohibit development coming forward at a point when the Government is seeking to secure growth as part of the UK's economic recovery. In prohibiting growth, the CIL would make it more difficult for the Council to meet their objectives set out within their Community Strategy, Core Strategy and settlement masterplans in relation to the delivery of homes, jobs and associated infrastructure.

I request that Bidwells, Cambridge be notified at the address above of any of the following:

- i. That the Draft Charging Schedule has been submitted to the Examiner in accordance with Section 212 of the Planning Act 2008
- ii. The publication of the recommendations of the Examiner and the reasons for those recommendations
- iii. The approval of the Charging Schedule by the Charging Authority

I trust the above is clear and that the duly made representation will be considered as part of the review of the proposed CIL charging schedule.

Q2. Please state in the table below which part of the Draft Charging Schedule(s) you have further comment on.

I would like my representation to be considered for (please tick):

Broadland District Council's Draft Charging Schedule.....

Norwich City Council's Draft Charging Schedule.....

South Norfolk Council's Draft Charging Schedule.....

Draft Charging Schedules for Broadland, Norwich and South Norfolk:
 Representations Form and Guidance Notes

Paragraph e.g. 1.1	Comment
<i>Please enter the paragraph number here</i>	<i>Please enter your comment here</i>

Supporting documents

You can support your comment with documents. Please refer to the guidance notes if you wish to submit documents. Please list any documents that you are sending to support your comment.

Please add your comments here

Notification requests

In line with the Statement of Representations procedure, please indicate if you wish to be:

- ✓ heard by the Examiner
- ✓ notified that the Draft Charging Schedule has been submitted to the Examiner in accordance with Section 212 of the Planning Act 2008
- ✓ notified of the publication of the recommendations of the Examiner and the reasons for those recommendations

Draft Charging Schedules for Broadland, Norwich and South Norfolk:
Representations Form and Guidance Notes

✓ notified of the approval of the Charging Schedule by the Charging Authority(s)

Signature:

Signature:	Date:
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NB: A signature is not required on forms returned electronically

Please email to cil@gndp.org.uk or post to Greater Norwich Development Partnership, PO Box 3466, Norwich, NR7 0DU

Your ref: CIL
 Our ref: NJP/11/289
 dd: 01223 559 419
 df: 01223 559 436
 e: mhendry@bidwells.co.uk
 Date: 5 March 2012



CIL Consultation Coordinator
 South Norfolk Council
 South Norfolk House
 Swan Lane
 Long Stratton
 NR15 2XE

Trumpington Road
 Cambridge CB2 9LD
 t: 01223 841841
 f: 01223 845150
bidwells.co.uk

Dear Sir or Madam

The Community Infrastructure Levy – Barratt Eastern Counties Representations

We write in response to the current consultation in relation to South Norfolk District Council's Community Infrastructure Levy (CIL) Draft Charging Schedule. This response has been produced by Bidwells on behalf of Barratt Eastern Counties who have various property and development interests in the District. These representations are intended to assist the Council in finalising their CIL Charging Schedule and associated policies for the implementation of the proposed CIL such that a clear, robust and equitable approach is adopted by the Council in securing CIL Payments in relation to future planning applications.

Summary

Barratt Eastern Counties note that the residential CIL rate (Zone A – Inner) has been reduced from £165 sqm as proposed in the draft Charging Schedule (Oct-Nov 2011) to £115 sqm (Feb 2012). However, although the reduction in the CIL rate to £115 sqm is a move in the right direction, Barratts still retain a number of concerns about the robustness of the assumptions and data that support the draft schedule.

The GNDP still appear to be relying on the GVA Study 2011 (and addendum) with some additional work (Supplementary Evidence on Residential Viability (GNDP Dec 2011) to underpin the current reduced rate and to attempt to demonstrate viability. The GVA Study (2011) suggested that a CIL rate of £170 sqm would be viable in the inner area/A11 corridor which is clearly not the case. The reduction to £115 sqm appears to be as a result of a discounting process applied to the £170sqm figure. Barratt Eastern Counties suggest that this is the wrong approach as the starting point figure of £170sqm is inappropriate and not based upon robust evidence.

In addition, Barratt Eastern Counties has a number of concerns regarding the supplementary evidence report (GNDP Dec 2011) that has been undertaken to support the reduction and these are detailed below. They are also concerned about the GNDP's contingency mechanism for dealing with inaccuracies in its evidence. This appears to suggest that if the development industry is proved right and for instance, build costs are higher than expected, then affordable housing provision can be reduced accordingly. However, there is no explanation given in the evidence regarding the level of affordable housing reduction that the Council's would consider reasonable. This is a considerable shortcoming in the evidence.

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Concerns Regarding GVA Study and Supplementary Evidence

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Suggested Changes

1. Further convincing evidence must be provided by the GNDP to demonstrate that the CIL rates will result in viable schemes. The current evidence base does not currently demonstrate scheme viability at the rates proposed. Until it does so, the CIL rates cannot be considered to be based on robust and credible evidence and should not be approved.
2. The GNDP should re-run its testing scenarios with correct assumptions as we have highlighted above. If the re-runs cannot justify the proposed CIL rate, then it must be reduced to a level that does demonstrate development viability across Zone A.
3. The GNDP should also confirm in a written statement that where there are issues of viability, caused by CIL that Council's will accept a reduced affordable housing figure, and state what the figure can reasonably be reduced to and still receive Councils support.

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I trust the above is clear and that the duly made representation will be considered as part of the review of the proposed CIL charging schedule.

Yours sincerely,

Michael Hendry BSC (Hons) MSc MRTPI
Planning Associate