

16th March 2012

Sandra Eastaugh
GNPD Partnership Manager
PO Box 3466
Norwich
NR7 7NX

20 MAR 2012

development
joint ventures
investment

Dear Ms Eastaugh,

**Publication of the Community Infrastructure Draft Charging Schedules for Broadland,
Norwich and South Norfolk**

Community Infrastructure Levy Regulations 2010

We refer to the above recently published draft charging schedule and to raise our concerns about the proposed charging schedule for residential development, in particular, within the Norwich urban area.

Morston Assets have previously raised objections to the proposed levy for residential development on the basis that there was no distinction between previously developed sites (which generally have higher redevelopment costs) and Greenfield sites within charging zone A.

The Partnerships response to our concerns has been to point out that the greater costs of redeveloping brownfield sites will be off-set by the fact that that CIL is only chargeable on the net increase in floor area. The inference being that all brownfield sites will have a built footprint. However, we are concerned that there are previously developed inner city sites where there is no existing floor area or sites have been previously cleared so that the full rate of CIL will be chargeable, but additional abnormal costs will not be off-set by a reduction in the levy.

Morston Assets are the freehold owner of a small parcel of land (some 580 sq.m/0.18 acres), which was used to provide contractors car parking during the construction of residential development at Copenhagen Way. Our intention has always been to redevelop this parcel of land for housing; however, the down turn in the housing market after 2008 has meant that it has remained undeveloped.

Continued...../

Morston Assets Limited
Morston House
Jacobs Place
High Street, Holt
Norfolk NR25 6BH

Telephone: 01263 711755

Video Conference: 01263 710366

www.morstonassets.com

Facsimile: 01263 711925

Notwithstanding, we have produced plans for a scheme of 8 No. 2 bedroom apartments on this site with a total floor area of 6,451 sq. ft (599 sq. m GIA). Based upon this quantum of development our financial appraisal for the site, based upon a 20% profit on cost margin (the profit margin required by commercial lenders) and taking into account the costs of developing the site, shows a residual land value of £73,586 (approximately £409,000 per acre).

However, if we apply the proposed residential CIL rate for residential development in zone A (£115 per sq.m) the land value is effectively wiped-out leaving a residual land value of just £4,701 (i.e. £73,586 – £115 x 599 sq.m).

Clearly this demonstrates that the application of CIL at the proposed £115/sq.m rate makes this site commercially unviable and will effectively result in the site being mothballed, the implications of which will be that no CIL receipt is generated.


We would be happy to provide you with a copy of our appraisal for this site to substantiate our concerns; however, I am sure you will appreciate that this contains commercially sensitive material, which we would wish to be treated in confidence.

Whilst we understand that you are not required to consider CIL viability on a site-by-site basis, we are concerned that without any reduction for (cleared) previously developed sites, such as Copenhagen Way, the Partnership's proposed charging schedule for residential development will prevent these sites from coming forward, and will be contrary to the City Council's regeneration aspirations.

We understand that the GNDDP is intending to press ahead with Examination of the draft charging schedule, despite the recent court ruling on the Joint Core Strategy. However, notwithstanding, we would encourage the Council to reconsider its approach to a flat rate for residential development across zone A and would thoroughly support a discounted rate or exemption for vacant brownfield sites within the Norwich urban area.

I would welcome the opportunity to discuss this matter with you further; in the meantime, should you wish to discuss any aspect of the above then please do not hesitate to contact me.

Yours sincerely


PP
Rob Snowling BSc (Hons) MA MRTPI
Planning Manager