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

Greater Norwich Development Partnership

Final Report: December 2010

Prepared for:

Greater Norwich Development Partnership

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GNDP CIL Viability Advice on CIL / Tariff for Broadland, Norwich and South Norfolk (Dec 2010)

ERRATA

GVA has been asked by the Greater Norwich Development Partnership (GNDP) to include an Errata to its Report entitled 'Viability Advice on CIL / Tariff for Broadland, Norwich and South Norfolk (December 2010), further to an inconsistency in the benchmark land values as noted at the Developer's Forum consultation event (7th June 2011).

The query / inconsistency is set out as follows (blue text):

On page 23 of the report (paragraphs 3.28 - 3.29) GVA states the following:

3.28 *"Discussion with local agents and a review of the limited sales evidence available indicates that the current market values in the area for residential land with planning permission (or resolutions to grant planning permission for residential development) with circa 25% affordable housing provision is in the order of* ***£865,000 - £1,500,000 per hectare (£350-£600,000 per acre****)."*

3.29 *"Land values differ depending on the location. In Norwich City Centre a residential scheme with the benefit of planning permission could achieve £1.97m per hectare (£800,000 per acre). By contrast, land values to the South of the City-Centre are generally lower, with the exception of the A11* ***corridor, where land values can match those in the City Centre****."*

On page 28 in Appendix A5 (Results of the CIL Development Viability Analysis) GVA state the following in the last paragraph of that page:

"The tables show below set out the indicative residual land values for Schemes 1, 2,3 & 4 at 100% (Scheme 1 only), 40%, 30% and 20% affordable housing and both with and without NAHP grant. These residual land values have been compared to the benchmark land cost of £1,235,500 per Ha (£500,000 per acre) for the Central Area, ***£520,000 - £620,000 per Ha (£210,000 - £250,000 per acre) for the A11 corridor*** *and inner Areas and £495,000 per HA (£200,000 per acre) for the Outer Area".*

The discrepancy/contradiction I am raising therefore is why has a development land value of £210,000 - £250,000 per acre for the A11 corridor been used when the advice GVA received (and which they stated earlier in their report) said that development land values were generally £350,000 - £600,000 with the highest values been found in the Norwich central area and A11 corridor? GVA have therefore used land values in their viability appraisals (for the A11 corridor) which represent an at least 50% reduction in current market values.

This goes against one of the main fundamental principles of GVA's report; please see paragraph 3.16 on page 19 of the report:

3.16 *"We have used benchmark land values that reflect prevailing development values, sourced from analysis of the current situation in Broadlands, Norwich and South Norfolk, and corroborated through local stakeholder discussions. We suggest that if a CIL / Tariff is*

promoted that reduces the land value by more than 25% at the present time then it risks causing land to be withheld from development , or delayed in coming forward. Therefore viability testing outcomes that reduce the Residual Land Value by more than 25% of the benchmarked are considered to be marginal."

Indeed all the viability assessments in Appendix A5 are colour coded with the colour orange being described as *"residual land value greater than 25% below the benchmark – development is therefore likely to be unviable"*.

What all of this means is that the viability assessments GVA have undertaken are showing vastly more schemes being financially viable (in each of the various affordable housing provisions and CIL levels) than there actually are in reality (if the correct market development land values are used). The current proposed CIL is therefore completely flawed and the viability assessments need to be redone using the market values that GVA received from their own research.

GVA RESPONSE:

We apologise, but the text on P.23 of the original December 2010 Report is incorrect.

The text should be corrected to read:

3.28 *Discussions with local agents and a review of the limited sales evidence available indicates that the current market values in the area for residential land with planning permission, (or resolutions to grant planning permission for residential development), with circa 25% affordable housing provision, is in the order of £620,000 - £1.5million per hectare (£250-£600,000 per acre).*

3.29 *Land values differ depending on the location. In Norwich City Centre a residential scheme with the benefit of planning permission and a low affordable housing requirement, say 10%, could achieve £1.97million per hectare (£800,000 per acre). However this is not reflective of the planning policy environment going forward, and as such these values are less likely to be achieved. Agents comment that prime sites with a good prospect of being granted planning permission at an affordable housing requirement of 25% - 35% can exchange for up to £1,485,000 per hectare (£600,000 per acre) in Norwich City Centre, with the majority of sites exchanging for circa £1,235,500 per hectare (c. £500,000 per acre).*

3.30 *By contrast land values outside of the City Centre are generally lower, with suburban Norwich residential sites achieving £520,000 - £620,000 per hectare (£200 - £250,000 per acre), and rural sites achieving around £495,000 per hectare (£200,000 per acre).*

COMMENTARY

The land values we have used whilst undertaking the viability appraisals are therefore as follows:

	Benchmark Land Value Per Hectare	Benchmark Land Value Per Acre
Central	£1,235,500	£500,000
Inner	£520,000 - £620,000	£210,000 - £250,000
A11 Corridor	£520,000 - £620,000	£210,000 - £250,000
Outer	£495,000	£200,000

These benchmark land values represent the existing use value of the land, say commercial or agricultural value, plus an element of hope value on the anticipation that a site will be granted planning permission for residential development. These land values assume that the requirement of 25% - 35% affordable housing will be met by the sites in question. Should the affordable housing requirement increase, it follows that land values will likely decrease, affecting the ability of the scheme to contribute to a CIL / S.106 tariff, and vice versa.

It can be argued that the price per hectare / acre of small sites is higher than that for larger sites, and we believe that the A11 corridor and Inner Value areas are particularly susceptible to this, because the Central and Outer sites are likely to be only small and large respectively. Benchmark land values have therefore been selected which reflect a site's size and typology.

The locally active residential agents who informed our opinion of the appropriate benchmark land values for the respective market value areas are named in Appendix A3 of the December 2010 Report.

GVA Grimley

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

Changes Schedule

December 2010

- Insertion of Commercial Market Areas Map (fig.3)
- Insertion of Retail Market Areas Map (fig.4)
- Removal of reference to development typologies in Appendix A3 (3.34);
- Removal of reference to development typologies in Appendix 4 (3.36);
- Correction of values in table A4.2 (incorrect values reported);
- 3.12 alteration of wording;
- Addition of Residential CIL in sq m (Table 20);
- Addition of breakdown by unit type of CIL (Table 21);
- Figure and Table numbers updated through Report.

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EXECUTIVE SUMMARY

1. Overview

Broadland District Council, Norwich City Council, South Norfolk Council and Norfolk County Council are working together as the Greater Norwich Development Partnership (GNDP) to plan for and assist in the delivery of significant new residential and economic growth in and around Norwich as an identified Growth Point and formerly a Key Regional Centre in the East of England Regional Spatial Strategy.

GNDP has already undertaken significant initial work to determine which items of infrastructure should be funded directly through public capital expenditure or by utility companies as new growth occurs. This shows that there is a gap in the funding needed, which will have to be filled by other sources including contributions from development.

GNDP has also given consideration as to which items might or should continue to be financed via a Section 106 Agreement (S106) or Section 278 Agreement, which represent the conventional mechanism through which contributions to the future costs of infrastructure necessary to facilitate new development are made, and those which could be charged through the introduction of a Community Infrastructure Levy (CIL / Tariff) for Broadland, Norwich and South Norfolk.

In July 2010 GVA Grimley was instructed to identify and assess the implications for development viability of the introduction of a CIL / Tariff across the area.

Issues the study has addressed include:

- CIL Regulations 14 (1a-b)
- Advice on the level of CIL / Tariff that would be viable to charge for the majority of future development sites within the area;
- Whether the CIL / Tariff should be charged as a single levy across the whole area, or by differential rates for each local authority area, or with reference to different value zones found across the area;
- The implications for development delivery trajectories in Broadland, Norwich and South Norfolk;
- How the CIL / Tariff might be organised and administered in terms of decision-making and collaboration of the potential charging authorities and infrastructure delivery agencies.

This Report is focused solely on viability and does not consider the Authorities requirement to set an appropriate balance between the desirability of funding from CIL/Tariff to support the delivery of infrastructure and the economic viability impact of a CIL/Tariff (CIL Regs. 14(1a-b), April 2010).

2. Method

GVA Grimley has drawn on both primary and secondary evidence sources including previous studies infrastructure need, affordable housing viability and capacity studies in order

to test the viability of a CIL / Tariff in Greater Norwich.

This work has taken the form of quantitative viability testing of a series of possible CIL / Tariff charging options for a range of future types of development in Greater Norwich in order to identify the levels of viability for future development. The work has also included extensive discussions with stakeholders including local authority planning and finance officers, local landowners, developers and agents.

3. Development Market Context

It is evident from market analysis and local stakeholder discussions that different land and sale values apply in various locations throughout the area. The viability testing takes account of this variation by dividing the area into four different Market Value Areas for residential development and three Market Value Areas for retail, commercial and industrial development.

Not all schemes within a given Market Value Area will be equally viable, and the figures used for viability assessment are effectively averages. It must be anticipated that there will be schemes, even within higher value areas that are marginal due to site specific circumstances and abnormal costs.

4. Principal Findings

The Study has looked at whether the CIL / Tariff should be charged as a single Levy across the whole Greater Norwich area, by differential rates for each local authority, or with reference to different Market Value Zones.

The analysis suggests that a CIL / Tariff is chargeable for residential development under normal market conditions, assuming no NAHP grant and assuming that at least a 20% affordable housing contribution on site is provided.

For commercial developments, the viability findings are more varied. Office and industrial schemes are able to make modest CIL / Tariff contributions at best, and this is highly dependent upon their proposed location in the area. Such land uses may well occur as part of a larger scheme and any viability generated from the scheme would be required to cross-subsidise other less profitable commercial land uses.

Convenience retail, and to a lesser extent retail warehousing can afford to make a more significant CIL / Tariff contribution. The total number of such schemes coming forward in the area will limit the ultimate financial contribution raised from this land use when CIL / Tariff is applied, however the individual schemes can bear a substantial level of contribution.

Suggested Residential CIL / Tariff

Market Value Area	Per Private Dwelling
Central	£20,000
Inner	£15,000
A11	£17,500
Outer	£7,500

Suggested Commercial and Industrial CIL / Tariff

	Office per Sq M (GIA)	Industrial/ Warehousing per Sq M (GIA)
Norwich City Centre	£5	£5
South Area	£5	£10
North Area	£5	£10

Suggested Retail CIL / Tariff

	Retail Warehousing per Sq M (GIA)	Convenience Retail per Sq M (GIA)
Norwich City Centre	£25	£25
Rackheath Urban Extension Area	£25	£25
Rest of Area	£10	£25

An examination of the possible organisational and management structures for the CIL / Tariff suggests that a Joint Committee or Delivery Vehicle approach would provide the greatest clarity and certainty for infrastructure delivery agencies, private contractors and land owners.

5. Recommendations

R1. **Adopt a CIL / Tariff based on normal market conditions without NAHP Grant** – The local authorities should adopt a CIL / Tariff based on normal market conditions on the basis that the time lag between this viability assessment and the adoption and implementation of the CIL / Tariff charging regime may be several years. A long term outlook and approach to the CIL / Tariff is appropriate given the scale and nature of the future growth proposed and our recommendation to undertake an early CIL / Tariff charge review in 2015 post-implementation.

R2. **Adopt and operate the CIL / Tariff based on defined Market Value Areas -** The authorities should adopt a Community Infrastructure Levy that reflects the ability of developments in different areas of Greater Norwich to make varying levels of contribution.

The local authorities should work collectively to define and confirm the precise boundaries for the Market Value Areas.

R3. **Establish an early CIL / Tariff charges review in 2014/15** - The authorities should conduct an early review of the CIL / Tariff charge rates in the 2014/15 financial year after the adoption of the initial CIL / Tariff Charging Schedule. The 2014/15 financial year is recommended on the basis that there will then be evidence as to how the local market, landowners and developers have responded to changing economic and housing market circumstances and to the implementation of the CIL / Tariff charging mechanism.

R4. **Provide clarity and certainty over in-kind contributions in lieu of CIL / Tariff -** CIL / Tariff Regulations 73 and 74 make specific arrangements for payment in-kind. The authorities should ensure clarity and certainty over the role and conditions under which in-kind and in-lieu CIL / Tariff contributions including land transfers and developer costs for works within the CIL / Tariff schedule will be acceptable.

R5. **Adopt the Joint Committee or Delivery Vehicle model approach to the organisation of CIL / Tariff -**

Examination of organisational options and the scale and characteristics of future growth in the area suggests that a Joint Committee or Delivery Vehicle route is the most appropriate.

The formality of this approach demonstrates clear political commitment to the CIL / Tariff strategy and the use of a collection and delivery vehicle allows the collection process to be ring-fenced, financial viability to be demonstrated and helps manage the authorities debt repayments in a transparent and consistent way.

R6. **Establish a programme of CIL / Tariff profile raising to improve clarity, confidence and coherence** - The authorities need to bring forward a clear and coherent programme of information on what and how the CIL / Tariff will operate and its benefits to the programme of future growth in order to support the underlying policy framework.

1. INTRODUCTION

Overview

1.1 Broadland District Council, Norwich City Council, South Norfolk Council and Norfolk County Council are working together as the Greater Norwich Development Partnership (GNDP) to plan for and assist in the delivery of significant new residential and economic growth in and around Norwich as an identified Growth Point and formerly a Key Regional Centre in the East of England Regional Spatial Strategy.

1.2 The future growth and development of Norwich is not confined to the City's urban area and the needs of surrounding communities outside the City's boundaries has been long recognised through both the former Regional Spatial Strategy and the emerging Joint Core Strategy LDF work.

1.3 A series of evidential studies to support the preparation of the Local Development Framework Joint Core Strategy have demonstrated that Norwich City can accommodate a substantial amount of new growth over the next twenty years, but that the capacity and availability of development land and the provision of new transport and community infrastructure are critical issues to achieving the vision and objectives of the Joint Core Strategy.

1.4 Previous work has therefore looked in detail at the alternatives for development in terms of location, scale and mix and in so doing has identified the priorities and essential infrastructure needed to facilitate growth in terms of scale, timing and likely costs. This work has covered future growth both within Norwich itself and in new and expanded communities in South Norfolk and Broadland Districts.

Purpose

1.5 GNDP has already undertaken significant initial work to determine which items of infrastructure should be funded directly through public capital expenditure or by utility companies as new growth occurs. This shows that there is a significant gap in the funding needed, which will have to be filled by other sources including contributions from development.

1.6 GNDP has also given consideration as to which items might or should continue to be financed via a Section 106 Agreement (S106) or Section 278 Agreement which represent the conventional mechanism through which contributions to the future costs of infrastructure necessary to facilitate new development are made), and those which could be charged through the introduction of a Community Infrastructure Levy (CIL / Tariff) for Broadland, Norwich and South Norfolk.

1.7 In July 2010 GVA Grimley was instructed by the Greater Norwich Development Partnership to identify and assess the implications for development viability of the introduction of a CIL / Tariff across the area.

1.8 Issues the study has addressed include:

- Advice on the level of CIL / Tariff that would be viable to charge for the majority of future development sites within the area;
- Whether the CIL / Tariff should be charged as a single levy across the whole area, or by differential rates for each local authority area, or with reference to different value zones found across the area;
- The implications for development delivery trajectories in Broadland, Norwich and South Norfolk;
- How the CIL / Tariff might be organised and administered in terms of decision-making and collaboration of the potential charging authorities and infrastructure delivery agencies.

1.9 In undertaking the commission GVA Grimley has drawn on both primary and secondary evidence sources including previous studies infrastructure need, affordable housing viability and capacity studies. This has taken the form of quantitative testing of a series of possible CIL / Tariff charging options to identify levels of viability for future development; and extensive discussions with key stakeholders including local authority planning and finance officers, local landowners, developers and agents.

1.10 GVA Grimley has not commented or advised on the level or distribution of future development proposed in the Joint Core Strategy, the total projected infrastructure funding requirements, or the cost or timing of such infrastructure.

1.11 Viability appraisals undertaken in this study do not constitute formal valuations and should not be regarded or relied on as such. They provide a guide to viability in line with the purpose for which the assessment is required.

Report Structure

1.12 Following this introductory section, the Report is set out as follows:

- **Section 2** – provides a summary of the Community Infrastructure Levy and particularly the CIL / Tariff 2010 Regulations that are relevant;
- **Section 3** – sets out our approach and methods used to test and assess the potential viability of introducing a CIL / Tariff levy;

- **Section 4** – examines the results from the viability assessments;
- **Section 5** – considers the headline issues and characteristics of possible organisational structures that may be put in place in the area to operate the CIL / Tariff;
- **Section 6** - sets out a summary of alternative and additional funding mechanisms that may be used to support infrastructure development in the area;
- **Section 7** – details our conclusions and principal recommendations.
- **Technical Appendices** – provide the underlying data sets, background analysis and supporting material.

2. COMMUNITY INFRASTRUCTURE LEVY IN CONTEXT

Introduction

2.1 Understanding the context and background to the Community Infrastructure Levy is essential. In this section we set out that context in summary. We review the relevant Planning Act legislation and regulations that have enabled a CIL / Tariff to be implemented, giving consideration to how CIL / Tariff may be set, the calculation of the Levy, its enforcement and the implications for CIL / Tariff working in conjunction with a S106 regime.

2.2 We identify the key benefits of CIL / Tariff as the transparency and certainty the Levy provides to landowners, developers and investors in assessing the viability of their individual proposals; the improvements to decision-making through a reduction in the time spent in negotiations on contributions; and to the charging authorities in being able to easily calculate the levels of capital finance generated through the Levy and to be able to apply such funds to both strategic (sub-regional) and local transport and community infrastructure needs.

The Principles and Purpose of CIL / Tariff

2.3 Part 11 of the *Planning Act 2008* provides for the imposition of a charge to be known as Community Infrastructure Levy. The Act specifies who may charge CIL / Tariff, and includes provisions for aspects of the charge including how liability is incurred, how it is to be charged, collected and spent.

2.4 In April 2010 the *Community Infrastructure Levy Regulations 2010* (the Regulations) came into force. These set out detailed provisions enabling local authorities in England and Wales to introduce a CIL / Tariff.

2.5 The Levy will apply to new buildings above 100 square metres and the revenue from the Levy must be applied to infrastructure needed to support the future development of the area. The Levy is non-negotiable when a CIL / Tariff regime is adopted by a charging authority and, other than for particular exemptions, is chargeable on all forms of development. Exemptions include:

- New development below the threshold of 100 sq m;
- Social housing;
- Development if the owner of the land is a charitable institution and that the development will be used mainly for charitable purposes or not-for-profit charitable purpose,

- Authorities may offer relief in exceptional circumstances where the specific scheme cannot afford to pay it, but there are conditions.

2.6 A key benefit of CIL / Tariff is its ability to fund strategic and sub-regional infrastructure typically benefiting more than one local authority area; a provision not easily achieved through the existing S106 and S278 planning obligation regimes. The Government proposes that local authorities should have the freedom to work together to pool contributions from CIL / Tariff within the context of delivering their Development Plans. It is for these reasons that CIL / Tariff has much to offer the authorities, whose Joint Core Strategy and the infrastructure needs that it gives rise to, span the administrative boundaries of the constituent authorities.

2.7 Section 216 of the Planning Act 2008 (as amended by CIL / Tariff Regulation 63) provides a wide definition of the types of infrastructure that can be funded by CIL / Tariff, including roads and other transport facilities, flood defences, schools and other educational facilities, medical facilities, sporting and recreational facilities, and open spaces. CLG has confirmed that this list is not absolute and that the definition has been left open in order to avoid having to update the Regulations on a regular basis.

2.8 The Regulations provide for the reform of the current system of developer contributions towards infrastructure, principally through S106 Agreements, so that the two regimes operate alongside each other. Even under a CIL / Tariff charging regime many developments will still require a S106 Agreement to provide for affordable housing for example, and S38 and S278 Agreements, for instance, will still be used by highway authorities. In Appendix A1 is a table prepared by the County Council which shows which items of infrastructure can or will have to be funded through CIL and which items will continue to be funded through S106/S278 Agreements or planning conditions.

2.9 After 6th April 2014 the Regulations state that it will not be possible to pool developer contributions from more than five sites for any individual infrastructure project or type of infrastructure under Section 106. Any mechanism that attempted to fund significant strategic infrastructure across more than five sites would have to be through a CIL / Tariff. This effectively eliminates the potential for a S106 planning tariff to be used after April 2014.

2.10 The use of CIL / Tariff will help local authorities deliver growth established in their Development Plans. As well as raising revenue for infrastructure, CIL / Tariff will provide greater transparency and certainty for landowners, developers and investors on the level of contributions that are required, and reduce delays in the granting of planning permission by removing negotiations over the amounts sought. CIL / Tariff will also provide local authorities with a source of revenue that can be used more flexibly than contributions under S106 Agreements to bring forward infrastructure.

2.11 CIL / Tariff is intended for use alongside other funding streams. The Government proposed that "while CIL will make a significant contribution to infrastructure provision, core public funding will continue to bear the main burden, and local authorities will need to utilise CIL alongside other funding streams to deliver infrastructure plans locally".

Setting up a CIL / Tariff

2.12 Local authorities who prepare Development Plans can choose whether or not to implement a CIL / Tariff in their area.

2.13 Section 10 of the CIL / Tariff Regulations specifies the authorities that may establish a CIL / Tariff and become the charging authority and collecting authority for the Levy. In England a County Council for an area for which there is more than one district council is the collecting authority for CIL / Tariff charged in its area in respect of development for which it grants planning permission. In this case this is Norfolk County Council.

2.14 For a CIL / Tariff to be implemented the following are required:

- A current, adopted Development Plan for the area;
- An up to date infrastructure needs assessment that establishes the requirements, timing and costs of transport and community infrastructure;
- The results of a viability and impact assessment of the likely effects of the CIL / Tariff.

2.15 The process of setting CIL / Tariff should start with the vision for the area established in a Development Plan, and infrastructure planning should identify the likely cost of infrastructure coming forward. Taking other funding sources into account, the charging authority must identify gaps in funding to arrive at a proposed amount to be raised from CIL / Tariff, subject to an assessment of local development viability at the plan level.

2.16 The proposed charging authority can then prepare a draft charging schedule. The charging schedule will not formally be part of the Development Plan, but its treatment will be the same as that for Development Plan Documents:

- The charging schedule will require the same level of testing as development plan documents, including a requirement to consult publicly and a Public Examination to hear representations.
- The Inspector's Report on the charging schedule is binding upon the charging authority.

2.17 The charging schedule must allocate the proposed amount to be raised from CIL / Tariff to each main class of development envisaged within the Development Plan. Charges will be expressed as a cost per square metre of floor space[1]. Charges will be linked to an index of inflation.

2.18 To ensure consistency and simplicity the Regulations define the units of development that may be charged, the exemptions, and other similar matters. There is some degree of flexibility so that charging schedules can be tailored to local circumstances. These include a facility to set differential CIL / Tariff rates geographically[2].

2.19 Guidance issued by CLG makes it clear that when drawing up the charging schedule authorities will need to ensure that CIL / Tariff is not set at such a level that it risks the delivery of its Development Plan, because development is rendered unviable by the charge proposed. The CLG Guidance proposes that a close interaction between the creation of the charging schedule and the process of infrastructure planning.

Calculation, Payment and Enforcement

Calculation

2.20 The amount of CIL / Tariff due will be calculated with reference to the charging schedule when a planning permission is granted. The planning permission will determine the number of chargeable units and the charging schedule will determine the rate per square metre and the CIL / Tariff calculated by multiplying these two factors. An inflation index will then be applied. Landowners and developers would be advised of the amount of liability when planning permission is granted.

Payment

2.21 CIL / Tariff payment is not due until the commencement of development defined in the *Town and Country Planning Act 1990*. Developers will be required to notify the charging authority of their intention to commence development and to provide details of the entity that will pay CIL / Tariff in advance of commencement. If no details are provided, landowners will be liable in default.

2.22 Initial proposals set out that payment was to be required 60 days after commencement, or, if the contribution was more than £10,000, to be paid in equal instalments up to 240 days after commencement, depending on the amount. Greg Clark has since announced that Councils will be allowed to set their own flexible payment deadlines and offer developers the option to pay by instalments. Where development is phased (on the basis of an outline planning permission followed by reserved matters approvals), each phase would pay CIL / Tariff separately.

[1] In this Report the CIL / Tariff charge is expressed as a cost per dwelling for residential development so that an easy comparison can be made with the existing arrangements.
[2] The Guidance published by CLG notes that differential rates are only permitted on the grounds of economic viability.

Enforcement

2.23 Enforcement measures are based on existing legislation. The CIL / Tariff liability must be registered as a Local Land Charge, to ensure that subsequent purchasers of developed land and property are aware of the existence of an outstanding liability.

2.24 To ensure that those paying CIL / Tariff promptly do not suffer because of late payment by others, charging authorities have powers to add interest and surcharges to CIL / Tariff. Levels and rates of such surcharges will be specified nationally. Other planning enforcement and Stop Notice powers may also be used.

Other Considerations

2.25 There are three additional relevant considerations:

- **Capital expenditure only** – CIL / Tariff charges must be for capital expenditure only. No revenue items are permitted. S106 agreements will be used to seek maintenance payments towards infrastructure facilities which are predominantly for the benefit of the users of the associated development.
- **Double charging** – Once a local authority has adopted a CIL / Tariff charge, it will be unlawful to charge a planning obligation for any item that could be covered by a CIL / Tariff charge. This is to remove the possibility of double charging.
- **Use of S106 alongside CIL / Tariff** - the Regulations state that Section 106 will remain, but contributions sought by this mechanism must be very directly related to the site in question. This is underpinned by three of the five Circular 05/05 “soundness tests”, which are now enshrined in law within the Regulations.

CIL / Tariff in the Future?

2.26 In March 2010, the previous Government published a consultation document *New Policy Document for Planning Obligations*. This set out the then Government’s proposals for changes to the S106 system, including a draft policy annex which, when adopted, would replace Circular 05/05. It reflects the new policy basis for S106 tests of soundness and also the potential to seek contributions only for items that cannot be part of a CIL / Tariff charge as they do not represent capital expenditure.

2.27 The Consultation Document confirms that affordable housing will remain under within the ambit of developer contributions rather than forming part of a CIL / Tariff.

2.28 The Coalition has recently announced (November 2010) that it is going to keep CIL as an infrastructure provision tool, but with some changes to its original form as follows:

- Councils will be allowed to set their own flexible payment deadlines and offer developers the option to pay by instalments. Where development is phased (on the basis of an outline planning permission followed by reserved matters approvals), each phase would pay CIL / Tariff separately;
- The existing powers to set a CIL will be reformed so communities have more control over how it works;
- The Government will require charging authorities to allocate a meaningful proportion of levy revenues raised in each neighbourhood back to that neighbourhood;
- The Government will include provisions in the Localism Bill to limit the binding nature of the examiners' reports on levy rates;
- Freeing up payment arrangements – local authorities will be able to decide their own levy payment deadlines and whether to offer the option of paying by instalments;
- The £50,000 minimum threshold will be removed so authorities can accept a payment in kind for any level of contribution;
- Minor amendments are to be made to secondary legislation to close potential loopholes and improve how the levy system works, for example, reducing burdens by scaling back information requirements on the 'notice of chargeable development'.

Summary

- CIL / Tariff can be implemented only when an adopted Development Plan, Infrastructure Plan and viability assessment have been completed and the proposed charging schedule subject to a Public Examination.
- CIL / Tariff may be charged at a single rate across a single or multiple local authority areas. It can also be set at a variable rate to reflect local geography and viability issues across an area.
- CIL / Tariff is intended to replace the existing S106 obligations regime for all capital funding contributions bringing clarity, transparency and certainty to the development process.
- CIL / Tariff is calculated on a square metre basis and is applicable to most forms of development above 100 square metres subject to limited exemptions and relief. The CIL / Tariff is established as a Land Charge.
- Regulations establish mechanisms to allow S106 to continue to be charged to cover

maintenance revenue costs of infrastructure and for the provision of social housing.

- Regulations identify mechanisms to prevent double counting charges and to enforce payment at the appropriate time.

3. APPROACH TO TESTING CIL / TARIFF VIABILITY

Introduction

3.1 In this section we define the scope of our CIL / Tariff viability assessment summarising the approach we have adopted. In making the viability assessments we have made a series of cost and value assumptions that reflect the characteristics of the area. To test the effects of CIL / Tariff across a range of future development schemes we have derived a series of scheme typologies that reflect the scale and nature of future development envisaged within the Joint Core Strategy.

Overall Approach

3.2 The principal objective is to determine what level of CIL / Tariff may be viable for the area covered by the Joint Core Strategy. The objectives in assessing CIL / Tariff contributions are:

- To undertake a high level appraisal of developer contributions, rather than a detailed analysis of individual sites or schemes;
- To assess the potential overall level of contributions by testing key "what if" questions by varying a number of underlying assumptions, particularly where there is uncertainty (for example the availability of grant for affordable housing);
- To use this analysis to assess potential CIL / Tariff(s) levels on the basis of clearly reasoned evidence.

3.3 The underlying principles for assessing viability are to:

- Reflect the character and scale of current and future developments in the area. This is to ensure that the CIL / Tariff is tested against scheme designs that while notional are realistic and representative of the policy environment;
- Consider the cost implications of CIL / Tariff on the assumption that proposed schemes should comply with existing required development standards, as well examining alternative cost scenarios;
- Examine viability for the area as a whole and to distinguish differential impacts that may arise due to the range of values and costs within each authority area or sub-area;
- Reflect both current, recessionary market values as at mid-2009 but also the potential for different, possibly higher values in future. This accords with the approach adopted by the

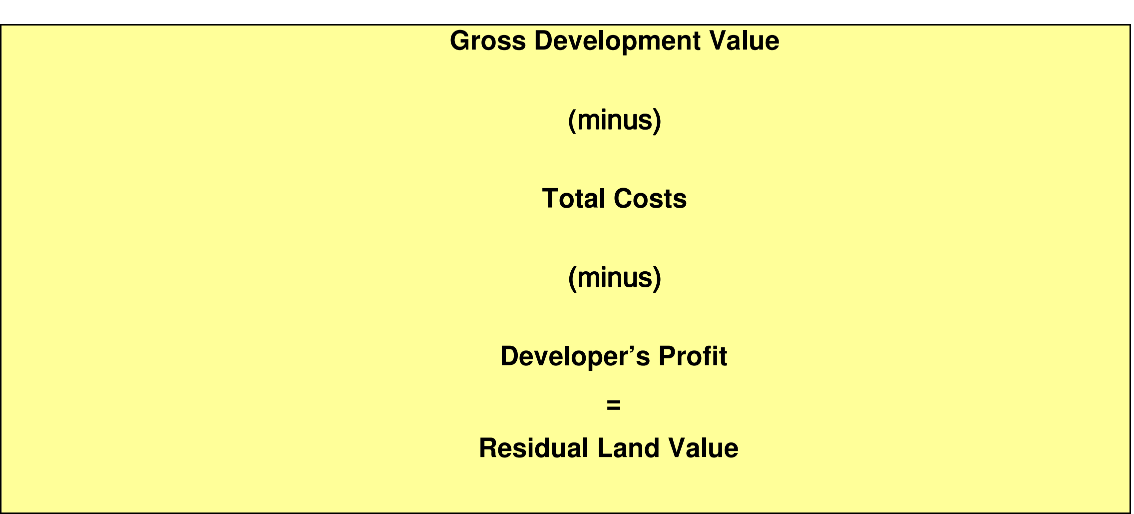
Affordable Housing Viability study for Greater Norwich undertaken by Drivers Jonas Deloitte in July 2010.

Appraisal Model

3.4 To determine development viability a Residual Development Appraisal Model has been used (Figure 1). The Model assumes that land value is the difference between Gross Development Value and the build costs, once an element of developer profit has been taken into account.

3.5 Through the use of the Model the impact of differing levels of CIL / Tariff contributions on land values and scheme viability can be examined. The Gross Residual Value i.e. the land value without any allowance made for planning contributions, is taken as a 'starting point', with the Net Residual Land Value being equal to the land value once all planning contributions, including affordable housing, having been taken into account.

Figure 1: Outline of Residual Development Model



- **Gross Development Value** - includes all income generated by the development, including temporary revenue and grant (for example payments by HCA through the National Affordable Housing Programme).
- **Total Costs** – include construction costs, fees, planning, finance charges, and also payments under S106, S278 and CIL / Tariff.
- **Developer's Profit** – is expressed by reference to the Gross Development Value, to the Total Costs, to the Cost of Capital Employed or to an Internal Rate of Return.

Model Assumptions

3.6 A set of standardised assumptions reflecting build costs and fees, contingencies, profits, finance rates, etc. have been made in order to ensure that the results of viability testing enable a straight-

forward comparison to be made of the consequence of altering the variables which it is agreed are to be tested.

3.7 Two market scenarios have been used in the Model. This is to demonstrate and the impacts of the recession on the property market as well as reflect the long-term improvements to more normal market conditions. The first takes development market values based on late 2009 during the recession; and the second from mid-2007 when the development market was operating more normally. A summary of the main assumptions is set out in Appendix A2 and explained in the following sub-sections.

3.8 These standardised assumptions will differ in some cases from the figures that may be used in actual development schemes, but align with normal or usual figures expected in the majority of developments. Assumptions made also accord with those used in other Models including the Three Dragons Toolkit used by the Greater London Authority and other Councils, and the Economic Appraisal Toolkit developed for the Housing Corporation and now used by the HCA.

3.9 In undertaking this study we have had due regard to the Greater Norwich Development Partnership Affordable Housing Viability study recently completed by Drivers Jonas Deloitte (July 2010). That study tested the financial viability of delivering levels of affordable housing using a range of cost and revenue assumptions in order to provide an evidence base in support of affordable housing policies to be included in the emerging Joint Core Strategy.

3.10 The Affordable Housing Viability study concluded that a significant proportion of its appraisal outcomes are viable at 40% affordable housing with no NAHP Social Housing Grant. This is reflected in our assessment of CIL / Tariff viability by testing a 40% affordable housing contribution scenario, alongside 30% and 20%, as well as ‘with NAHP grant’ and ‘without NAHP grant’ scenarios.

3.11 However because the two studies are looking at viability from two different angles, and because we have undertaken our market research and formulated our assumptions independently, some of our development assumptions differ. For comparison purposes only, Appendix A2 therefore sets out a schedule of assumptions for this CIL / Tariff viability assessment against those used in the Affordable Housing Viability Study.

3.12 The model assumptions have been tested against two scenarios; a ‘normal market’ which is based on market conditions in mid-2007 and a ‘recession market’ based on market conditions experienced in mid-2009. Given the cyclical nature of the economy it is expected that the market will be able to support a CIL / Tariff when it is introduced. The Paper agreed by the Greater Norwich Development Partnership sets out its intention to commit to a process that will enable it to respond to changing market conditions and to adopt a CIL / Tariff at the earliest opportunity.

Benchmark Land Value Assumptions

3.13 Establishing the benchmark land value against which to compare viability appraisal results is one of the most significant challenges. The Benchmark represents a judgement on the level of value required in order to incentivise a landowner to sell land for development. There is little practical guidance to support this judgement, however a number of factors are relevant in guiding the Benchmark including:

- Landowners expectations including the level of premium necessary to incentivise sale;
- Developer competition driving values upwards in securing land through option or purchase;
- The effect of grant availability for residential development schemes;
- Planning appeal case decisions concerning the viability of a development scheme;
- The effect of CIL / Tariff's non-negotiable nature and limited range of exemptions from the charge in comparison to S106 obligations;
- Sale of very large sites over extended time periods and in individually negotiated tranches.

3.14 In light of the viability difficulties facing all new development at the present time, including the stringent performance and risk reduction requirements from funders, landowners are likely to be reluctant to sell for a price that reflects a significant discount to that which would otherwise apply. If the pressures on developments costs remain as a result of policy initiatives such as improved energy efficiency and carbon reduction and there is no premium sale value to be achieved that offsets the costs, then eventually landowners should come to accept that developments values have permanently and significantly been reduced. In this instance they are unlikely to benefit simply by withholding land from the development market. Such a change in attitude or acceptance of a new level of land value is likely to take some years to occur.

3.15 One of the important judgements that have to be made in assessing what level of contribution can be afforded by development is the base value for the land in the absence of the scheme being appraised. The usual test applied is to have reference to the Existing Use Value (EUV) or Alternative Use Value (AUV) of a development site. The AUV reflects the market value of alternative uses and also allows for a premium to incentivise landowners to bring land forward for development, even where there is no alternative consent. When assessing viability in advance of setting out planning policies it is normal to apply a similar test whilst also keeping in mind the requirements of PPS12.

3.16 We have used benchmark land values that reflect prevailing development values, sourced from analysis of the current situation in Broadland, Norwich and South Norfolk, and corroborated through local stakeholder discussions. We suggest that if a CIL / Tariff is promoted that reduces the land

value by more than 25% at the present time then it risks causing land to be withheld from development, or delayed in coming forward. Therefore viability testing outcomes that reduce the Residual Land Value by more than 25% of the benchmark are considered to be marginal.

3.17 It is acknowledged that there may be schemes that are promoted notwithstanding a larger decline in the Residual Land Value but on balance we believe that this approach and the thresholds adopted are a reasonable reflection of the likely market reaction in the area.

Build Cost Assumptions

3.18 Build costs assumed are outlined in Table 1 for each of the notional development scheme typologies used in the CIL / Tariff viability testing. The current day figures are adopted based on our experience and average costs suggested by BCIS. Key factors include:

- An assumption that affordable housing is built to meet Code for Sustainable Home Level 4 standards, and private market housing to Code for Sustainable Home Level 3.
- The standards required for all new housing under the Code for Sustainable Homes are scheduled to increase with proposals for all new housing to achieve CSH Level 6 by 2016 (affordable housing is to be delivered to Level 4 by 2012 and to Level 6 by 2015).
- We have made an allowance for enabling costs, particularly for sites within Norwich City Centre, to reflect the fact that these sites will not be Greenfield sites and an additional cost on top of build cost will be required for site preparation.

Table 1: Build Cost Assumptions: £ per Sq M, 2009

	Scheme 1	Scheme 2	Schemes 3 & 6	Schemes 4 & 5
Flats - Private	n/a	n/a	£915	£860
Flats - Affordable	n/a	n/a	£915	£860
Houses – Private	£915	£865	£915	£860
Houses - Affordable	£915	£865	£915	£860
Office	£1,087			
Warehouse	£394			
Industrial	£453			
Retail Warehouse	£861			
Retail Supermarket	£946			

3.19 The viability appraisals assume that sites are vacant, freehold for which full planning permission and other regulatory consents have been granted. In addition, Table 2 sets out the standard costs and contingencies that have been assumed.

Table 2: Base Assumptions

	Scheme 1	Scheme 2	Schemes 3 & 6	Schemes 4 & 5
Contingency	5%	5%	5%	5%
Preliminaries	Included in Base Cost			
Professional Fees	10%	10%	10%	10%
Marketing & Sales Costs	3.5%	3.5%	3.5%	3.5%
Finance Rate	6.75%	6.75%	6.75%	6.75%
Profit on Sales	20%	20%	20%	20%
	Scheme 6	Scheme 7 & 8	Schemes 9 & 10	Schemes 11 & 12
Contingency	5%	5%	5%	5%
Preliminaries	Included in Base Cost			
Professional Fees	12%	12%	10%	10%
Marketing & Sales Costs	Sale – 1.5% Letting – 15%	Sale – 1.5% Letting – 15%	Sale – 1.5% Letting – 15%	Sale – 1.5% Letting – 15%
Finance Rate	6.75%	6.75%	6.75%	6.75%
Profit on Sales	20%	20%	20%	20%

3.20 Residential schemes have been viability tested both on the assumption that NAHP Grant is available from HCA and that there is no grant available in future. Where NAHP grant is assumed, the level has been agreed with the HCA and is set out in Table 3. The grant level is the same as that used in the Greater Norwich Development Affordable Housing Viability Study (see Appendix 2).

3.21 For residential elements of each Development Typology we have also investigated the consequences of varying the proportion of affordable housing from 20%, 30% and 40%, with and without the availability of NAHP grant.

3.22 It was agreed that viability testing would not include examination of the degree to which varying the mix of affordable housing (i.e. the split between Social Rent and Intermediate tenure) would influence the outcome of viability testing. A constant of 70% Social Rent and 30% Intermediate tenure has been used throughout.

Table 3: NAHP Grant Assumptions (per dwelling)

	Social Rent	Intermediate
1 bedroom flat	£12,500	£6,000
2 bedroom flat	£25,000	£12,000
2 bedroom house	£25,000	£12,000
3 bedroom house	£50,000	£25,000
4 bedroom house	£62,500	£31,000
5 bedroom house	£75,000	£37,000

Sale and Rental Values

3.23 Sale and rental values have been reviewed across the area and are summarised here. Data has been checked with both historic and current information throughout the area. This has been cross-

referenced through discussions with local agents and developers (Appendix 4). A detailed review of the residential and commercial property markets in the area from which the sale and rental values have been derived in included in Appendix 5.

3.24 Consistent with the approach adopted for the Affordable Housing Viability Study, values for both a mid-2009 market and a mid-2007 peak market have been identified and these form two distinct viability testing scenarios.

Establishing Market Value Areas

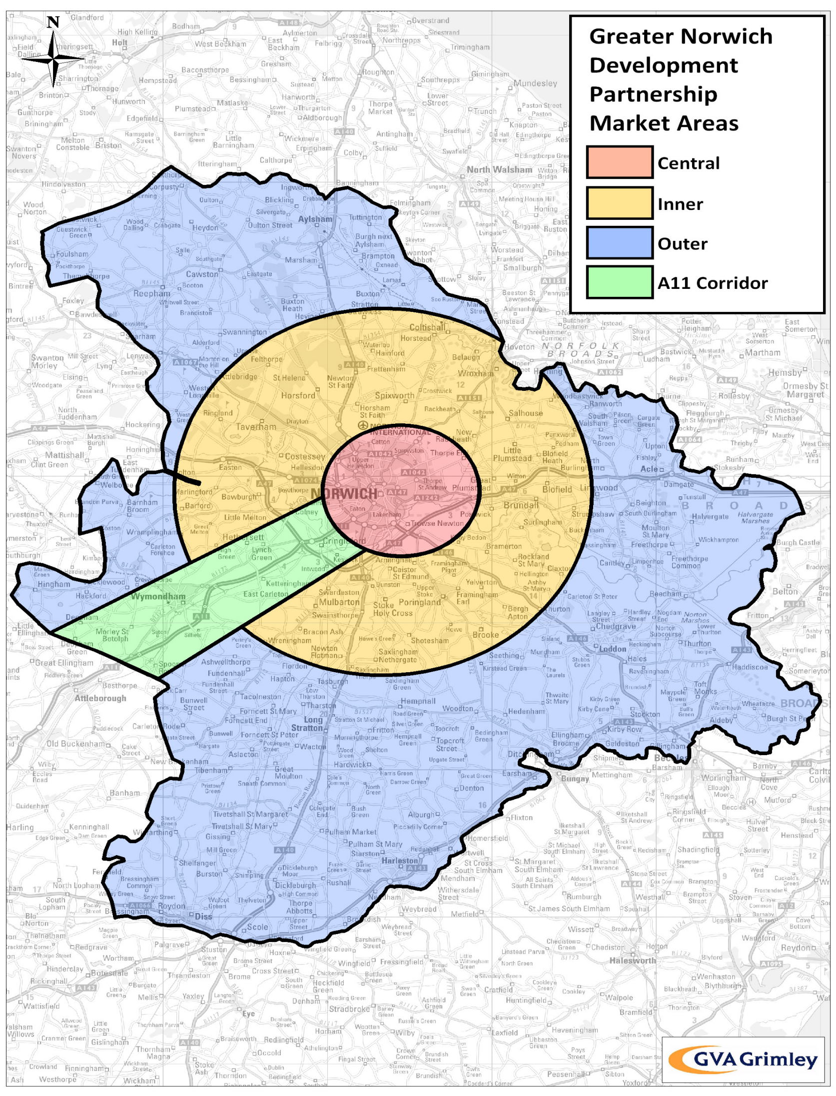
3.25 It is evident from market analysis and local stakeholder discussions that different land and sale values apply in various locations throughout the area. The viability testing takes account of this variation by dividing the area into different Market Value Areas shown in Figure 2 and summarised below.

Residential	Office & Industrial	Retail
Norwich City Centre	Norwich City Centre	Norwich City Centre
Inner Area (suburbs of Norwich)	North Area	Rackheath Urban Extension Area
A11 Corridor	South Area	Rest of Area
Outer (outside of Norwich City Centre)		

3.26 Not all schemes within a given Market Value Area will be equally viable, and the figures used for viability assessment are effectively averages. It must be anticipated that there will be schemes, even within higher value areas that are marginal due to site specific circumstances and abnormal costs.

3.27 In general, higher values are evident in the Central Area, and lower values in the Outer Area. Tables 5 - 8 below establish the values used to represent each of the Market Value Areas.

Figure 2: Market Value Areas, Broadland, Norwich and South Norfolk



Residential

3.28 Discussions with local agents and a review of the limited sales evidence available indicates that the current market values in the area for residential land with planning permission, (or resolutions to grant planning permission for residential development) with circa 25% affordable housing provision, is in the order of £865,000 - £1.5million per hectare (£350-£600,000 per acre).

3.29 Land values differ depending on the location. In Norwich City Centre a residential scheme with the benefit of planning permission could achieve £1.97million per hectare (£800,000 per acre). By contrast, land values to the South of the City Centre are generally lower, with the exception of the A11 corridor, where land values can match those in the City Centre. Land values to the North of the City Centre are generally lower due to weaker transport connections and accessibility.

Table 4: Residential Values adopted for Appraisals

	£ per sq m (£ per sq ft)
Central	£2,600 (£240)
A11 Corridor	£2,370 (£220)
Inner	£2,250 (£200)
Outer	£2,010 (£185)

Offices

3.30 From our research we have concluded that there are three Market Value Areas for office developments. These are Norwich City Centre, North of City Centre, and South of the City Centre. The City Centre represents the most desirable location for businesses explaining the higher values achieved there. Rental values are higher in the South of the City Centre than they are to the North of the City Centre. This is largely due to the majority of new stock that has been built in the South and the relative levels of accessibility to the A11.

Table 5: Office Values adopted for Appraisals

	Norwich City Centre	North of City Centre	South of City Centre
Scheme 6 & 7	£188 sq m	£156 sq m	£178 sq m
Scheme 8	£188 sq m	£156 sq m	£178 sq m
Yield	7.50%	8%	8%

3.31 The three Market Value Areas for office are the same as those for Industrial development. These areas are shown in Figure 3 overleaf.

Figure 3: Market Value Areas, Norwich City, Greater Norwich North and Greater Norwich South

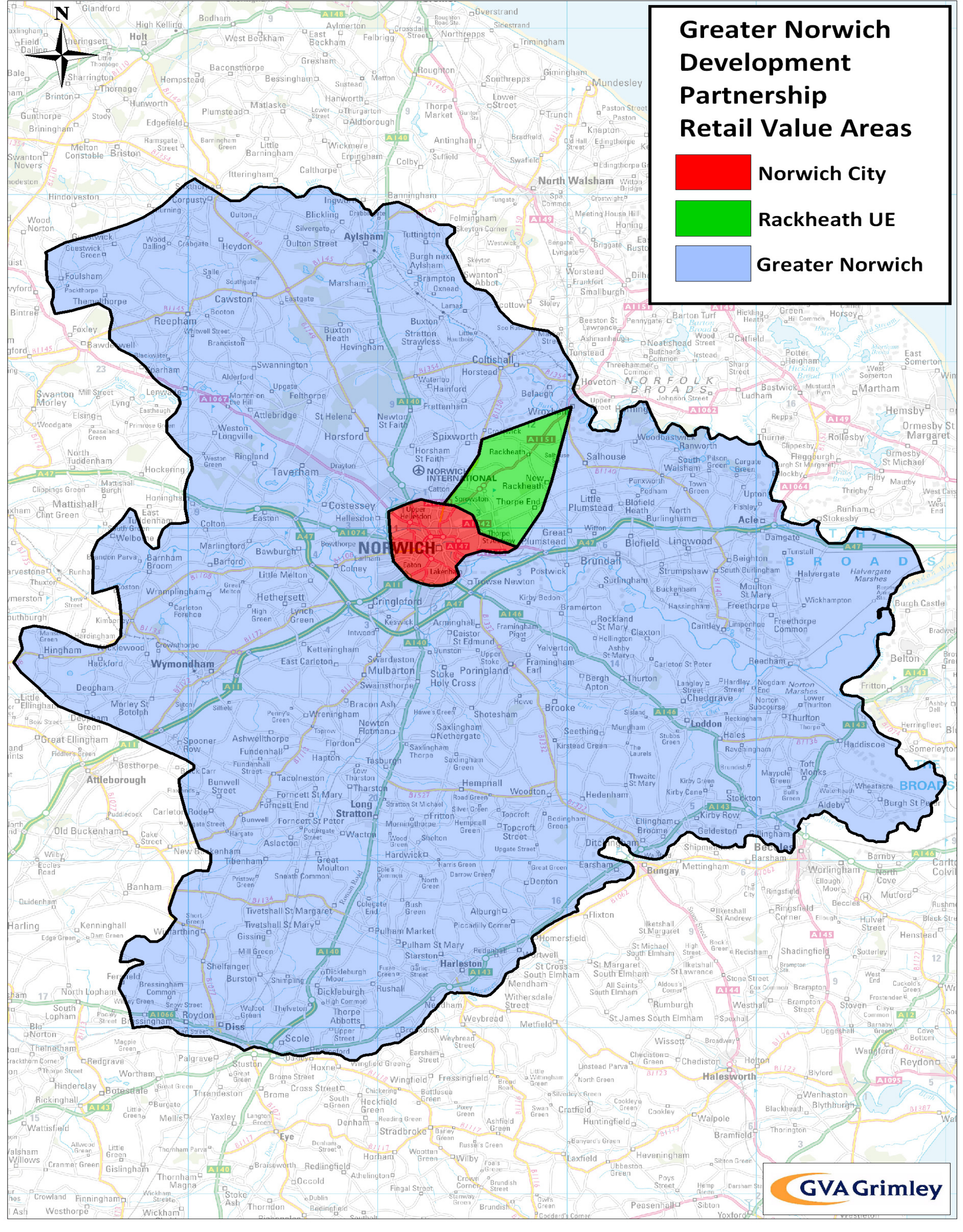
Retail

3.32 From our research it is concluded that there are three Market Value Areas for retail development. The City Centre location commands the highest rental values, while the Rackheath Urban Extension area is taken to have the lowest. Rental levels for the rest of the area are considered to be slightly above or the same as those for Rackheath.

Table 6: Retail Values adopted for Appraisals

	Norwich City Centre	Rackheath Urban Extension	Rest of Area
Scheme 9	£108-161sqm	£108sqm	£108sqm
Yield	7.50%	6%	8%
Scheme 6 & 10	£152sqm	£130sqm	£130sqm
Yield	5%	5%	6%

Figure 4: Market Value Areas, Norwich City, Rackheath Urban Extension and Greater Norwich



Industrial

3.33 There are three district Market Value Areas for industrial developments in the area. These are Norwich City Centre and North of the City Centre, and South of the City Centre.

3.34 Values are highest to the South of the City Centre as the availability of new industrial stock in the area is greatest and due to the close proximity of the A11. Values are lowest in the North of the City Centre, as the majority of stock is older and of lower quality. There is little industrial floorspace located within the Norwich City Centre area; the majority of space is located on the edge of the City near the ring road.

Table 7: Industrial Values adopted for Appraisals

	Norwich City Centre	North of City Centre	South of City Centre
Scheme 11	£70sqm	£60sqm	£70sqm
Scheme 12	£60sqm	£60sqm	£70sqm
Yield	8.00%	8.00%	8.00%

Establishing Development Typologies

3.35 In order to test the viability of the CIL / Tariff, and sensitivities to the level of charge, a series of twelve hypothetical development schemes (Development Typologies) representing the scale, nature and characteristics of current and future development envisaged by the Joint Core Strategy have been created. These are summarised below in Table 8.

Table 8: Summary of the Development Typologies

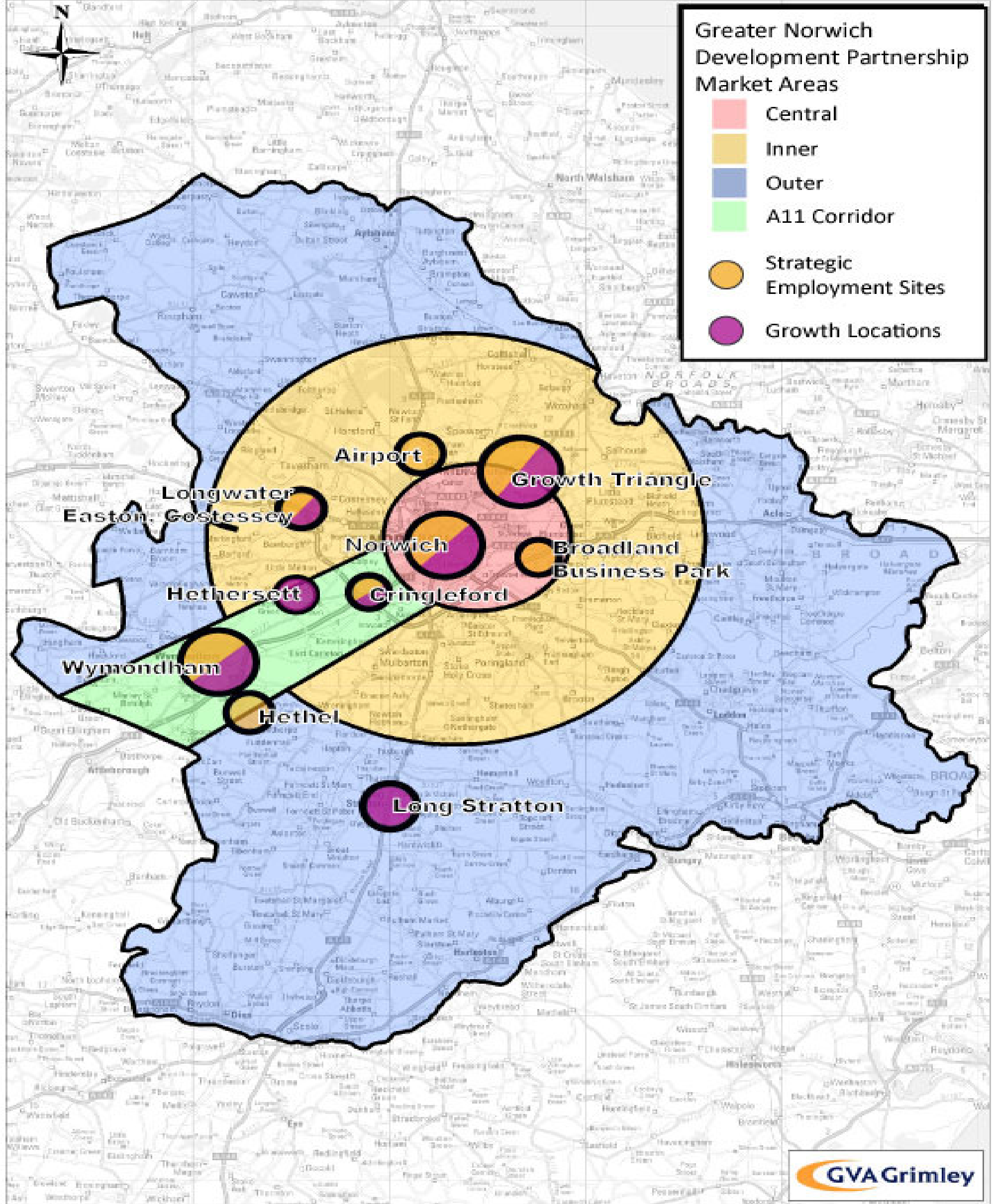
Typology	Land Uses
Scheme 1	3 residential dwellings
Scheme 2	16 residential dwellings
Scheme 3	50 residential dwellings
Scheme 4	250 residential dwellings
Scheme 5	1,000 residential dwellings
Scheme 6	Mixed use scheme including residential, retail and office units
Scheme 7	Office scheme - 2,400 sqm
Scheme 8	Office scheme - 4,250 sqm
Scheme 9	Retail warehouse scheme - 1,500 sqm
Scheme 10	Convenience retail - 3,000 sqm
Scheme 11	General industrial scheme - 2,000 sqm
Scheme 12	Storage and distribution scheme - 10,000 sqm

3.36 The Development Typologies represent a range and mix of land uses that are proposed according with the Joint Care Strategy's vision and objectives, with particular emphasis on future growth locations identified in the Development Plan (Figure 5).

3.37 In deriving the Development Typologies, a detailed property market assessment was undertaken analysing comparable residential and commercial schemes, and prevailing sales and rental values and yields. An assessment of comparable land sales for residential and commercial uses was also completed. This was synthesised with a range of data including Land Registry sale prices, Valuation Office Agency guidance, and evidence from the sale of new and second hand residential properties. Discussions with local agents and developers have further shaped the creation of the Development Typologies.

3.38 We have undertaken modelling of all of the Development Typologies for 2007 and 2009 market conditions. The resultant residual land values have been compared against a benchmark value for each scheme, which reflects our assessment of what a landowner might reasonably expect to receive to be incentivised to sell land for the proposed scheme.

Figure 5: Growth and Development Locations



Summary

- CIL / Tariff viability assessment is undertaken using a Residual Land Value Model that assesses mid-2007 and mid-2009 values, effectively taking a normal market and recessionary market view.

- Benchmark land values have been derived taking prevailing development values. If a CIL / Tariff is promoted that reduces land value by more than 25% at the present time then it risks causing land to be withheld from development, or delayed in coming forward.

Therefore CIL / Tariff viability testing outcomes that reduce the Residual Land Value by more than 25% of the benchmark are considered to be marginal.

- Testing will examine development scenarios using a range of twelve hypothetical Development Typologies reflecting different residential, commercial, retail and industrial schemes similar to those envisaged by the Joint Core Strategy.
- A standardised set of construction cost, finance and build assumptions have been made according with established figures used extensively elsewhere.
- There are a series of differential Market Value Areas applicable across the area that reflect the characteristics, geography, supply and demand nature of the different land use sectors.
- Grant for affordable housing will be modelled through a no grant and with grant scenario.

4. THE VIABILITY OF CIL/TARIFF

Introduction

4.1 In this section the principal findings of the CIL / Tariff viability testing are set out in summary form. The findings encompass the viability of CIL / Tariff charges for residential, mixed use and commercial schemes using the appropriate scheme Development Typologies. The detailed results of the viability analyses for each form of development under each scenario are included at Appendix 6.

4.2 The Study has looked at whether the CIL / Tariff should be charged as a single Levy across the whole Broadland, Norwich and South Norfolk area, or by differential rates for each local authority, or with reference to different Market Value Zones.

4.3 The suggested level of CIL / Tariff chargeable for residential development under normal market conditions, assuming no NAHP grant and assuming that **at least** a 20% affordable housing contribution can be made is set out in Table 10.

Principal Viability Findings

Residential Development

4.4 Table 10 and Appendix A6 set out the levels of CIL / Tariff viability under normal market conditions showing the differential effects of Market Value Area geography and the impact of NAHP grant. The Table demonstrates the varying levels of affordable housing contribution that can be achieved if CIL / Tariff is set at different levels. Table 9.1 sets out the suggested CIL / Tariff contribution that could be chargeable for residential development in the four Market Value Areas as tested. This would ensure that at least 20% of Affordable Housing would be delivered in all locations. This level is the worst case scenario as it assumes no NAHP grant; however there is every chance that housing support will continue even though it was reduced in the CSR in November 2010. This means the level of affordable housing could increase accordingly in such situations. The findings indicate that CIL / Tariff is viable for a majority of residential schemes under the market conditions we have assumed will prevail post-recession. Tale 9.2 shows the Affordable Housing achievable with NAHP grant.

4.5 Tables 9.1 and 9.2 show that the level of development costs, combined with low values can result in a nil or negative land value especially when there is no NAHP grant (Table 9.2). A number of the viability assessments for the residential Development Typologies demonstrate a nil or negative land value given the level of development costs combined with low values. This is further reinforced

when modelled with no NAHP grant available. Where there are no or negative land values it is anticipated that schemes will be prepared to take account of these circumstances.

4.6 In some instances residential development would only be promoted at a time when sales values have recovered to a greater extent than the values used here for modelling and/or a material level of NAHP grant can be provided.

4.7 The generation of positive land values and therefore viability for CIL / Tariff from the larger residential Development Typologies (Schemes, 4 and 5) is challenged in a recessionary period scenario, but shows greater viability in more normal market conditions. This is due to the scale of development costs that arise compared to sale values achievable. In these instances it is expected that landowners will participate in bringing forward the land for development while deferring a substantial receipt until a positive development cashflow allows it.

4.8 Tables 9.1 and 9.2 show the Affordable Housing achievement in the four Market Value Areas and based on the three Districts. The tables show that basing a CIL / Tariff on the Market Value Areas would maximise the contributions from a CIL / Tariff and the provision of Affordable Housing.

4.9 Drawing from this analysis, the suggested level of CIL / Tariff chargeable for residential development assuming no NAHP grant and assuming that the majority of sites can deliver at least a 20% Affordable Housing contribution can be made as set out in Table 10.

Table 9.1: Viable CIL / Tariff and Proportion of Affordable Housing – no NAHP Grant

	Central	Inner	A11	Outer	Norwich	Broadland	South Norfolk
Proposed CIL / Tariff	No Grant	No Grant	No Grant	No Grant	No Grant	No Grant	No Grant
£0	40%	40%	40%	>40%	40%	40%	40%
£7,500	40%	>40%	40%	>30%	40%	20%	>30%
£10,000	40%	>30%	>40%	x	40%	x	>30%
£12,500	40%	>30%	>30%	x	40%	x	20%
£15,000	40%	20%	>30%	x	30%	x	x
£17,500	40%	x	20%	x	>20%	x	x
£20,000	40%	x	x	x	x	x	x

* Percentages represent percentage of affordable housing achievable at proposed level of CIL / Tariff

Table 9.2: Viable CIL / Tariff and proportion of Affordable Housing – with NAHP Grant

	Central	Inner	A11	Outer	Norwich	Broadland	South Norfolk
Proposed CIL / Tariff	With Grant	With Grant	With Grant	With Grant	With Grant	With Grant	With Grant
£0	40%	40%	40%	40%	40%	40%	40%
£7,500	40%	40%	40%	>40%	40%	40%	40%
£10,000	40%	40%	40%	>30%	40%	40%	40%
£12,500	40%	40%	40%	>30%	40%	>30%	40%
£15,000	40%	40%	40%	>20%	40%	>30%	40%
£17,500	40%	>40%	40%	X	40%	x	>30%
£20,000	40%	>30%	40%	X	40%	x	>30%

* Percentages represent percentage of affordable housing achievable at proposed level of CIL / Tariff

Table 10: Suggested CIL / Tariff based on Normal Market Conditions, at Least 20% Affordable Housing Contribution and No NAHP Grant

Market Value Area	Per Private Dwelling
Central	£20,000
Inner	£15,000
A11	£17,500
Outer	£7,500

Commercial and Retail Development

4.10 Analysis of the Development Typologies that reflect commercial forms of development and the residential-led mixed use Development Typology produce a number of key findings. Appendix 6 has the complete viability testing results for each commercial and retail use. It must be noted that the Market Value Areas identified for office and industrial/warehousing land uses, and those for convenience retail and retail warehousing are different from those identified for residential development, and from each other. This reflects the different character, composition and nature of the markets for such uses.

4.11 The results for the Commercial Development Typology schemes are varied. Office and industrial schemes are able to make extremely modest CIL / Tariff contributions at best and this is highly

dependent upon their proposed location in the area. Such land uses may well occur as part of a larger scheme and any viability generated from the scheme would be required to cross-subsidise commercial land uses.

4.12 Convenience retail, and to a lesser extent retail warehousing can afford to make a more significant CIL / Tariff contribution. The total number of such schemes coming forward in the area will limit the ultimate financial contribution raised from this land use when CIL / Tariff is applied, however the individual schemes can bear a substantial level of contribution.

4.13 It must be noted that convenience retailing uses may be needed to cross-subsidise less viable elements of larger schemes. There is a judgement to make in extracting the full value to the CIL / Tariff from convenience retail schemes where they form part of a larger mixed use development balanced against the need to maintain the overall viability of the scheme through cross-subsidy to other less viable land uses.

Table 11 Suggested Commercial CIL / Tariff Charge, Per Square Metre (GIA)

	Office	Industrial/ Warehousing		Retail Warehousing	Convenience Retail
	Per Sq M	Per Sq M		Per Sq M	Per Sq M
Whole Area	£5	£5	**Whole Area**	£5	£25
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
Norwich City	£5	£10	**Norwich City**	£25	£25
South Norfolk	£5	£5	**South Norfolk**	£10	£25
Broadland	£5	£10	**Broadland**	£25	£25

4.14 The authorities advise that they have previously secured commercial office developer contributions of up to £100 per sqm, (although it is understood that these contributions were secured on specific end-user pre-let schemes rather than speculative new builds). The developer contributions in those situations are higher than the CIL / Tariff figure that suggested here. Our appraisals of new office accommodation show marginal viability with the levels of CIL / Tariff proposed. The authorities must be mindful of this when setting a CIL / Tariff for those areas where new offices are rarely developed; hence the lower levels of CIL / Tariff for commercial developments identified here.

Shopping Mall Development

4.15 A high level CIL / Tariff viability appraisal for a hypothetical town centre shopping mall scheme has been undertaken in order to assess the potential CIL / Tariff which could viably be contributed from such a development. A town centre shopping mall was not included as part of our Development Typologies because of its ‘one off’ nature. The scheme that has been appraised is reflective of what might be built in a City the size of Norwich at a specification to match existing prime centres. The viability assessment indicates that a city centre shopping mall development of circa 37,160 sq m (400,000 sq ft) could provide a tariff of circa £75 per sqm, bringing forward a contribution of approximately £3m.

4.16 We have not included any potential future CIL / Tariff contribution for a City Centre shopping mall type of development in the calculation of CIL / Tariff Revenues (Table 12) as the emerging Joint Core Strategy does not explicitly identify proposals for the development of such a scheme per se. Nevertheless, it is reasonable to expect that such a development or expansion of an existing City Centre shopping mall may occur in the plan period.

Viability Impacts over Time

4.17 We have modelled the development viability effects of CIL / Tariff in the future. Under normal market conditions It was assumed that residential sale values increased by 20% and build costs by 13% above the position at the height of recession in mid-2009. Without other changes this will significantly increase the ability of new developments to make a larger CIL / Tariff contribution.

4.18 There are two critical factors affecting development viability over a longer time period:

- The changing level of construction standards driven by the Code for Sustainable Homes and BREEAM standards for commercial developments;
- The reduction or loss of NAHP grant for the provision of affordable housing.

4.19 The introduction of higher standards of construction through the Code for Sustainable Homes and BREEAM provide that by 2015 all new dwellings will have to be built to a standard not less than CSH Level 5 (national timetable) and CSH Level 6 (Joint Core Strategy timetable). Our experience advising both HCA and EEDA coupled with the Code for Sustainable Homes cost review prepared for CLG by Davis Langdon (March 2010) demonstrate that the current cost of building to CSH Levels 5 or 6 will effectively remove all land value from residential schemes. There are several mitigating factors however:

- **Cost reductions over time** – It is expected that the cost of achieving higher CSH and BREEAM standards will reduce over time as better quality and cheaper building technologies

become more widely available to the mass market; and as the UK construction industry becomes more familiar with the materials and techniques required.

- **Review and relaxation of CSH standards** – a Ministerial Statement by Grant Shapps (July 2010) indicated the Government's intention to review the ability for developers to deliver new developments at CSH levels 5 and 6 by 2016. This leaves the possibility that the CSH requirements may be relaxed or the timing for the implementation of CSH levels 5 and 6 at a national level is extended. This will make clear cost improvements within future development viability assessments.

- **Indexation of costs within CIL / Tariff model** – CLG also encourages the use of indexation, using the Building Cost Information Service (BCIS) All In Tender Price Index, so that future CIL / Tariff payments will move in line with changing construction cost prices.

4.20 Residential Development Typologies where no future NAHP grant is included are challenged in terms of their viability. This is consistent with the findings of the Affordable Housing Viability Study. In future the assumption is that any grant available may be small and limited to select circumstances.

4.21 Taking these issues together, the viability testing demonstrates that CIL / Tariff charges under normal market conditions in the future will be possible; Appendix 6 provides the details of the viability for each Development Typology. There is a clear need to keep the level of CIL / Tariff charges under regular review to ensure that the optimum contribution from development is secured while addressing any remaining development viability issues.

Viability Outcomes by Geography

4.22 We have assessed what level of CIL / Tariff charge could be made for three different geographies across Broadland, Norwich and South Norfolk. Appendix 6 provides the detailed viability assessments for each geographic area:

- **Unified charge** - A single, unified charge for the whole of the Broadland, Norwich and South Norfolk;

- **By Authority area** - A separate CIL / Tariff charge for each constituent local authority;

- **Market Value Area** - A CIL / Tariff charge based on the different Market Value Areas.

Single Unified CIL / Tariff Charge

4.23 Analysis of the viability of adopting a single CIL / Tariff charge indicates that the breadth of residential, commercial and retail values evident and the need to ensure that the CIL / Tariff is affordable, deliverable and equitable would require the Levy to be set at a low level to ensure it is affordable for the majority of proposed future development. It would effectively penalise some

schemes heavily but also fail to capture in full the potential CIL / Tariff value in more viable development schemes; i.e. the schemes that could afford to pay more would not have to do so.

4.24 Given that CIL / Tariff has been explicitly established so that charges can be varied across geographical areas to reflect differential values and therefore development ability to pay there is little merit in taking a single, unified approach to CIL / Tariff that fails to do this.

Local Authority Administrative Area CIL / Tariff

4.25 This option clearly has merit in terms of providing the greatest simplicity and clarity in its operation. In viability assessment terms, this approach does little to address the sub-regional nature and characteristics of future growth proposed by the Joint Core Strategy. For the local authorities that encompass a large range of development values, the CIL / Tariff to be charged would have to be set by reference to the lower value areas rather than ability of more viable schemes and land uses to pay.

4.26 Given the flexibility offered by CIL / Tariff Regulations and the desire to spread the costs of infrastructure equitably across a broad range of locations and sites that will require such infrastructure to be provided, the local authority administrative area-based CIL / Tariff appears to be a missed opportunity.

Market Value Area CIL / Tariff

4.27 Using the Market Value Area approach, the CIL / Tariff would be set such that higher value areas would pay a greater charge than lower value areas. Findings from our viability assessment show that the Market Value Area approach allows the most appropriate flexibility and alignment to market conditions and in doing so allows a differential rate of CIL / Tariff to be charged viably across the different areas. In so doing, this has the effect of increasing total potential CIL / Tariff revenues across the whole of the area without overly detracting from development scheme viability in those areas least able to afford the Levy.

4.28 The CIL / Tariff Regulations do not provide an overt opportunity to vary the boundaries of the value areas by reference to particular different land uses (such as a different set of boundaries depending on whether the use is residential or retail for example). Nonetheless, it is possible to identify areas where the prevailing values are fairly consistent and the likely ability of the land to meet the costs of development similar.

4.29 The precise boundaries need careful consideration, but given that much of the future growth in the area will be in locations readily identified in the Joint Core Strategy, within the Norwich Policy Area, it should not be difficult to establish the CIL / Tariff charge accordingly. It will however be important to keep the charging areas identified as simple and clear as possible to avoid administrative complications and to aid clarity for landowners and developers.

Total Projected CIL / Tariff Revenues

4.30 Applying the CIL / Tariff charge figures identified above and correlated with the projected future growth envisaged by the Joint Core Strategy (acknowledging that a number of schemes already have planning permission) allows a broad estimate of potential CIL / Tariff revenues.

4.31 Table 12 overleaf sets out the likely CIL / Tariff revenues accrued. There is no allowance made for indexation or revision of the CIL / Tariff over time. The figures are on the basis of accruing CIL / Tariff for eligible residential, commercial and retail development schemes (excluding affordable housing units). It does reflect the small likely overall CIL / Tariff contribution arising from commercial development schemes (offices, industrial and warehousing). Convenience retail developments are able to make a more significant contribution without adversely affecting their viability but the total number of such schemes across the area will limit their contribution to total CIL / Tariff revenues.

4.32 When compared to the level of capital funding needed to deliver all of the necessary infrastructure identified in the Infrastructure Needs Assessment and underpinning the Joint Core Strategy it is clear that CIL / Tariff will make a very significant contribution of up to £408m (with a minimum 20% affordable housing contribution) based on the Market Value Area charging and no NAHP grant availability. A funding gap will remain under any of the project CIL / Tariff revenue outcomes. Section 6 considers the broad alternative funding mechanisms that could assist in filling the gap.

Table 12: Anticipated CIL / Tariff Revenues from Future Development Schemes

RESIDENTIAL:		40% AFFORDABLE NO GRANT	30% AFFORDABLE NO GRANT	20% AFFORDABLE NO GRANT
		Normal Market	Normal Market	Normal Market
		£5,000	£5,000	£7,500
Whole Area	31,733	**£95,199,000**	**£111,065,000**	**£190,398,000**
		40% AFFORDABLE NO GRANT	**30% AFFORDABLE NO GRANT**	**20% AFFORDABLE NO GRANT**
Central	9,465	£20,000	£20,000	£20,000
Inner	11,331	£5,000	£10,000	£15,000
Outer	4,857	£5,000	£7,500	£7,500
A11 Corridor	6,080	£7,500	£12,500	£17,500
TOTAL	31,733	**£189,506,740**	**£290,528,293**	**£401,674,974**
Broadland	13,680	£5,000	£5,000	£7,500
Norwich	4,145	£12,500	£15,000	£17,500
South Norfolk	13,908	£5,000	£5,000	£7,500
TOTAL	31,733	**£113,853,278**	**£140,083,266**	**£223,561,161**

	40% AFFORDABLE NO GRANT			30% AFFORDABLE NO GRANT			20% AFFORDABLE NO GRANT			
	Normal			Normal			Normal			
COMMERCIAL*:	**B1**	**CIL / Tariff**	**Total**	**B2/B8**	**CIL / Tariff**	**Total**	**Retail**	**CIL / Tariff**	**Total**	**TOTAL**
Norwich City Centre (sq m)	250,000	£5	£1,250,000	103,323	£5	£516,620	6,170	£25	£154,250	**£1,920,870**
South GN Area (sq m)	25,000	£5	£125,000	103,323	£10	£1,033,240	**Rackheath:** 956	£25	£23,900	**£1,182,140**
North GN Area (sq m)	25,000	£5	£125,000	103,323	£10	£1,033,240	**Rest of GNDP:** 67,918	£10/ £25	£1,188,565	**£2,346,805**
									COMMERCIAL TOTAL	**£5,449,815**

*Projected commercial space approximately disaggregated to market area using Employment and Retail Studies.

Summary

- Viability assessment was undertaken for a range of 12 different Development Typologies reflecting possible residential, commercial and mixed use schemes that would be delivered in the area. Viability assessments were considered under both current (mid-2009) and normal market (mid-2007) conditions to reflect changing market and economic dynamics. Sensitivities in terms of the availability of NAHP grant and levels of affordable housing were also tested.

- Where there are nil or negative land values it is anticipated that fundamentally different schemes would be promoted, either by changing the total number of dwellings, the mix between houses and flats, or the overall density of the development scheme.

- Results for the Commercial Development Typology schemes were varied. Many schemes are able to make relatively small CIL / Tariff contributions, but such land uses may well occur as part of a larger scheme and the profits they generate be required to cross-subsidise other land uses within the overall scheme.

- Convenience retail, and to a lesser extent retail warehousing can afford to make CIL / Tariff contributions. The total number of such schemes coming forward in the area may limit the ultimate financial contribution raised from this land use when CIL / Tariff is applied, however the individual schemes can bear a substantial level of contribution.

- Impacts over time were also assessed to include consideration of changing build costs and rising standards under the Code for Sustainable Homes. Viability testing found that development at higher CSH levels impacts on development costs and therefore land value for residential schemes.

- The implications of cost reductions over time as better quality and cheaper building technologies emerge; the potential for a Government review and relaxation of the timing of introducing CSH Level 5 and 6 standards; and the ability to index link costs within the CIL / Tariff model are all considered to form mitigating factors that will reduce the impact of CIL / Tariff on development viability in the future.

- Testing the implications of NAHP grant funding found that where no grant is available residential developments are challenged in terms of their viability in the current market, but less so in the normal market conditions expected over the plan period..

- From the viability testing and reflecting on the long-term role and function of CIL / Tariff in supporting growth in the area, CIL / Tariff charges will be viable under normal market

conditions and there are some development forms that can accommodate CIL / Tariff charges within the current, more challenged market.

- The viability assessment considered the implications of CIL / Tariff charging across three different geographies: a single CIL / Tariff across Broadland, Norwich and South Norfolk; a CIL / Tariff based on the administrative boundaries of each of the local authorities; and a CIL / Tariff based on defined Market Value Areas that reflect the values and growth locations proposed in the Joint Core Strategy. On balance, the Market Value Areas CIL / Tariff was concluded to perform best and to represent the most logical and appropriate approach to the variations in land and property values and demand. The precise boundaries of this will need careful consideration.

- There is a clear need to ensure that CIL / Tariff charging levels are kept under regular review, particularly for commercial and retail schemes, to ensure that the optimum contributions are secured while continuing to address remaining viability issues.

5. CIL/TARIFF GOVERNANCE

Introduction

5.1 In this section we consider the options for organisation, collaboration and decision-making for the Community Infrastructure Levy. We focus on the options for decision making and collaboration over the spending decisions by the charging authorities and infrastructure delivery agencies. We would like to note that the meetings with Finance Directors occurred prior to the announcement of the results of the Comprehensive Spending Review (CSR), and this Section of the Report therefore does not take the CSR into account.

5.2 We examine the legality, appropriateness and effectiveness of two principal approaches and establish their implications for GNDP, the constituent local authorities and infrastructure delivery agencies:

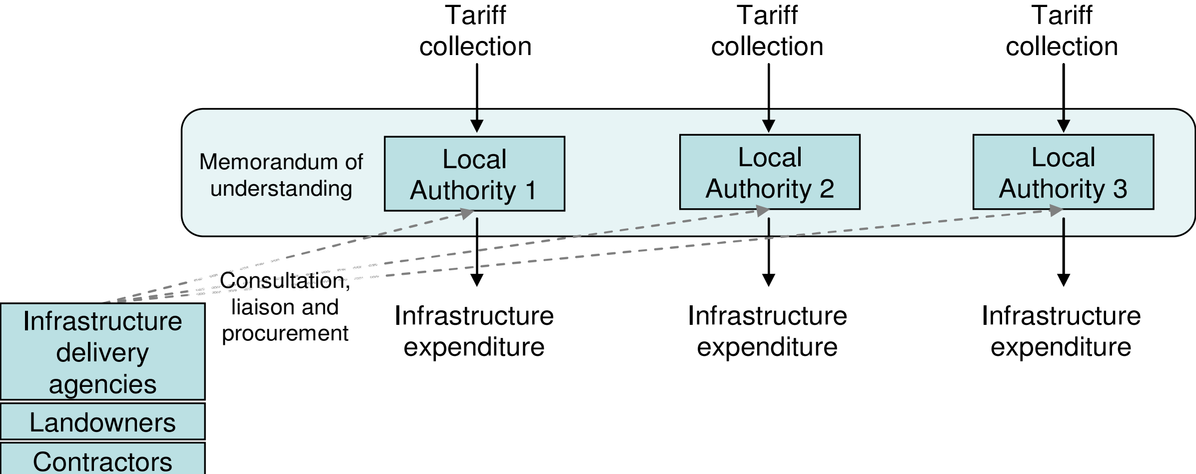
- **Collaborative approach** – An informed collaborative approach to decision making, possibly through a Memorandum of Understanding or similar arrangements.

- **Joint Committee or Delivery Vehicle** – A more formal mechanism such as a joint committee with delegated powers or a local delivery vehicle.

Collaborative Approach - Memorandum of Understanding

5.3 Figure 6 below illustrates how a Memorandum of Understanding approach would work for infrastructure spending decisions.

Figure 6: The Collaborative Approach using a Memorandum of Understanding



5.4 This approach would be the cheapest and simplest to implement but would also be the least co-ordinated and focussed. Section 10(4) of the CIL / Tariff Regulations state that this would be the

County Council in the case of multiple district authority areas; although it is possible to be designated to an alternate single collecting Authority or delivery agency across an area.

5.5 The Memorandum of Understanding would require the authorities to consider the regional infrastructure needs and to liaise with the infrastructure delivery agencies; but there would inevitably be a risk of the own interests of individual authorities taking precedent.

5.6 The Authorities have had a planning obligations protocol in place between the Districts and the County Council since 1999. If this approach were followed this protocol would need to be revisited, in partnership with the Council's legal team and advisors, to ensure it sets out in sufficient detail not only the working arrangements for the scheme but the financial aspects of CIL / Tariff to ensure that the collection, scheme approval, monitoring and overall administration arrangements are clearly developed and agreed. As such this protocol would potentially need to be developed in to a more robust legal document agreed between all parties to ensure that the infrastructure scheme prioritisation and approval mechanisms are developed and conflict resolution is built in to the legal arrangements from the outset.

5.7 Working groups would be established to bring relevant parties across the area together to focus on individual projects and joint procurements could therefore be run. However, there is an inherent inefficiency and risk for infrastructure agencies and private sector contractors in ultimately dealing with a group of individual authorities tied together through a memorandum approach as they have the capability to make unilateral decisions despite this memorandum of understanding being in place that aims to bring decision making together A single body approach allows a single point of contact with statutory decision making powers to be accessed reducing this risk.

5.8 Table 13 highlights some of the specific considerations for this option.

Table 13: Considerations for the Collaborative Approach – Memorandum of Understanding

Consideration	Explanation
Financial models for investment	Financial models for investment would have to be developed between the authorities on a project by project basis, instead of in partnership. Contracts would therefore have to be let by each of the individual Authorities to contractors rather than through a shared body. The potential financial models for investment are considered in Section 6. There would inevitably be greater transaction costs and increased complexity over governance if financial investments are made on an individual authority basis.
Legality	There are no issues over legality to signing a Memorandum of Understanding between the authorities.
Appropriateness and effectiveness	A Memorandum of Understanding would appear to be an insufficiently robust approach for the decisions which will be required to be taken over the delivery of the major sub-regional infrastructure which will be funded through a CIL / Tariff.

Joint Committee or Delivery Vehicle

5.9 Figure 7 below illustrates how a joint committee or delivery vehicle approach would work for infrastructure spending decisions.

Figure 7: The Joint Committee or Delivery Vehicle Approach

Local Authority 1
Local Authority 2
Local Authority 3
Tariff collection
Joint Committee or delivery vehicle
Consultation, liaison and procurement
Infrastructure delivery agencies
Landowners
Contractors
Infrastructure expenditure

5.10 With this approach the authorities would form a joint committee with formal legal delegations or create a special purpose delivery vehicle. In either approach all of the authorities would have a representation on the body, whether this is a shareholding in the delivery vehicle or seat on the joint committee. The charging authority would remain the County Council but with collection and spending powers delegated. This body would have a clear remit to deliver the required infrastructure that is in the best interests of the sub-region, even where this might create an apparent inequality of delivery in one or more of the authorities.

Joint Committee

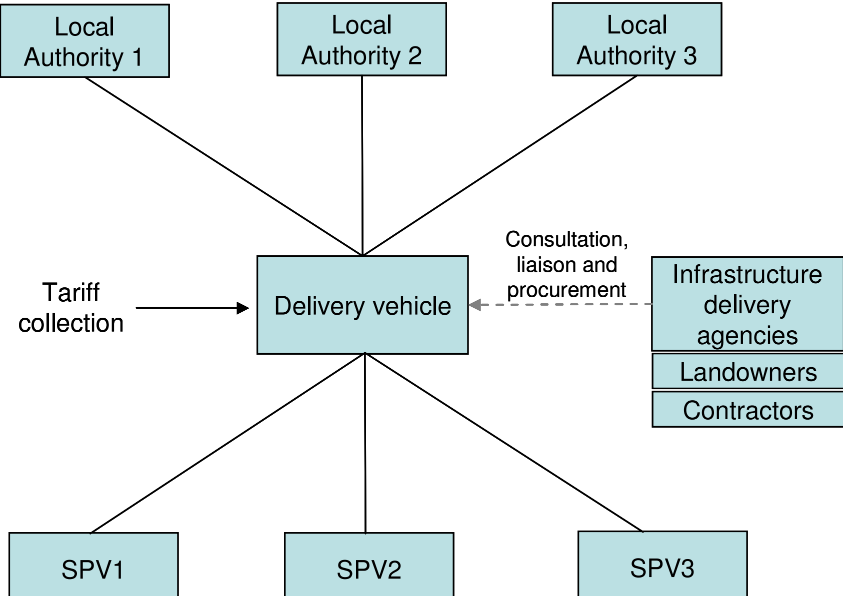
5.11 A Joint committee has the advantages of a more formal governance approach than a Memorandum of Understanding by developing a formal body that has equal representation from each of the partners that together provides the main governance body for the CIL / Tariff regime. It agrees the CIL / Tariff strategy, including schemes to be funded, charging schedule and provides leadership for the administration of the levy.

5.12 Rather than a formal vehicle approach, however, a similar approach to that utilised with a Memorandum of Understanding would be taken to the developments themselves with working groups being established across the relevant authorities to run each of the developments.

Delivery Vehicle

5.13 A joint body approach through the use of a delivery vehicle takes the more formal step of establishing an external vehicle, likely to be a Limited Partnership or Company Limited by Shares that has a broad representation from each of the partners and potentially external investors such as infrastructure agencies, the HCA or others. The vehicle then establishes a number of subsidiary Special Purpose Vehicles (SPVs) for each of the infrastructure developments undertaken. This provides the opportunity to ring-fence each of these developments for governance and risk purposes.

Figure 8: The Delivery Vehicle Approach in Detail



5.14 The delivery vehicle organisational structure offers a more formal approach with agreed contractual documentation between partners and a clear remit for the delivery vehicle which is then run as an independent body with representation from all key stakeholders thus ensuring the best interests of an external vehicle, whose sole remit is the administration and utilisation of CIL / Tariff, are served. The weakness of this approach is that it is more expensive and time consuming to establish such an external vehicle than the less formal approach of a Memorandum of Understanding.

5.15 Overall, the Joint Committee or Delivery Vehicle organisational approach would provide greater clarity and certainty for infrastructure delivery agencies, private contractors and land owners.

5.16 Table 14 highlights some of the specific considerations for this option.

Table 14: Considerations for the Joint Committee or Development Vehicle Approach

Consideration	Explanation
Financial models for investment	The potential financial models for investment are considered in Section 6. With a delivery vehicle approach Special Purpose Vehicles (SPVs) would be established for the delivery of each major infrastructure scheme. These could be wholly owned subsidiaries of the Development Vehicle or partnerships in themselves with a development or investment partner from the private or public sector, such as an infrastructure delivery body or developer. The advantages of this approach again are to focus one specific organisation on the objectives of infrastructure delivery and the legal and financial advantages of ring fencing the risks of development within an external vehicle. A key consideration is also the potential forward funding of infrastructure works as it may be necessary for the vehicle to commit to a steady repayment from CIL / Tariff contributions to the Authority over time to repay the prudential borrowing the Authority has taken to fund infrastructure in the early years. A Delivery Vehicle model allows this stream to be managed over time thus smoothing the unpredictability of CIL / Tariff payments to meet the Minimum Revenue Provision (MRP) and debt repayment requirements for the Authority. A Joint Committee approach provides more formality than a Memorandum of Understanding but does not provide the advantages of utilising vehicles to ring-fence risk for each development. Instead this would be a working group approach of collaboration between the Authorities for each of the developments, whilst this can be effective it does not provide the clarity of roles and responsibilities a vehicle delivers.

Consideration	Explanation
Legality	There are a number of powers that allow Local Authorities to establish external delivery vehicles ranging from Section 2 of the *Local Government Act 2000* (Well Being powers) to the *Local Government and Housing Act 1989*. The key factor that designates vires is the purpose of this delivery vehicle company. Collection and administration of a CIL / Tariff could be undertaken by a private body contracting with the local authority, as already happens with Council Tax and other payments. Therefore initial views would be that such a company could be within the power of the constituent local authorities.
Appropriateness and Effectiveness	The establishment of a delivery vehicle for decision making and collaboration over the spending decisions provides a number of advantages. It presents a clear governance structure for the delivery of the infrastructure, greater independence from individual authorities and a clearer remit on the sub-regional area, a clear commitment by the participating bodies, greater certainty and efficiency of interaction for infrastructure agencies, land owners and contractors, and a formal structure into which additional investment can be directed. In addition it focuses a separate organisation on the delivery of a specific service rather than this being lost in the scale of each Authority.

Preferred Approach

5.17 At the headline level the examination of organisational options and the scale and characteristics of future growth in the area suggests that a Delivery Vehicle route is the most appropriate. The formality of this approach demonstrates clear political commitment to the CIL / Tariff strategy and the use of a collection and delivery vehicle allows the collection process to be ring-fenced, financial viability to be demonstrated and helps manage the Authorities debt repayments in a transparent and consistent way. The main barrier to establishment is traditionally cost, however, the potential scale of the CIL / Tariff collection and project delivery are likely to justify the establishment of a separate body.

5.18 GNDP to date has operated on a less formal basis through the use of protocols and agreements between the parties. This is effective in developing approaches, policy development and feasibility work, however, in our experience when the implementation phase is reached and operational requirements are put in place, particularly involving the collection and administration of significant funds more formal mechanisms are more robust and effective, particularly in ensuring strategic

decisions are taken and conflict resolution is effective whilst not derailing the schemes. GNDP could the form the basis for a Delivery Vehicle but will require significant new authority and scale of resources to do so from each of the constituent authorities.

5.19 It should be noted that this conclusion is based on a high level review of the factors above and further detailed financial viability, legal and governance reviews should be completed to ensure this conclusion holds true following detailed examination.

Summary

- There is a spectrum of potential organisational structures capable of managing, operating and decision-making on a CIL / Tariff in the area. These options range from a simple Memorandum of Understanding between the constituent local authorities to the establishment of a bespoke Delivery Vehicle with subsidiary Special Purpose Vehicles that ring fence individual infrastructure projects.

- Key factors in deciding the most appropriate organisational structure include the need for organisational visibility, clarity of purpose, transparency in operation and the resources/administrative capacity to act as an Accountable Body in order to perform the CIL / Tariff Charging Authority functions.

- While it is appropriate to wish to keep organisational structures as simple as possible, the preferred approach recommended here is to establish a Delivery Vehicle or Joint Committee that is capable of administering the CIL / Tariff and effectively resolving the utilisation of the funding raised through the Levy.

- In the context of the scale, character and nature of future development proposed in the area, the MoU approach is considered to be too informal in structure and level of partner commitment to ensure robust CIL / Tariff administration and decision-making is effectively provided.

6. CLOSING THE FUNDING GAP: ADDITIONAL AND ALTERNATIVE FUNDING

Introduction

6.1 It is clear from the viability assessments that CIL / Tariff is an excellent source of capital funding to meet a significant part of the area's infrastructure finance requirement. It is not likely to be the sole solution to the infrastructure needs of the area and in this section we consider the alternative and additional funding mechanisms that could also contribute.

6.2 The CIL / Tariff mechanism allows for the collection of contributions to infrastructure over time. This mechanism brings with it a number of benefits such as greater certainty over the level of contributions from developers and a standard approach on which to plan, however, it also brings with it challenges.

6.3 In considering alternative and additional funding mechanisms this section first focuses on two of the main problems that need to be addressed for the infrastructure requirements of the area to be delivered:

- Forward funding infrastructure and the timing of CIL / Tariff contributions;
- Addressing the shortfall in quantum of payments against infrastructure needs.

Forward Funding – How Can Infrastructure be Paid for Up Front?

6.4 There is a fundamental issue with the mismatch between timing of CIL / Tariff receipt and need to fund large infrastructure projects in advance of development. An example in this context would be the Norwich Northern Distributor Road (NNDR) which must be delivered in order to improve strategic accessibility and local transport links to specific development sites before those developments can occur and therefore the CIL / Tariff levy collected.

6.5 In this context the initial infrastructure development needs funding in advance of receipt. There are four key options for who could fund this investment:

- Local Authority;
- Central Government;

- Private Developers; and
- European funding.

Local Authority Funding

6.6 In this scenario the Local Authority / Authorities in the area utilise their powers to prudentially borrow to fund the infrastructure need at the outset, on the basis that this will be repaid from CIL / Tariff receipts as development takes place. When calculating the CIL / Tariff income needed to repay the expenditure the authority will have to account for the finance cost of borrowing to fund the infrastructure up front.

6.7 In terms of the revenue cost to the Authority of taking out prudential borrowing to forward fund infrastructure in this manner, there are two considerations:

- Interest cost;
- Revenue cost of capital (Minimum Revenue Provision (MRP).

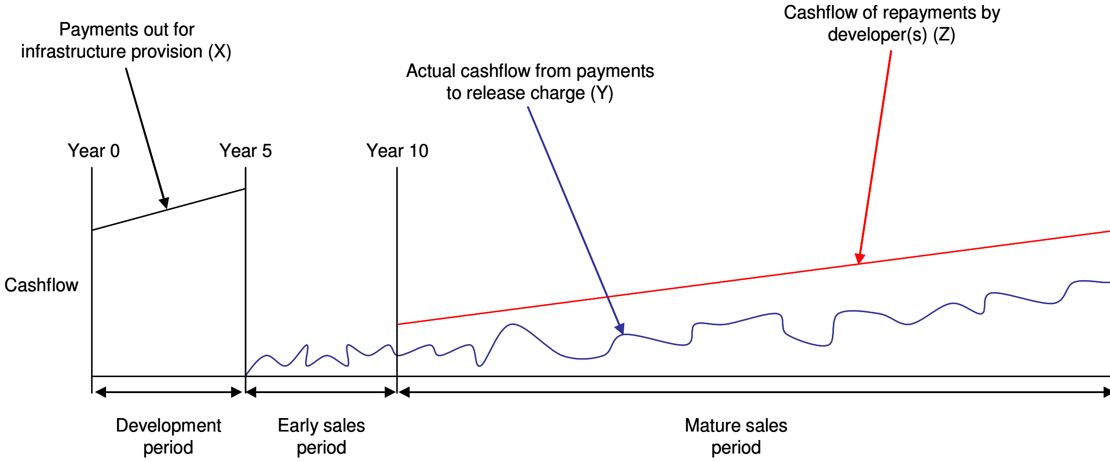
6.8 The interest cost of prudential borrowing, currently in the region of 4-5%, would have to be met from when borrowing commences.

6.9 The Authority would have more flexibility over the revenue cost of capital or Minimum Revenue Provision (MRP). Authorities have a duty to make an MRP charge which they consider to be "prudent". The broad aim of prudent provision is to ensure that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. Major infrastructure assets are likely to have an asset life in the region of 50 years. The Authority must therefore be able to demonstrate that it is providing for repayment of debt within a 50 year period.

6.10 Dependent on the assumptions that are developed surrounding future development in the CIL / Tariff area it may be possible to evidence that there will be sufficient CIL / Tariff revenues to repay the debt within a 50 year period. If this is the case then the Authority would be able to set an MRP policy for the debt which stated that provision would be made in line with receipts from the CIL / Tariff, and no additional provision would be required. In practice this is likely to mean low levels of provision in early years and the Authority would have to assure themselves that future income would be forthcoming to meet the debt repayment obligations.

6.11 In effect this allows the Authority to borrow to fund the infrastructure need with this borrowing repaid from CIL / Tariff receipts as and when they are due to commence. Figure 9 demonstrates how this works in practice.

Figure 9: Illustrative Infrastructure and CIL / Tariff Cashflow Model



X plus interest cost = W = total infrastructure cost to be funded

W = Y = Z

6.12 Figure 9 shows that years 1-5 are the “Development period” during which costs are incurred for the delivery of infrastructure assets by the local authority – say a new road costing £50m developed over five years.

6.13 The blue line then shows CIL / Tariff receipts being received from Year 5 onwards in to a Delivery Vehicle collecting them. These CIL / Tariff receipts continue throughout the early and mature sales period. The red line shows these CIL / Tariff payments being paid over to the Authority for the repayment of the debt (£50m).

6.14 This demonstrates that a buffer (years 5 to year 10) is necessary to mitigate the risk of delays in CIL / Tariff payments being made, allowing the Vehicle to build up a reserve before commencing payments to the Authority from Year 10. Payments are then made steadily over the sales period to repay the full cost of infrastructure development (£50m plus financing costs).

Table 15: Advantages and Disadvantages

Advantages	Disadvantages
The infrastructure is funded on day one in full and development can commence from this date on the development sites	The Authority are taking a risk on the level of CIL / Tariff receipts that will be achieved in the future to repay the debt
There is potentially no cost of repayment for this borrowing until CIL / Tariff receipts are due, thus matching the borrowing with its repayment source	The Authority still have to bear the cost of the interest on the borrowing in the early years before CIL / Tariff repayments are achieved. On £100m this would be between £4-5m at current rates
Prudential borrowing is utilised for this funding	No further contribution beyond CIL / Tariff is made

Advantages	Disadvantages
which is available at a cheaper rate than that available in the private market, thus reducing the cost of infrastructure development	by the private sector
There is no need to utilise private finance which can be both costly and volatile to rely on for the scheme	

6.15 Discussions with the Finance Directors at the local authorities has shown that whilst there are significant revenue pressures on budgets most would not be averse to utilising their prudential borrowing powers in this way providing the costs on the revenue account are met by the CIL / Tariff repayments. As such this is a viable alternative option for the forward funding of infrastructure subject to financial viability being demonstrated.

Central Government Funding

6.16 In this scenario Central Government fund the infrastructure provision up front similar to the prudential borrowing example above. The capital outlay is thus made to fund infrastructure in the early years with repayments to them from CIL / Tariff in line with the date of receipt. The expenditure would either be through the capital budgets of the relevant departments or, more likely, through a loan from the Government's proposed Infrastructure Bank. Table 16 sets out the advantages and disadvantages of this approach.

Table 16: Advantages and Disadvantages

Advantages	Disadvantages
There is no cost to the Local Authority for funding the mismatch between CIL / Tariff receipt and funding cost, instead this would fall on Central Government	With the current financial position Central Government are unlikely to take this approach in the sort and medium term. There have been some developments funded in this way recently but they have been on the basis of extreme need and will continue to be in the current economic climate
Potentially risk on CIL / Tariff receipt is being taken by Central Government instead of authority, however, there is the potential that Central Government would seek to share or transfer this risk to the Local Authority	The Authority are likely to still carry some or all of the risk of CIL / Tariff payment receipt

Advantages	Disadvantages
The cost of funding would not fall on the scheme or be limited to a cheaper cost than private finance	No further contribution beyond CIL / Tariff is made by the private sector

6.17 The current financial climate has meant that any use of Central Government funding will be Normally challenged. There has however been some appetite for this approach in the last few months. HCA, CLG and HM Treasury have shown a keen interest in an investment approach along these lines to be repaid from external revenues flowing to a delivery body.

Private Developers Funding

6.18 In this scenario Private Developers would provide the funding for the infrastructure works at the outset and would repay the debt over time from development profit. The repayment of infrastructure funding from development profit would have to be taken into account for the CIL / Tariff, with the charge levied being reduced appropriately. Table 17 identifies the advantages and disadvantages of the private developer funding approach.

Table 17: Advantages and Disadvantages

Advantages	Disadvantages
There is no cost to the Local Authority for funding the mismatch between CIL / Tariff receipt and funding cost, instead this would fall on private developers	Private developers would likely seek a guarantee from the Local Authority over the CIL / Tariff repayments to de-risk the investment for the private sector. As a result the Local Authority are taking the risk on CIL / Tariff payment
Potentially risk on CIL / Tariff receipt is being taken by private developers instead of the Local Authority or Central Government, however, it is likely that the developer would seek to share or transfer this risk to the public sector	The cost of the borrowing is likely to be higher than that achievable from the Local Authority or central government, thus making the scheme more expensive

6.19 This approach may be an alternative option depending on the size and viability of the scheme and the level of risk being taken by the developer. There have been developments similar in nature to this brought to market in 2010, however, developers have been more likely to share risk by asking the Local Authority to provide a guarantee against a portion of CIL / Tariff receipts thus limiting the private partners exposure. This has yet to be investigated in the area but should be considered with

significant developers where major development proposals are envisaged through the Joint Core Strategy.

European Funding

6.20 A number of potential European funds have been established to help fund infrastructure development. Schemes such as the Regional Investment Fund for Wales and schemes in the Midlands and London have utilised JESSICA funding from the ERDF funding pot to help kick start development by the forward funding of infrastructure. These schemes utilise funding placements from a central fund into public / private sector led schemes for development. The funding is placed as a loan or potentially equity finance that is repaid over time from the development. The advantages and disadvantages of this additional source of funding are detailed in Table 18 below. Funding in this area in the current climate is less likely as there is no JESSICA fund currently being developed in the area.

Table 18: Advantages and Disadvantages

Advantages	Disadvantages
This is a potential additional source of funds for the development of infrastructure in the early years of the Joint Core Strategy, although repayment terms would mean this cost falls on the scheme, although at a lower rate than commercial debt	The availability of European funding has significantly declined in recent years and it is unclear what would be available in the area
	The cost of the borrowing is likely to be higher than that achievable from the Local Authority or Central Government, thus making the scheme more expensive in the long term as borrowings are repaid
	The risk of CIL / Tariff receipt remains with the Local Authority

Conclusions

6.21 The most attractive and available option for forward funding is likely to be Local Authority-led with the constituent authorities joining together to provide funding from local prudential borrowing that will be repaid from CIL / Tariff receipts.

6.22 In reaching this conclusion we have held discussions with the majority of the Finance Directors from the constituent authorities. These discussions have highlighted a willingness to source prudential

borrowing for infrastructure schemes provided clear repayment strategies are put in place utilising CIL / Tariff receipts. There were various views on the interest cost in the early years that would need to be borne, but this was seen as a relatively minor issue compared with the principal repayments that could be addressed through a change in MRP policy.

Addressing the Shortfall

6.23 The quantum of funds collected from CIL / Tariff will not meet the full costs of infrastructure needed in the area. The historic level of Section 106 payment, compared with the level of CIL / Tariff that would be required to meet all infrastructure costs, mean that a full CIL / Tariff levy to cover all infrastructure funding costs would stall, or significantly reduce development, and the resulting income stream. On this basis it is appropriate to consider how the financial shortfall might be bridged.

6.24 In addition to revising the infrastructure needs assessment it is crucial to analyse what alternative sources of funding there are to help increase the potential funding pot that can be used to deliver infrastructure. In this section we analyse the potential opportunities in two areas:

- **Alternative sources of funding** – an assessment of the more traditional sources of funding and their availability for infrastructure projects; and
- **Wider solutions** – which highlights other potential initiatives that could be used to help pay for infrastructure need.

Alternative Sources of Funding

6.25 Table 19 highlights the potential alternative sources of funding that could be used to meet infrastructure needs and provides an assessment of the likelihood of their application for Broadland, Norwich and South Norfolk.

Table 19: Potential Alternative Funding Sources

Option	Explanation	Assessment
Capital receipts	Where Authorities have capital assets that are surplus to operational requirements there is the potential for these to be sold and applied to finance capital expenditure. In realising funds through the sale of capital assets, there is a sense in which the 'family silver' is being sold. Opportunities should be taken, where possible, to reinvest in land for future operational and investment opportunities. The Council is uniquely placed to take a view on future development opportunities and to use its influence and financial resources to assemble sites and to bring opportunities to market. It has to be recognised that capital receipts are not "free". They involve giving up Council assets though if they finance higher value assets the net position can be favourable. It also has to be recognised that the capital receipt may be derived from the disposal of a revenue generating asset. In such circumstances there is a direct revenue cost.	The Authorities in question generally do not have significant assets that are surplus to requirements and whilst there may be some opportunities for asset realisation and reduction these disposals are unlikely to be significant enough to contribute to the infrastructure needs. Indeed a number of these are potentially being used to address the efficiency targets of the Authorities that are already in progress. Further work could be performed in this area to establish whether there are any other accommodation rationalisations that could contribute.
Borrowing	The Council can borrow from a number of sources. Most commonly from the Public Works Loan Board (PWLB) or	Whilst PWLB borrowing is cheap the Authorities need revenue headroom to cover the borrowing repayments throughout the term of borrowing.

Option	Explanation	Assessment
	through the financial markets. Interest rates are currently at their lowest levels for decades and therefore PWLB short dated rates are also at very low levels, at the time of writing rates vary from under 1% for one year and under 4.25% for long term money.	Discussions with FDs have shown that whilst the Authorities generally have the headroom to borrow they do not have the revenue headroom to repay borrowing, and indeed are facing challenging revenue savings just to continue operating services at their current level. Therefore borrowing to cover this investment need will be challenging in the current authorities context
Sale and Leaseback	The Council sell assets to an investment body and then leases them back. The rates for the lease back will depend on the nature of the building Typically rates of 5.75% are currently being offered increasing with inflation. The Council could set aside any receipt to offset MRP liability or fund capital expenditure on infrastructure assets The Council could use the receipt for other capital purposes without attracting an MRP liability. This could be on short life assets which would otherwise attract a higher proportionate MRP charge.	This is an option for the authorities in generating capital receipts that could be utilised to fund infrastructure works. There is clearly however still a cost in moving to a lease payment mechanism as lease payments would be through the revenue account. This makes the option dependent upon achieving a suitable revenue headroom for the Authorities.
Government, European and other Grants	Capital grants represent project specific funding for capital projects from Government or the EU. This could be received from quasi-government sources or other national organisations. In developing capital proposals the Council will always seek to maximise such external contributions, subject to any related grant conditions not being	The current financial climate has led to a dramatic drop in grant funding available from central government and quasi-government sources. The dramatic fall in funding available through the HCA, RDAs and Central Government departments has led to the cancellation of schemes as varied as Building Schools for the Future, new playground developments and transport

Option	Explanation	Assessment
	inconsistent with the Council's policy aims and targeted outcomes. Frequently such funding, which enhances the Council's investment capacity, will also be linked to match funding arrangements. Iconic capital schemes, even those with 100% grant aid, can become a revenue burden on the Council and it is important to take account of the whole life costs in making the decision whether or not to proceed with a specific project.	infrastructure. As a result it is unlikely that Central Government funding will be directed towards schemes in the short term unless a clear exceptional case can be made.

6.26 What is clear from this assessment is that the decline in the level of public grant available for development and regeneration, coupled with the current challenging financial environment, have significantly reduced the potential for this funding to be available to the authorities. While there may be some additional funding available from these approaches, there is unlikely to be a significant contribution to the considerable infrastructure bill for the area. Instead it is necessary to examine some more alternative approaches to the generation of funding.

Alternative Funding Solutions

6.27 The infrastructure funding challenge is one that has become acute in the recent economic climate. As a result a number of different approaches have been developed to try to solve the dilemma of how major development can be unlocked by paying for infrastructure provision. In this section we consider the key options and provide a high level assessment of the potential for their usage within Broadland, Norwich and South Norfolk.

Delivery Vehicle / PPP

6.28 The use of a partnership approach to develop a pipeline of sites across an area is a popular potential route that is being pursued by a number of organisations in the current economic climate. The approach of using an asset backed vehicle is one that has been promoted recently in the public sector with high profile vehicles such as Croydon Council's Urban Regeneration Company being established. This type of joint venture partnership has been used to harness the value of the public sector's land holdings to bring in matched private investment from a development partner to help fund developments on the Council's land

6.29 Through this approach the Council invest the land at value in to a vehicle which is matched by a cash investment from the partner. The site is then developed together through the vehicle by leveraging development capital using the public sector assets. The profits are then shared between the two parties or reinvested in further schemes.

6.30 A joint venture such as this is often used to develop a programme of sites utilising the profits from one to help fund another and to maximise the skills and resources from the two parties to deliver long term regeneration. Through this approach it is possible to fund additional infrastructure works for the sites as the financial viability is improved by the Council's approach to land value and the Partners reduction in level of return that can be afforded from the guarantee of a pipeline of development.

Case Study – Croydon Council Urban Regeneration Vehicle (CCURV)

CCURV was developed in order to deliver a major new public service delivery hub, and develop initial development schemes and subsequent future projects within Croydon in a way which allowed more strategic development, ensuring the sustainable regeneration of key strategic sites and allowed greater flexibility in the use of any funds generated from the portfolio.

The Council wished to procure a strategic development partner to form a joint venture property partnership to take forward and develop out a mixed use development portfolio with a potential gross development value in excess of £450 million and to address the accommodation requirements of the Council over the short, medium and long term. They therefore signed a partnership with John Laing to deliver development through a joint venture company over a 25 year period.

This partnership allows them to utilise the value of the sites they own to incentivise an injection of private sector equity and funding to develop infrastructure and development sites throughout the Borough in an integrated strategic way thus addressing infrastructure requirements, regeneration objectives and providing financial return to the Council.

Application

6.31 This approach would allow the authorities to bring in pockets of infrastructure funding through the private sector as part of an integrated programme of development on strategic sites around the area. This approach relies on the use of public sector land that can attract private investment. Initial discussions with the constituent Authorities have shown that whilst there are some significant land holdings in individual authorities there is little that has to date been identified as having potential for partnership development. There are therefore currently few opportunities to leverage in private sector finance.

Shadow Toll

6.32 The Shadow Toll mechanism is one that has been used extensively across Europe and North America. In essence Shadow Tolls are payments made by Central Government to a private sector builder / operator of a road based predominantly on the number of vehicles using the road.

6.33 Historically this has been delivered through a PFI type structure where the system of shadow tolling provides the revenue for privately-funded road schemes for a Design, Build, Finance and Operate (DBFO) contract. The mechanism allows Central Government to spread payments for infrastructure over a longer period of use rather than up front for development, with much of the development risk being taken by a private sector partner.

6.34 Advantages of this system include the elimination of the need for drivers to pay tolls directly, thus avoiding toll collection costs and the private sector take much of the risk for design build and operation from the public sector

Case Study – A1(M) Alconbury to Peterborough

The A1(M) widening between Alconbury and Peterborough was one of the first privately financed road contracts let by the Highways Agency.

The private company (RMS) were responsible for raising finance of £128m to construct, operate and maintain the motorway for a period of 30 years. In return they receive payments from the Highways Agency in the form of a "Shadow Toll" relative to road usage. There is no direct toll payment by the road user.

RMS are currently assisted in the day to day management of the maintenance operations by Mouchel Parkman with Ringway Infrastructure Services carrying out maintenance work under a term contract arrangement.

The Highways Agency retains ownership of the road and has appointed consultant Atkins to monitor RMS performance as Department's Representative.

Application

6.35 This approach may be attractive to the authorities if Central Government can be approached to contribute to the funding of road infrastructure over time. This would address the immediate pressures on capital expenditure being experienced by Central Government by helping spread costs over a 30 year period, whilst limiting the costs required from the CIL / Tariff charge.

Hypothecated increase in Council Tax

6.36 Hypothecation of Council Tax has been considered and implemented by a number of local authorities based on a limited increase in Council Tax specifically to help fund new infrastructure development.

6.37 The Authority includes an increase in Council Tax that is ringfenced specifically for infrastructure provision in the local area. This is set as an increase for a defined period, therefore demonstrating a long term commitment to the delivery of enhanced infrastructure. This income stream can then be used either for direct delivery or to be securitised to borrow prudentially to fund the additional provision.

6.38 This is clearly a political decision that needs to be in line with the authorities' strategic approach to service delivery. However, it has proved to be an effective tool, particularly when combined with a suite of other approaches such as Asset Backed Vehicles and prudential borrowing.

Case Study – Croydon Council

Croydon Council included a 1.9% increase in their Council Tax from 2009/10 which was hypothecated for new capital development projects. There was a demonstrable need for significant capital investment across the Borough, including enhanced infrastructure, as a result the decision was taken to hypothecate the increase.

The local taxation policy for the Council is one of limiting Council Tax increases to less than 4% each year over the term of the current financial strategy. In 2010/11 the overall increase by the Council represented the lowest Council Tax increase in Croydon since the introduction of the Council Tax source of local funding, indeed the level of council tax paid by Council residents is the 7th lowest for the outer London authorities.

However, the infrastructure need was deemed to be so acute that the hypothecated increase was justified to members and the increased revenues used to support a suite of developments through prudential borrowing. The Council has taken an integrated diverse approach to infrastructure provision by utilising the hypothecation approach alongside other initiatives including the first asset backed vehicle in the public sector top deliver new civic accommodation, housing and other public and private development.

Application

6.39 Ring-fenced funding would flow from the authorities to the appropriate delivery agencies or Delivery Vehicle if one is established to form a fund for the delivery of infrastructure projects over time. There would need to be a commitment from all authorities to take this decision locally and agree it through the elected members. It would then need to be either applied consistently across the entire area in order to deliver the funding necessary or a decision could be taken to differentiate increases between authorities. This could prove challenging for those authorities who are host to the largest infrastructure projects despite them benefiting the entire area.

New Homes Bonus

6.40 The new Coalition Government has announced its intention to introduce the "New Homes Bonus" an initiative drawn from the Conservative Party election manifesto. Grant Shapps MP wrote to all local authorities announcing the formal launch of the scheme under which Councils that build new houses will receive six years' worth of matched Council Tax funding for every new property.

6.41 The scheme involves a transfer of funds from within the £29bn Revenue Grant account to reward those where more homes are built. It has yet to be made clear whether this would continue to be revenue funding or a capital grant. This will be critical in establishing what authorities could do with the money and therefore the importance and relevance to the growth proposals. The six year revenue stream is guaranteed for each home built and can be utilised to support borrowing for future infrastructure needs and contribute to increasing the potential pot for infrastructure delivery over and above that generated by the CIL / Tariff. .

Alternative Value Capture (TIF / ADZ)

6.42 CIL / Tariff is one approach to securing an income stream from the uplift in value delivered by development. There are others that are currently being reviewed that fall in line with the "Tax Increment Finance" (TIF) approach popular in North America and various parts of Europe.

6.43 TIF is a tool to use future increases in tax revenue to finance current improvements in infrastructure, which theoretically will create the conditions for those future gains. When a public project such as a road or school is delivered, there is often an increase in the value of surrounding property, and perhaps new investment as well as bring in new tax payers.

6.44 This increased site value and investment generates increased tax receipts. The increase is the "tax increment". Tax Increment Financing dedicates tax increments within a certain defined area to finance debt issued to pay for the project or infrastructure needed. In theory therefore the TIF creates funding for public projects that may otherwise be unaffordable to localities, by borrowing against future tax revenues. On this basis it is an appropriate additional model to consider where

the Joint Core Strategy proposes significant new job creation and the need to construct new employment and retail floorspace that attracts a rateable value.

6.45 In the UK the TIF approach has been blocked by the current tax laws in place. At present all Business Rates are collected locally but pooled nationally and as a result there is no way to ringfence a local increment in value to retain over a long time period thus allowing funds to be raised by securitising this revenue.

6.46 In the US the tax that can be captured includes all taxes paid locally including sales taxes, Council Tax and Business Rates equivalents and other local state taxes. In the UK this would require fundamental changes to all of these tax regimes, something that is unlikely to be considered.

6.47 In August 2010 Grant Shapps MP expressed the new Coalition Government's commitment to a TIF style approach, particularly based around Business Rates in line with the Accelerated Development Zone (ADZ) pilots, and that councils could shortly receive "substantial extra funding' for future local growth" and that "a package of changes to local business rates is imminent". This support has more recently been confirmed by Nick Clegg MP speaking at the Liberal Democrats conference.

Case Study – Birmingham Coventry and the Black Country

Birmingham, Coventry and the Black Country have been pursuing the TIF approach to deliver a range of road and public transport improvements totalling over £1 billion that would stimulate economic and housing growth through the heart of the City Region. The package includes improvements to motorway junctions, highway infrastructure to open up development areas, highway and related projects in the city centre, a tram line and a major new centre in the heart of the Black Country.

The TIF approach is now being considered as part of the ADZ pilot in the area. This pilot was initiated by the City and has received broad support from the Government to date.

Application

6.48 The TIF model approach has a good alignment to the objectives of the area expressed through the Joint Core Strategy. The levels of job creation and therefore the requirements for new floorspace attracting a Rateable Value to be developed would result in a significant opportunity to capture enhanced value from the Business Rates collection in the area as well as through a CIL / Tariff levy. This would provide an enhanced income stream to support funding of the infrastructure projects in question.

7. CONCLUSIONS & RECOMMENDATIONS

Introduction

7.1 The CIL / Tariff Viability Assessment is intended to establish an understanding of the approach, evaluation and implications of establishing a Community Infrastructure Levy to fund necessary infrastructure in support of future growth. The CIL / Tariff Viability Assessment forms an evidence base to support planning policies set out in the Joint Core Strategy.

7.2 The timing of the CIL / Tariff Viability Assessment coincides with a significant downturn in the national and local housing market coupled with a sustained economic recession that has followed from a period of significant market growth. The authorities face a dilemma. How to encourage the levels of future growth envisaged by the Joint Core Strategy whilst ensuring that the necessary infrastructure and affordable housing is delivered in tandem? This to be carried against a background of public sector capital and revenue funding cuts, and difficulties in the private sector, especially for the development of new housing and commercial accommodation.

7.3 The conclusions and recommendations in this section address this context, but also the underlying economic and policy drivers which point towards a medium and long term need for residential and economic development in the area for which a CIL / Tariff can play a valuable role in funding infrastructure.

Conclusions

The Development Market Context

7.4 Setting a Community Infrastructure Levy must take account of the area's market context. For both residential and commercial development the market remains fragile and subject to volatility as a result of the economic recession affecting demand. There have been some periods of relative, short-lived market stability but little that in Q3 2010 represents clear signals of a sustained market recovery.

7.5 Land values have witnessed a decline since mid-2007 as landowner expectations of value have been affected by the recession and implications of the slow down in demand. Values for potential residential land have also been somewhat artificially supported by the availability of NAHP grant which will be less easily available in future.

7.6 Nevertheless, against this backdrop the long term demographic fundamentals of an increasing population and acute affordable housing need coupled with the need to create modern, high quality business floorspace and retail facilities supports the character and scale of growth envisaged. In turn this supports underlying long term land value expectations and helps demonstrate the policy environment is conducive to the delivery of new development to meet fundamental market demands.

7.7 Commercial market demand for business and employment floorspace remains sensitive to the national and regional economic situation. It is a fragile position that shows slow signs of recovery in terms of demand and the values achievable. The area as a whole and particularly the City itself are well positioned to act as a catalyst for future economic growth. This will capitalise on economic recovery with the City's primacy within its sub-region and its alignment to the knowledge, education and health sectors. The demand will be for higher quality, more adaptable and well located employment floorspace, whether office, industrial or warehousing. The Joint Core Strategy makes provisions to support this demand over the lifetime of the plan and in so doing assists in supporting a long term view of demand for floorspace.

CIL / Tariff Viability Assessment

7.8 Testing the various Development Typologies through the CIL / Tariff Viability Assessment shows that the introduction of a CIL / Tariff charge is achievable for the majority of future development schemes under normal market conditions.

7.9 The viability assessment for residential developments shows that the suggested CIL / Tariff chargeable for residential development in the four Market Value Areas would ensure that at least 20% of Affordable Housing would be delivered in all locations. This level is the worst case scenario as it assumes no NAHP grant; however there is every chance that housing support will continue even though it was reduced in the CSR in November 2010. This means the level of affordable housing could increase accordingly in such situations.

7.10 For commercial schemes, retail development, particularly convenience retail scheme, show the greatest opportunity to contribute to CIL / Tariff viably; office and industrial development schemes far less so under normal market conditions.

7.11 The effects of changing construction costs and particularly rising standards of sustainability driven by CSH and BREEAM standards have a significant impact on development viability where the higher standards are applied (CSH Levels 5 and 6). There is a similar impact when NAHP grant availability is modelled.

7.12 Provided the effects of introducing CIL / Tariff do not result in a reduction in land values of more than 25% it is our view that landowners will not ultimately withhold their land from the development

market beyond the immediate period when CIL / Tariff is introduced. Where land value is affected by a greater proportion it is concluded that landowners will reasonably seek alternative uses for their land or will withhold from it from development.

7.13 Overall, while development viability for many schemes is currently challenged, the long-term development objectives of the Joint Core Strategy coupled with a time-lag to the actual implementation of CIL / Tariff provides a period during which market conditions and values are expected to normalize and the CIL / Tariff accepted provided landowners and developers garner the benefits to their development schemes.

Setting CIL / Tariff

7.14 There is a balance of judgment to make in setting the CIL / Tariff charge at the appropriate level. Government guidance is clear that the CIL / Tariff charge should not be set at the limits of development viability to avoid stalling development activity; equally it should not be set out too low a level as to fail to secure the necessary contributions to infrastructure funding.

7.15 The viability testing undertaken shows a wide degree of variability in the ability of different development forms of development to accommodate a CIL / Tariff charge viably under normal market conditions and across different Market Value Area geographies.

7.16 Given that the CIL / Tariff, once set, is non negotiable, the onus will be with the local authorities to demonstrate that they have not set the levy at a level that causes development activity to stall or cease. Equally, landowners and developers will have a desire to ensure that new infrastructure is properly planned and delivered to time benefiting their own schemes; their CIL / Tariff contributions will go a substantial way in assisting this. A publicly available annual monitoring and progress reporting mechanism will provide clarity in terms of the use and achievements of CIL / Tariff.

7.17 Nevertheless, in normal market conditions, there is evidence of development viability including a CIL / Tariff charge. Coupled with the long term growth plans of the Joint Core Strategy and the underlying housing and economic demand fundamentals there is a supportable case to introduce CIL / Tariff, provided the local authorities consider opportunities for flexibility in terms of affordable housing and other contributions that would still accrue through S106 negotiations. It is also imperative that there is an early review of the charges, particularly for retail and commercial schemes, following an initial operating period of 2-3 years during which the CIL / Tariff impacts can be further evaluated and market conditions updated.

Overall CIL / Tariff Contributions and Additional/Alternative Funding Sources

7.18 CIL / Tariff revenues, to some £408m could be generated in the period up to 2026 if a 20% Affordable Housing contribution (with no NAHP grant) is anticipated. Setting the CIL / Tariff on the basis of a 40% Affordable Housing contribution (assuming no NAHP grant) will give a lower estimated total revenue of some £195m from residential, commercial and retail developments in the period to 2026; Table 12 sets out the details. The contribution to be secured from retail schemes is limited by the total number of such developments that are likely to be developed over the lifetime of the Joint Core Strategy. There is much less that will accrue from commercial office or industrial developments due to their challenged viability and market fragility challenges.

7.19 This represents a significant addition to the levels of S106/S278 secured through developer contributions in the past, but does not completely fulfil the financing requirements for future transport and community infrastructure, nor resolve the timing of CIL / Tariff payments with the up-front investment required to deliver major items of new infrastructure. Further refinement of the infrastructure needs and costs by the authorities will be required alongside the consideration of additional and alternative funding sources.

7.20 On this basis we conclude that, while a CIL / Tariff has a very significant contribution to make in achieving the development objectives of the Joint Core Strategy, the constituent authorities will need to examine additional and alternative funding mechanisms that provide a sustained ability to fund infrastructure.

7.21 Our review of such funding sources and mechanisms draws out the challenges faced by both public and private sectors in the immediate period in securing debt or equity finance for new infrastructure up-front. A range of sources are considered from Central Government, local authority prudential borrowing to European funding. Each have advantages and disadvantages, however we conclude that the most attractive and practical approach is likely to be joint Local Authority-led prudential borrowing repaid from CIL / Tariff receipts.

7.22 Additional funding opportunities examined here to address the infrastructure funding shortfall have included: the establishment of an Asset Backed Vehicle or PPP; the use of shadow tolls; hypothecation of Council Tax for infrastructure funding; the opportunity presented by the New Homes Bonus scheme; and the Tax Increment Financing approach. Each has strengths and weaknesses and all would require a significant degree of detailed testing beyond the scope of this commission and would need wide political support if any are to be utilised in Broadland, Norwich and South Norfolk. Nevertheless we conclude that there is particular merit in detailed exploration of the TIF model and the extent to which an Asset Backed Delivery Vehicle could also be established to support this.

CIL / Tariff Governance and Administration

7.23 There is a wide spectrum of CIL / Tariff governance and organisational structures that could be put in place. This commission has been asked to consider the merits of a simple approach such as a Memorandum of Understanding alongside more involved and complex structures such as a Joint Committee or indeed a comprehensive CIL / Tariff Delivery Vehicle.

7.24 Our conclusions are drawn on the basis of the balance of judgment between ensuring clarity and transparency in CIL / Tariff governance and operation with the need to reflect the complexity and accountability responsibilities for very significant capital sums across a large area where extensive levels of development are envisaged.

7.25 We conclude that a Memorandum of Understanding approach will be insufficiently formal or binding on the local authorities and that the creation of a formalised Joint Committee or CIL / Tariff Delivery Vehicle, will provide the necessary separation, formality and operational independence to govern the collection, use and expenditure of CIL / Tariff funds across the area. In reaching this headline conclusion we note that further consultation, legal and management/operational advice will be required before a final decision can be reached.

Recommendations

7.26 Our recommendations are:

R1. **Adopt a CIL / Tariff based on normal market conditions without NAHP Grant** – The local authorities should adopt a CIL / Tariff based on normal market conditions on the basis that the time lag between this viability assessment and the adoption and implementation of the CIL / Tariff charging regime may be several years. It is appropriate to adopt this approach on the basis that short-term development viability and delivery challenges will have been overcome as market conditions improve. A long term outlook and approach to the CIL / Tariff is appropriate given the scale and nature of the future growth proposed and our recommendation to undertake an early CIL / Tariff charge review in 2015 post implementation. The recommended CIL / Tariff levels are set out in the following tables.

Table 20 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

Table 21 Tariff per unit type Base on CIl / Tariff Levels per Sq M

Market Value Area	Central	Inner	A11	Outer
1 Bed Flat	£11,400	£8,500	£9,900	£4,300
2 Bed Flat	£14,700	£11,000	£12,900	£5,500
2 Bed House	£17,200	£12,900	£15,000	£6,400
3 Bed House	£20,700	£15,500	£18,100	£7,800
4 Bed House	£23,600	£17,700	£20,700	£8,900
5 Bed House	£26,700	£20,000	£23,400	£10,000

Table 22 Recommended Commercial and Retail CIL / Tariff Charges

	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

R2. **Adopt and operate the CIL / Tariff based on the defined Market Value Areas** – The authorities should adopt a Community Infrastructure Levy that reflects the ability of developments in different areas to make varying levels of contribution. We have suggested four Market Value Areas for residential development schemes and three Market Value Areas for the

commercial and retail schemes. These represent an appropriate balance between land and sale values with the proposed spatial distribution of future growth. The local authorities should work collectively to define and confirm the precise boundaries for the Market Value Areas.

R3. **Establish an early CIL / Tariff charges review in 2014/15** – The authorities should conduct an early review of the CIL / Tariff charge rates in the 2014/15 financial year after the adoption of the initial CIL / Tariff Charging Schedule. The CIL / Tariff Regulations explicitly make no provisions as to when or why authorities should revise the charging schedule. To encourage the ability of the charging schedule to respond to market changes, the Government has stated that it will encourage authorities to avoid setting CIL / Tariff charges at the very limit of viability, so that they can respond to regular market variation without necessitating a formal revision. The charge will be index linked to the BCIS All-in-Tender Price Index. The 2014/15 financial year is recommended on the basis that there will then be evidence as to how the local market, landowners and developers have responded to changing economic and housing market circumstances and to the implementation of the CIL / Tariff charging mechanism. It will also allow a suitable period of time to evaluate the implications of current public funding cuts and for other additional and alternative funding mechanisms to be adequately explored.

R4. **Provide clarity and certainty over in-kind contributions in lieu of CIL / Tariff** – CIL / Tariff Regulations 73 and 74 make specific arrangements for payment in-kind. The authorities should ensure clarity and certainty over the role and conditions under which in-kind and in-lieu CIL / Tariff contributions including land transfers and developer costs for works within the CIL / Tariff schedule will be acceptable. The CIL / Tariff Regulations provide the opportunity for transfer of land where the CIL / Tariff charge exceeds £50,000. The land has to be independently valued (its open market value), and the developer will receive the equivalent cash offset from the CIL / Tariff charge. The arrangement must be entered into before the development is begun, and can only be made by the person who has assumed responsibility for making the CIL / Tariff payment. The land should, if possible, be used for a relevant purpose i.e. for the provision of infrastructure.

R5. **Adopt the Joint Committee or Delivery Vehicle model approach to the organisation of CIL / Tariff** - Examination of organisational options and the scale and characteristics of future growth in the area suggests that a Joint Committee or Delivery Vehicle route is the most appropriate.

R6. **Establish a programme of CIL / Tariff profile raising to improve clarity, confidence and coherence** – The authorities need to bring forward a clear and coherent programme of information on what and how the CIL / Tariff will operate and its benefits to the programme of future growth in order to support the underlying policy framework. A publicly available annual monitoring and progress reporting mechanism will provide clarity in terms of the use and achievements of CIL / Tariff.

APPENDICES

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APPENDIX A1: INFRASTRUCTURE THAT CAN/WILL BE FUNDED THROUGH CIL

Community Infrastructure Levy – Draft Options for Infrastructure to be included in CIL[1]

Community Infrastructure Levy (CIL) and S106 Obligations split – Discussion Note - May 2010

Note by Stephen Faulkner – Principal Planner (Norfolk County Council)

Infrastructure to be funded, or part funded, through CIL	Infrastructure and other items to be funded through S106 Obligations; S278 of the Highways Act; or through Planning Condition
Strategic Transport - It could also include funding towards strategic transport infrastructure such as Norwich Northern Distributor Road (NDR); Long Stratton Bypass, Park and Ride; green travel planning and rail infrastructure (e.g. new rail station). Other items may include: offsite generic / non specific infrastructure e.g. bus priority schemes, market town cycling and walking schemes and local road schemes. Other funding sources would also be expected.	**Site Specific Highway works** (S106 and/or S278 agreements) - e.g. underwriting of necessary transport services or contribution to relevant programmed schemes to mitigate direct impact of development (i.e. on-site works). This might include, for example, site access, necessary junction improvements, public transport provision and other walking and cycling initiatives associated with a particular development.
Education – Covering the provision of education, which the Local Authority has a statutory responsibility to provide (5-16 years). In addition it will include the provision of pre-school (3-5 years – e.g. Play Group, Children's Centres and Nursery Provision) infrastructure and provision of 16-19 places (e.g. sixth forms and sixth form colleges). Land would not be dealt through CIL and would negotiate separately through the S106 process.	**Land transfer** – this will typically need to be dealt with through the S106 process, where land is required in association with a specified type of infrastructure e.g. a new school, community building etc. Even if land is transferred at a cost to the Local Authority (i.e. using CIL funds to purchase the land), it would still need a S106 to secure the transfer of land. Further investigation on land transfer issues will be needed.
Community Infrastructure – This might include provision of community centres, libraries, new or improved council buildings.	**Community Groups** - Contribution towards the administration and set up of local community groups.
	Maintenance Payments– As CIL deals specifically with capital works, S106 agreements would be needed for contributions to pay for maintenance payments.

[1] t/faukner/gndp/gndp cil/cil scoping paper May 2010 V2

Emergency Services (Police, Fire and Ambulance) –e.g. New police, fire and ambulance stations needed as a consequence of cumulative planned growth.	**Fire Hydrants** – As these are on-site requirements, needed as a direct consequence of the development, these can continue to be dealt with through planning condition. The designing out of crime would need to be covered through the planning application.
Sport and Play Provision – this might include: Play areas, recreational open space and green spaces; swimming pools; indoor sports halls etc.	**Land transfer as above**
	Affordable Housing – This will continue to be delivered through S106 agreements. Plus accessible and special needs housing.
	Public Right of Way – where new development is likely to have an impact on PROW, this will require suitable mitigation.
Green Infrastructure Initiatives – This might include provision of more strategic level infrastructure e.g. open space/parkland; natural and semi natural, informal/amenity, open space, outdoor sports facilities, allotments and community garden, riverside walks.	**Historic environment –** developers will be required to meet the costs of protecting or examining and recording the historic environment. This will include archaeological remains, historic buildings and other landscape features. **Maintenance Programme** - Woodland and other land management e.g. biodiversity.
Waste Recycling – This might include provision of household waste recycling facilities and waste management initiatives.	
Climate Change Infrastructure – this would include any required contributions towards the: (a) Carbon Offset Fund - Such a fund will be used to improve energy efficiency in existing homes as well as the following projects, for example renewable energy (including District Heating); energy conservation and flood alleviation. (b) Low Carbon Infrastructure Fund – to fund renewable energy infrastructure required on major sites.	S106 for the provision of contractually linked off-site renewables.
Public Realm improvements - e.g. street signage, street furniture, greening initiatives in town centres etc.	
Strategic Public Art Projects – including provision of a Concert Hall.	**Local Public Art** – continue with seeking a % for Art where directly linked to the development
Healthcare – the provision of new hospitals, doctor & dental surgeries and “drop-in” clinics etc. This is expected to be largely covered by central government funding streams as this has not previously been dealt with through planning. However, further discussion with PCT may be required to clarify funding streams.	
Flood Defence – this might include various flood	

alleviation projects in specific towns. However, the funding of such projects would be expected to be derived from central government sources through the Environment Agency.	
Utilities – e.g. **Gas, Electric and Water**. These would be expected to be provided for the most part through the private utility companies (i.e. through their AMPs). In relation to water infrastructure it is expected that: (a) waste water treatment will be dealt with by the water companies (AMPs); (b) waste water transmission will be dealt with partly by the water companies (AMPs) and partly by the development industry needing to fund infrastructure. CIL may be needed to pick-up some of these infrastructure requirements.	
Economic Development Initiatives – For example the provision of starter business units; assistance with the provision of Broadband.	**Other Economic Development** - Contribution towards the skill training or other employment initiatives.

APPENDIX A2: SCHEDULE OF DRIVERS JONAS DELOITTES & GVA GRIMLEY ASSUMPTIONS

	Drivers Jonas Deloitte			GVA Grimley	
RESIDENTIAL	**WEAK**	**NEUTRAL**	**STRONG**	**RECESSION**	**NORMAL**
Code for Sustainable Homes	Not set out in Report			Level 3 (private) Level 4 (affordable)	Level 6 (private & affordable)
Affordable Housing Split	20% 30% 40%	20% 30% 40%	20% 30% 40%	20% 30% 40%	20% 30% 40%
Tenure Split (Soc rent: Intermediate)	85:15, 70:30, 60:40	85:15, 70:30, 60:40	85:15, 70:30, 60:40	70:30	70:30
Grant Assumption	No Grant, 100% Grant & Grant on Social Rent Units only	No Grant, 100% Grant & Grant on Social Rent Units only	No Grant, 100% Grant & Grant on Social Rent Units only	No Grant With Grant	No Grant With Grant
Ground Rents	£0	£0	£0	£250 per annum (6.5% yield)	£250 per annum (6.5% yield)
Planning Cost	£300 per unit	£300 per unit	£300 per unit	n/a	n/a
Contingency	5%	5%	5%	5%	5%
Professional Fees	12%	12%	12%	10% 12% (Scheme 6,7,8)	10% 12% (Scheme 6,7,8)
Finance Rate	6.5%	6.5%	6.5%	6.75%	7.5%
Profit	25% on Cost	20% on Cost	17.5% on Cost	20% on GDV	17.5% on GDV
Build Costs Per Sq M	**Base Build Cost:** £1,040 - £1,190 **CSH Level 4:** +£7,000 (per unit) **CSH Level 5:** +£27,000 (per unit)	**Base Build Cost:** £1,040 - £1,190 **CSH Level 4:** +£7,000 (per unit) **CSH Level 5:** +£27,000 (per unit)	**Base Build Cost:** £1,040 - £1,190 **CSH Level 4:** +£7,000 (per unit) **CSH Level 5:** +£27,000 (per unit)	£861 - £1,076	861 - £1,076
Value Areas £ per Sq M	**Norwich, Base:** £1,750 - £3,250 **South Norfolk, Base**: £1,500 - £2,500 **Broadlands, Base**: £1,500 - £2,500	**Norwich, Base/Refined:** £1,750 - £3,250 **South Norfolk, Base/Refined**: £1,500 - £2,500 **Broadlands, Base/Refined**: ££1,500 - £2,500	**Norwich, Refined:** £2,250 - £3,250 **South Norfolk, Refined**: £2,000 - £2,500 **Broadlands, Refined**: £2,000 - £2,500	**Central**: £2,150 (£200 per sq ft) **A11 Corridor**: £1,940 (£180 per sq ft) **Inner**: £1,780 (£165 per sq ft) **Outer**: £1,615 (£150 per sq ft)	**Central**: £2,600 (£240 per sq ft) **A11 Corridor**: £2,370 (£220 per sq ft) **Inner**: £2,250 (£200 per sq ft) **Outer**: £2,010 (£185 per sq ft)

	Drivers Jonas Deloitte			GVA Grimley	
Existing Use Values Per Hectare	**Brownfield, High:** £1.725m **Brownfield, Mid:** £1.15m **Brownfield, Low:** £0.575m **Greenfield, Allocated:** £0.5m - £0.75m **Greenfield, Unallocated:** £0.1m	**Brownfield, High:** £1.725m **Brownfield, Mid:** £1.15m **Brownfield, Low:** £0.575m **Greenfield, Allocated:** £0.5m - £0.75m **Greenfield, Unallocated:** £0.1m	**Brownfield, High:** £1.725m **Brownfield, Mid:** £1.15m **Brownfield, Low:** £0.575m **Greenfield, Allocated:** £0.5m - £0.75m **Greenfield, Unallocated:** £0.1m	**Central**: £0.5m **A11 Corridor**: £0.21m - £0.25m **Inner**: £0.21m - £0.25m **Outer**: £0.2m	**Central**: £0.5m **A11 Corridor**: £0.21m - £0.25m **Inner**: £0.21m - £0.25m **Outer**: £0.2m
Marginal Sites	Between EUV & benchmark			25% below Benchmark	

CIL Main Assumptions Used in the Cultivability Model

RESIDENTIAL	RECESSION	NORMAL
Code for Sustainable Homes	Level 3 (private) Level 4 (affordable)	Level 6 (private & affordable)
Affordable Housing Split	20% 30% 40%	20% 30% 40%
Tenure Split	70:30 (Soc.rent:Intermediate)	70:30 (Soc.rent:Intermediate)
Grant Assumption	No Grant With Grant	No Grant With Grant
Ground Rents	£250 per annum (6.5% yield)	£250 per annum (6.5% yield)
Contingency	5%	5%
Prelims	Included in Base Cost	Included in Base Cost
Professional Fees	10% 12% (Scheme 6,7,8)	10%
Finance Rate	6.75%	7.5%
Profit	20% on GDV	17.5% on GDV
Value Areas (See Value Map) £ per Sq M	**Central**: £2,150 (£200 per sq ft) **A11 Corridor**: £1,940 (£180 per sq ft) **Inner**: £1,780 (£165 per sq ft) **Outer**: £1,615 (£150 per sq ft)	**Central**: £2,600 (£240 per sq ft) **A11 Corridor**: £2,370 (£220 per sq ft) **Inner**: £2,250 (£200 per sq ft) **Outer**: £2,010 (£185 per sq ft)

UNIT TYPE	Social Rent Grant per unit	Intermediate Grant per unit
1 bed flat	£12,500	£6,000
2 bed flat	£25,000	£12,000
2 bed house	£25,000	£12,000
3 bed house	£50,000	£25,000
4 bed house	£62,500	£31,000
5 bed house	£75,000	£37,000

COMMERCIAL

Scheme	**6**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
Use	**Office Mixed Use**	**Retail Mixed Use**	**Office**	**Office**	**Retail Warehouse**	**Retail Convenience**	**Industrial (B2)**	**Industrial (B8)**
Site Coverage	0.96		0.59	1.24	0.74	1.47	0.99	4.94
GIA (Sq M)	1,235 sqm	4,047 sqm	2,400sqm	5,000sqm	1,500sqm	3,000sqm	2,000sqm	10,000sqm
NIA (Sq M)	1,050 sqm	3,845 sqm	2,040sqm	4,250sqm	1,425sqm	2,850sqm	N/A	N/A
RECESSION Rental value (per Sq M)	**City** £178 **North** £145 **South** £167	**City** £151 **Rackheath** £129 **Rest of GN** £129	**City** £178 **North** £145 **South** £167	**City** £178 **North** £145 **South** £167	**City** £108-£161 **Rackheath** £86 **Rest of GN** £108	**City** £151 **Rackheath** £129 **Rest of GN** £129	**City** £65 **North** £48 **South** £65	**City** £54 **North** £48 **South** £65
NORMAL Rental value (per Sq M)	**City** £188 **North** £156 **South** £178	**City** £151 **Rackheath** £129 **Rest of GN** £129	**City** £188 **North** £156 **South** £178	**City** £188 **North** £156 **South** £178	**City** £108-£161 **Rackheath** £108 **Rest of GN** £108	**City** £151 **Rackheath** £129 **Rest of GN** £129	**City** £70 **North** £59 **South** £70	**City** £59 **North** £59 **South** £70
Rent Free	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months
RECESSION Yield	**City** 7.5% **North** 8% **South** 8%	**City** 5% **Rackheath** 5% **Rest of GN** 5%	**City** 7.5% **North** 8% **South** 8%	**City** 7.5% **North** 8% **South** 8%	**City** 7.5% **Rackheath** 6% **Rest of GN** 8%	**City** 5% **Rackheath** 5% **Rest of GN** 5%	**City** 12.5% **North** 9% **South** 10%	**City** 12.5% **North** 9% **South** 10%
NORMAL Yield	**City** 7.5% **North** 8% **South** 8%	**City** 5% **Rackheath** 5% **Rest of GN** 6%	**City** 7.5% **North** 8% **South** 8%	**City** 7.5% **North** 8% **South** 8%	**City** 7.5% **Rackheath** 6% **Rest of GN** 8%	**City** 5% **Rackheath** 5% **Rest of GN** 6%	**City** 8% **North** 8% **South** 8%	**City** 8% **North** 8% **South** 8%
Profit **RECESSION**	20%	20%	20%	20%	20%	20%	20%	20%
Profit **NORMAL**	18%	18%	18%	18%	18%	18%	18%	18%

APPENDIX A3: CIL VIABILITY STUDY STAKEHOLDER CONSULTEES

Attendees of Stakeholders Consultation Workshop, 3rd August 2010

- Bidwells – John Long
- Blue Living – David Copeland
- Broadland – Paul Harris
- Brown & Co. Property – Keith Sewell
- Building Partnerships Ltd – Paul Knowles
- GNHP - Abi Dennington-Price
- Graham Theldestam
- Housing Expectations – Samantha Wilkinson
- Hundred House – Christopher Marsden
- Lanpro – Philip Atkinson
- Leeders – Andrew Leeder
- MP Kemp Ltd - Carol Baker
- MP Kemp Ltd – Martin Kemp
- Norfolk City Council – Anne Bonsor
- Norfolk Homes Ltd – Terry Harper
- Norfolk Property Services – Andy Scales
- NPS Property Consultants – Jonathon Green
- Pagasus Planning Group – John Holden
- Parker Planning – Adrian Parker
- Saffron House – Adam Ranaldson
- Savills – David Memick
- Savills – Vicky Hackett
- Savills – Will Lusty
- Savills Ltd – Alan Cole

Agents and Developers Contacted by Telephone

- Abbots Countrywide, Norwich
- Arnolds, Wroxham
- Barratt Homes
- Bidwells
- Bloor Homes
- Bovis Homes
- Brown and Co, Norwich
- Country and Metropolitan
- Francis Darrah
- Gerald Eve
- Haart, Norwich
- Homeworks, Norwich
- Hopkins Homes
- Howards, Norwich
- Laing Homes
- Lovells, Norwich
- Mullenger and Co., Norwich
- Norfolk Homes
- Persimmon Homes
- Roche Chartered Surveyors
- Savills
- Strutt and Parker
- T W Gaze, Norfolk
- Targetfollow
- Taylor Wimpey
- The Property Shop
- William H Brown

APPENDIX A4: PROPERTY MARKET REPORT

Set out below is a summary of the current property market in Greater Norwich. In the following sections the supply, demand and value characteristics of residential, office, retail and industrial sectors are examined.

Residential

The Residential Market

In accordance with the majority of the UK the housing market in Norwich peaked in Q2 2007 before experiencing a decline in residential values in 2008 resulting from the credit crunch and wider economic recession. As the UK has moved out of recession and availability of finance improved in 2009, the residential market has experienced signs of improvement with residential values in all housing tenures increasing.

From discussions with local agents and a review of Land Registry data indicates that average residential prices have increased in Greater Norwich by 6 – 9 % since the bottom of the market in 2008.

Following the initial increase of residential values in 2009 residential values steadied and declined slightly again in early 2010. Discussions with local agents suggest that this was the result of uncertainty in advance of the general election and proposed public sector cuts, and as a result of the Summer holiday season, which is often noted for being a slow transaction period in the residential market.

However whilst the residential market in Greater Norwich declined by 0.5% in the first 6 months of 2010, Greater Norwich performed better than the surrounding areas of Suffolk, Northamptonshire and North Essex which experienced a decline in sale values of between 1 and 1.6% over the same time period.

Figure 2 below sets out average property prices in Norwich from June 2007 to February 2010.

Figure A4.1: Average Property Selling Prices in Norwich, June 2007 – February 2010 (£000's)

0
30
60
90
120
150
180
210
240
270
Jun 07
Oct 07
Feb 08
Jun 08
Oct 08
Feb 09
Jun 09
Oct 09
Feb 10

Source: www.home.co.uk – (based on Land Registry data)

Table A4.1: Average Property Selling Prices in Norwich, June 2007 – February 2010 (£000's)

	Jun 2007	May 2010	Change
Detached	£265,844	£249,282	-6%
Semi	£183,768	£161,378	-12%
Terraced	£173,926	£152,592	-12%
Flat	£164,471	£134,008	-19%
All	£196,712	£172,756	-12%

Source: www.home.co.uk – (based on Land Registry data)

Residential Sales Values

Table 3 sets out the range of average achieved sales values across the different Market Value Areas Greater Norwich, as set out in Figure 2 of the main report.

Table A4.2: Values and Value Areas in Greater Norwich

VALUE AREAS	Central		A11 Corridor		Inner		Outer	
MARKET	Low	High	Low	High	Low	High	Low	High
Flats:								
1-bed	£112,000	£131,000	£ 98,000	£102,000	£98,000	£102,000	£85,000	£100,000
2-bed	£147,000	£160,000	£131,000	£135,000	£117,000	£119,000	£99,000	£115,000
Houses:								
2 bed	£187,000	£192,000	£154,000	£174,000	£138,000	£162,000	£121,000	£154,000
3 bed	£211,000	£247,000	£188,000	£195,000	£164,000	£176,000	£155,000	£165,000
4 bed	£281,000	£327,000	£240,000	£294,000	£236,000	£273,000	£225,000	£265,000
5 bed	n/a	n/a	£333,000	£382,000	£277,000	£316,000	£213,000	£301,000

Achieved sale values are highest in the Central area declining with distance from Norwich City Centre, apart from within the A11 Corridor which due to strong transport links to Cambridge and the Norwich and Norfolk University hospital achieves similar residential values to Norwich City Centre.

Table 4 below sets out the average values that developer's and local agents would expect residential developments to be achieved across the value areas of Greater Norwich.

Table A4.3: Agents and Developers Opinions on Values Per Square Metre in a Recession

Recession Market – Value psm	Central Area	A11 Corridor	Inner	Outer
Developer's View	£2,700	£2,155	n/a	n/a
Agent's View	£2,420	£2,155	£2,045	£1,940

Residential Land Values

There is limited recent transactional evidence of residential land sales within the Greater Norwich Area.

From discussions with local agents and developers it is considered that the market value of residential land with planning permission is circa. £990,000-£1,500,000 per hectare (£400,000 - £600,000 per acre), assuming 25% affordable housing provision.

Local agents suggest that the market value of large greenfield sites which do not benefit from service provision or infrastructure would be considerably lower, circa. £790,000 per hectare (£320,000 per acre).

Summary of Adopted Normal and Recession Market Values

Following our consultation with local agents and developers we adopted the following values within the four Market Value Areas:

Table A4.4: Summary of Adopted Residential Values

Residential – Value psm							
Central		A11 Corridor		Inner		Outer	
Normal	Recession	Normal	Recession	Normal	Recession	Normal	Recession
£2,605	£2,330	£2,370	£2,145	£2,250	£2,010	£2,015	£1,810

Offices

Office Supply

Over the last five years the level of office development within Greater Norwich appears to have been high. Over 50% of this development has been on a speculative basis.

According to reports from PROMIS 12,730 sq m (137,000 sq ft) of new office space was completed in the Norwich Local Authority District during a peak in 2008. The figure for 2009 was low at just 5,390 sq m (58,000 sq ft). Outside this district 2,535 sq m (27,300 sq ft) was completed at Broadlands Business Park as well as a further small purpose built development in Wymondham.

According to the same report there is currently 7,710 sq m (83,000 sq ft) of office space under construction in Norwich. Of this 7,060 sq m (76,000 sq ft) is due for completion by the end of 2010 and the rest will be completed in 2011. Of the 7,710 sq m (83,000 sq ft) of space currently being developed 39% is located in the town centre and 61% is located out of town.

Office Demand

In the last three of years demand for office space in Norwich has declined, resulting in high levels of office availability. As a result, rents are relatively low and local agents do not consider that significant new development will be brought forward in the next year or so.

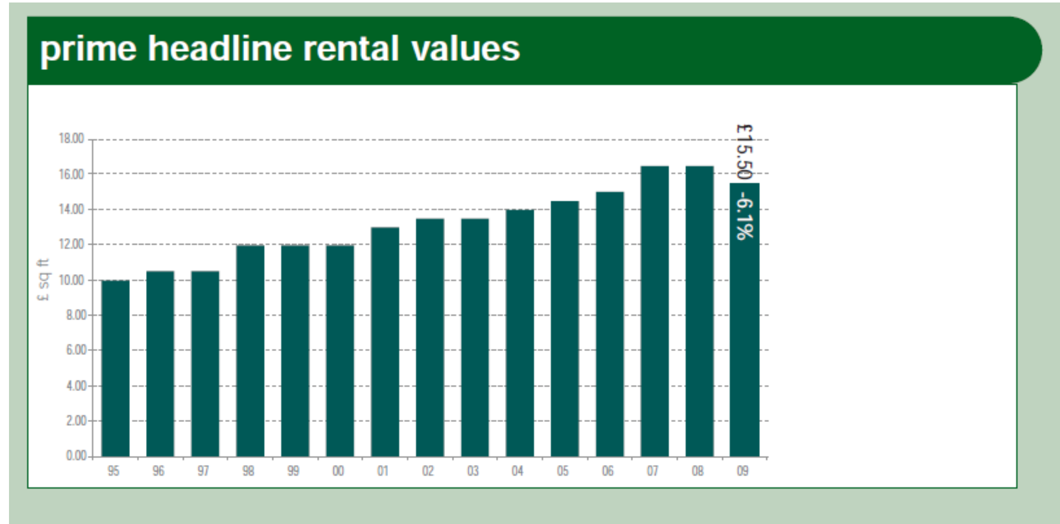
According to Bidwells most recent commercial data book the office market in Norwich was dominated by smaller lettings last year, with just two deals in excess of 930 sq m (10,000 sq ft). Requirements for space are now at their lowest levels on record.

Office Rental Values

The main comparable rental evidence for new build offices is for the Whitefriar scheme, developed on the Jarrod industrial site. Rents of £195 psm (£18 psf) were recorded in 2009 when 2,790 sq m (30,000 sq ft) of office space was let to Barclays. The level of incentives underpinning this rent is unclear. This rent is considered to be high by local agents, and the incentives are believed to have distorted it. In addition to the anticipated incentives it is considered that the site is unusual given its riverside location.

Potentially more comparable pre-lets at Whitefriars at the end of 2007 achieved a rent of £180 psm (£16.50 psf) and a smaller deal to Grant Thornton was agreed at £180 psm (£16.50 psf) in the latter half of 2008. With regards to out of town rents a 930 sq m (10,000 sq ft) deal achieved a rent of £180 psm (£16.50 psf) in May 2008. This leads to the conclusion that rents generally do not vary depending on the size of the letting.

Figure A4.2: Prime Office Headline rental values



Source: Bidwells Commercial Databook 19 Dec 2009

Office Investment Yields

Due to the economic downturn there have been few recent investment transactions in the Norwich area. However one significant investment deal was completed at the end of 2009 when Harel Insurance

Investments and Menorah Mivtachim Holdings purchased 33,450 sq m (360,000 sq ft) in the town centre, originally the Norwich Union HQ Complex, for £134m, reflecting a yield of 8%. (PROMIS report)

This deal supports the data provided by Cushman and Wakefield and PMA, which suggests that prime yields in Norwich City Centre were at 8% at the end of 2009.

Figure A4.3: Prime Office Yields

Source: Promis

Summary of Adopted Office Normal and Recession Market Values

In assessing appropriate commercial values (rents and yields), we have had regard to historic and current data in addition to conducting desk top research, discussions were had with local agents.

We set out our adopted office values in Table 6 below.

Table A4.5: Summary of Adopted Office Values

Office	Norwich City Centre		North of City Centre		South of City Centre	
Value psm	Normal	Recession	Normal	Recession	Normal	Recession
2,400 sqm	£188	£178	£156	£145	£178	£167
5,000 sqm	£188	£178	£156	£145	£178	£167
Yields	7.50%	7.50%	8%	8%	8%	8%

Our research indicates that different locations across Greater Norwich command different values. From our research it was concluded that there are three value areas for offices within Greater Norwich. These are:

- Norwich City Centre
- North of the City
- South of the City

The City Centre is the most desirable location for businesses, hence the higher values, and rents were found to be higher in the south than in the north. This is largely due to the majority of new stock having been built in the south and the fact that the south is a more attractive location than the north due to its proximity to the A11.

Industrial

Industrial Supply

There is currently new industrial floorspace under construction in the Greater Norwich area. There has been a lack of demand for space in recent times with little incentive for developers to provide new stock on a speculative basis.

During the five year period between 2004 and 2009 completions averaged 4,181 sq m (45,000 sq ft) per annum. During the peak of the cycle 14,870 sq m (160,000 sq ft) was completed in 2008, including 19,970 sq m (215,000 sq ft) of space at Broadlands Business. In quarter four 2009 4,300 sq m (46,200 sq ft) of space was also completed at Broadlands Business Park. The development was pre-let to D and F McCarthy.

However currently just 2 % of the total industrial stock in Norwich is new (i.e. it has been built within the last five years).

With regards to the stock pipeline, future there is some 436,600 sq m (4.7 million sq ft) of space planned. Of this 241,550 sq m (2.6 million sq ft) already has planning permission.

Industrial Demand

Demand for industrial units in Norwich declined in 2009 and there is consequently an increasing amount of available of industrial stock. According to a report from Bidwells, grade A Industrial Space availability levels in Norwich increased from 7,400 sq m (79,600 sq ft) in quarter two to 8,450 sq m (91,000 sq ft) in quarter four. Availability levels across all stock remained at 7% throughout the year.

From conversations with local agents it became clear there is greater demand across the area for smaller rather than largee industrial units.

Low demand levels have led to high vacancy levels, with reports from PROMIS suggesting that current vacancy level circa. 10.5%.

The declining demand for industrial units has contributed to the fact that no industrial units are currently under development in Greater Norwich.

The Figure below demonstrates how take up levels in Norwich have changed since 1998. The Figure indicates that take up levels are at their lowest levels since 1998 and that there are currently no pre lets being exercised.

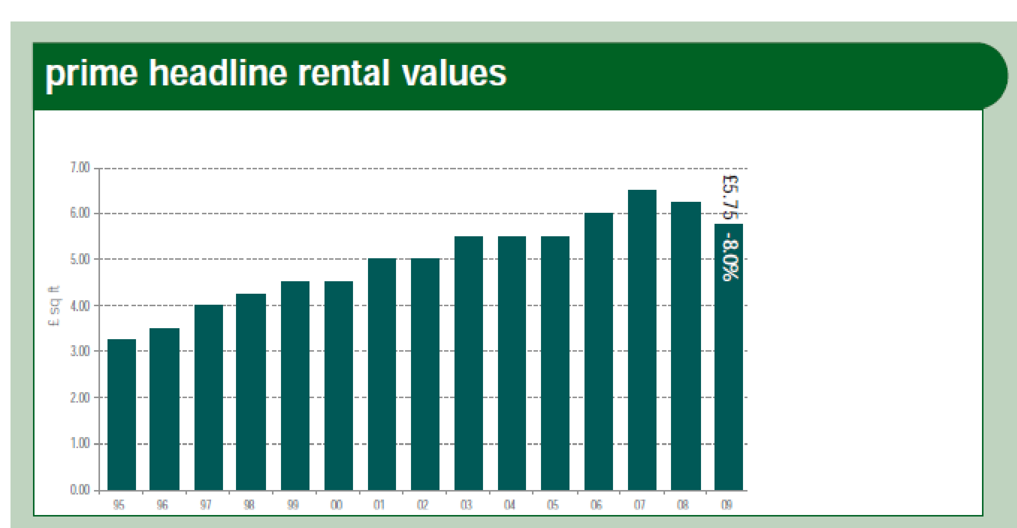
Figure A4.4: Industrial Take up

Source: PMA Deals Database

Industrial Rental Values

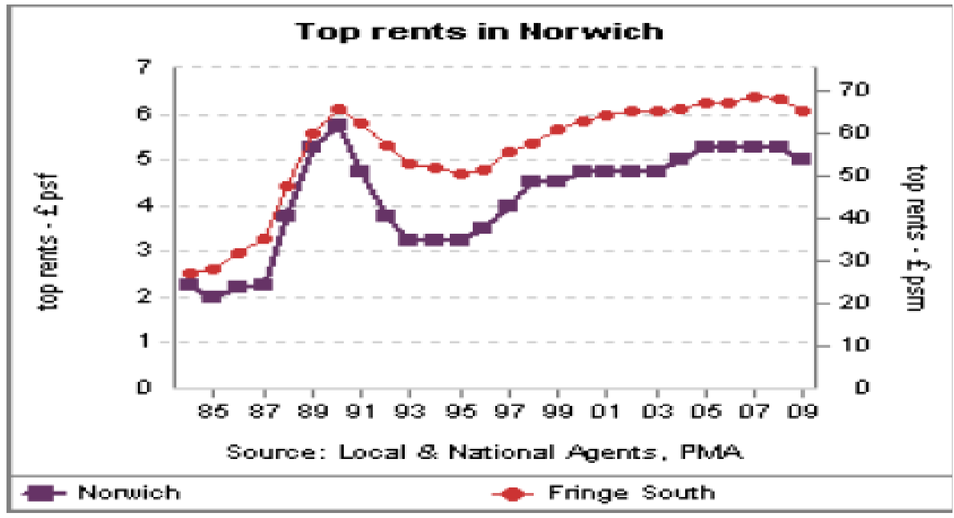
It would appear that despite a steep decline in demand rental values have remained relatively stable. According to PROMIS average industrial rents in Norwich remained at £57 psm (£5.25 psf) from 2005 to 2008, before decreasing by 25 pence to £54 psm (£5 psf), the same figure as in 2004. This is illustrated by the Figures below.

Figure A4.5: Prime Industrial Headline rental values



Source: Bidwells Commercial Databook 19 Dec 2009

Figure A4.6: Prime Industrial Rents



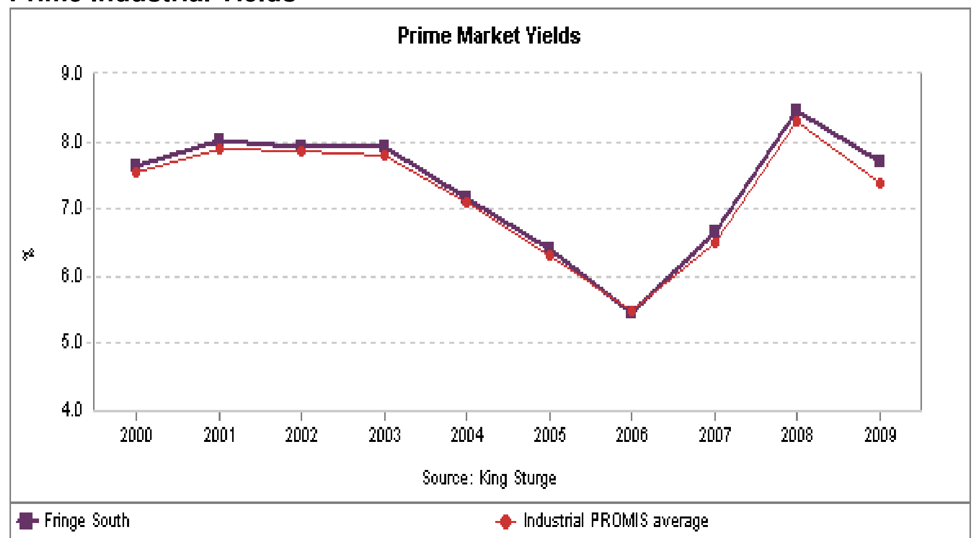
Source: Promis

The small decreases in rental values are because of increased incentives and reduced lease terms being offered. 185 sq m (2,000 sq ft) was let recently at an achieved rent of £60 psm (£5.65 psf) on a three year lease in Telford Close.

Industrial Investment Yields

There is a lack of transactional evidence for industrial investment sales in the area. According to EGi there was an industrial sale in December 2009 in Wymondham, however no details are provided for this transaction. According to the Bidwells databook prime yields moved from 9% in quarter two 2009 to 8.25% in quarter four of 2009. Below is a chart showing how prime yields have adjusted since 2000.

Figure A4.7: Prime Industrial Yields



Source: Promis

Summary of Adopted Industrial Normal and Recession Market Values

Qualitative evidence from local agents and quantitative desk top research show the following values. These have been assumed for the Greater Norwich Industrial Market in the viability calculations.

Table A4.6: Summary Adopted Industrial Values

Industrial	Norwich City Centre		North of City Centre		South of City Centre	
Value psm	Normal	Recession	Normal	Recession	Normal	Recession
B2 (2,000 sqm)	£70	£65	£59	£48	£70	£65
B8 (10,000 sqm)	£59	£54	£59	£48	£70	£65
Yield	8.00%	12.50%	8%	9%	8%	10%

As a result of our research it was concluded that there are three value areas for industrial units in the area. These are:

- Norwich City Centre
- North of the City
- South of the City

Values are highest in South area, which is due to the availability of new stock and the close proximity to the A11. Values are weakest in the north, where the majority of stock is dated. There is very little industrial space located in the Norwich City area, with industrial accommodation is largely located on the edge of the City near the ring road.

Retail

Norwich City Centre

The general retail market is strong in Norwich City Centre with headline rents of £2,150 psm (£200psf) Zone A.

City Centre Retail Supply

Total floorspace in the City Centre is estimated to be 185,805 sq m (2.2 million square feet). There are two managed shopping centres in the area accounting for 36% of the total floorspace. Future pipeline developments include 38,460 sq m (414,000 sq ft) across four different developments.

City Centre Retail Demand

In terms of retailer requirements, Figure 9 below illustrates how retailer requirement for space has steadily declined since 2005, although the report notes that for Norwich's size and status the level of demand is broadly what should be expected.

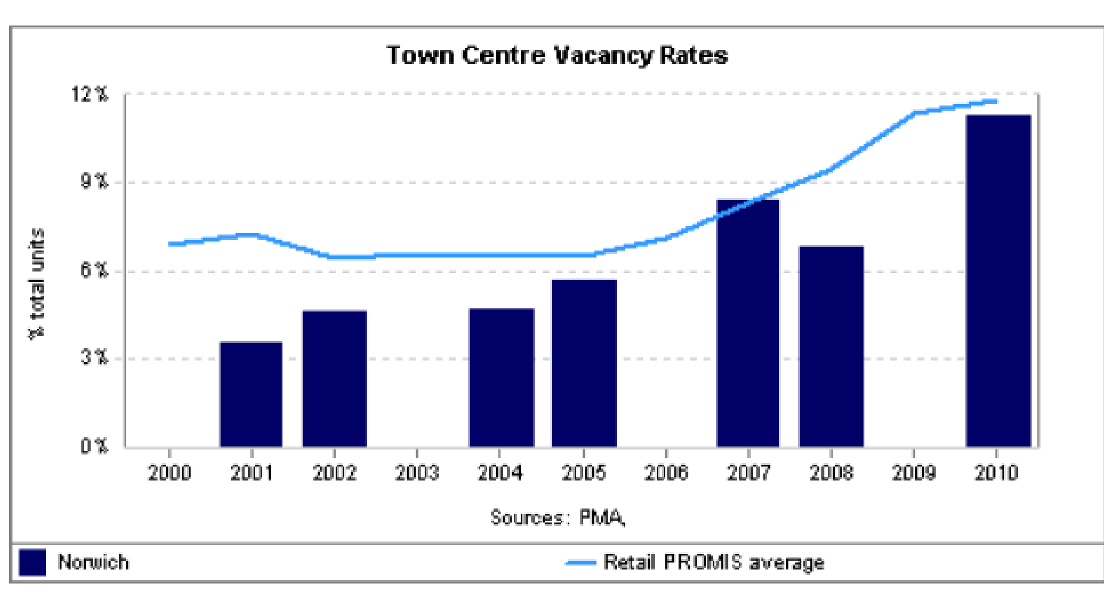
Figure A4.8: Retailer Requirements

Retailer Requirements
No of Requirements
60
50
40
30
20
10
0
Jul-2000 Jul-2001 Jul-2002 Jul-2003 Jul-2004 Jul-2005 Jul-2006 Jul-2007 Jul-2008 Jul-2009 Jul-2010
Source: Egi
Norwich
Retail PROMIS average

Source: PROMISlive Retail Report July 2010

At the end of the Q.1 2010 vacancy rates in the City centre were at 11.3%, an increase on the levels recorded in June 2008. According to a report from PROMIS the level of take up between June 2008 and the end of Q.1 2010 was 3.8% of units, below the PROMIS average. As demonstrated by the Figure 10 below, town centre vacancy rates have increased steadily since 2008.

Figure A4.9: City Centre Vacancy Rates



Source: PROMISlive Retail Report July 2010

City Centre Rental Values

According to PROMIS, prime Zone A rents were at 2,314 psm (£215 psf) in 2006 and marginally outperforming the regional centre average. 'However values fell back sharply between 2008 and 2009 at a faster rate than the regional centres as a whole' (PROMIS)

Evidence suggests that Zone A rents had declined further by the end of 2009 and were estimated to stand at £1,940 psm (£180 psf). This figure is further supported by a lease renewal to T Mobile where Zone A rents were recorded at £1,940 psm (£180 psf).

Local agents would consider prime Zone A rents to be currently between £1,940 – 1,990 psm (£180 - £185 psf).

Figure A4.10: Prime Retail Rents

Source: Promis

City Centre Retail Investment Yields

The investment sale in Q.2 2009, of 2- 8 Westleygate at £1.49 million reflected a yield of 5.75%. The tenant was Tesco Express. Local agents put prime yields for City Centre retail at 5.25% in the spring of 2010 showing an inward shift from 6 months previous. Figure 12 demonstrates how yields have adjusted.

Figure A4.11: Prime Retail Yields

Source:PROMIS Retail Report July 2010

Convenience Retail

Town Centre

Retail Supply

Convenience stores are limited in the city centre with from smaller supermarkets including a Marks and Spencer Food Hall. There are two slightly larger convenience stores located on St Stephen's Street and Westwick Street.

Retail Demand

Demand can be inferred by the planned redevelopment of a shopping centre in the City Centre, for which planning permission has been granted.

Retail Rental Values and Investment Yields

With regards to central locations, the ground floor at Castle Mall is considered to be a strong a pitch, with Zone A rents currently estimated to be circa. £1,075 psm (£100 psf). This is based on the £1,500 psm (£140 psf) Zone A rent that was achieved in 2008 (PROMIS). According to local agents and figures collected from the VOA this is equivalent to a blended average of approximately £650 psm (£60 psf).

Out of town

Retail Supply

According to PROMIS Norwich has an estimated 250,830 sq m (2,700,000 sq ft) of floorspace. Some of this space is located outside of the Greater Norwich study area. In recent years there have been a number of new supermarket openings, including superstores in Earlham Road and Hall Road.

Retail Demand

The demand for convenience space in the area is highlighted by the pipeline developments outlined in Table 8 below:

Table A4.7: Pipeline Developments

Town	Scheme Name	Total Floor Space SqFt (000s)
Sprowston	Brock Farm and Laurel Farm	11
	Rackheath Eco Community	50
Wymondham	North Wymondham MDA	80

Convenience Retail Rental Values and Investment Yields

Supermarket land agents have quotas to purchase and build out a certain number of new supermarkets per year, however, where they locate is less specified. Therefore if one town is too expensive they will locate elsewhere in the borough/district.

It is considered that the demand for convenience floorspace will become increasingly saturated by 2015 and as such rents will be forced down due to lack of demand with yields remaining constant.

Convenience retail is valued on a blended average basis, rather than on an ITZA basis as is the case for high street retail units. Agents suggest that rental values achievable for convenience retail are significantly less than those of high street retail and a summary of their assumptions (used in the viability appraisals) are set out in Table 9.

Table A4.8: Adopted Convenience Retail Market Values

Retail	Norwich City Centre		Rackheath Urban Extension		The Rest of Greater Norwich	
	Normal	Recession	Normal	Recession	Normal	Recession
Convenience (2,973 sq m)	£151	£151	£129	£129	£129	£129
Yield	5%	5%	5%	5%	6%	5%

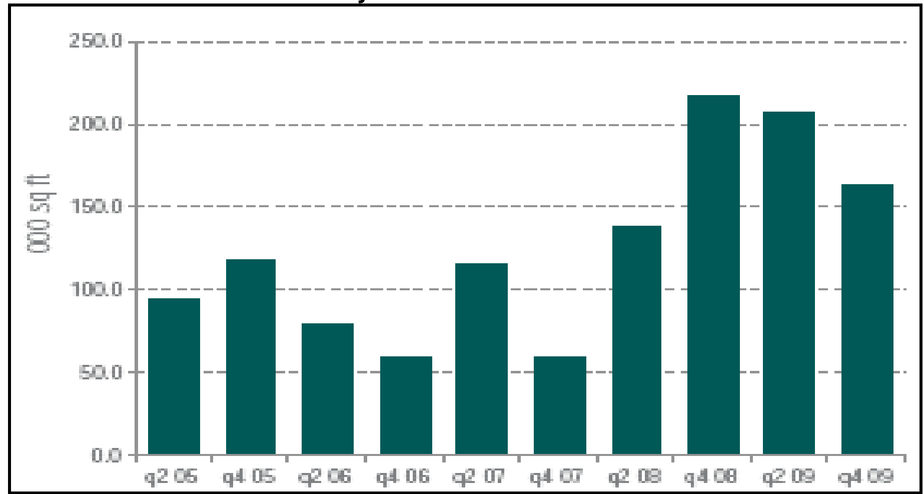
Retail Warehouses

Retail Warehouse Supply

According to a report from PROMIS retail warehousing supply is estimated to be circa. 217,391 sq m (2,340,000 sq ft), 56% of this is located on retail parks. There are a total of eleven retail parks in the area.

Levels of availability continued to fall in out of town locations and stood at 13.7% of total stock at the end of 2009, about 4% lower than the figure recorded at the end of Q.2 Figure 13 illustrates this.

Figure A4.12: Retail Warehouse Availability

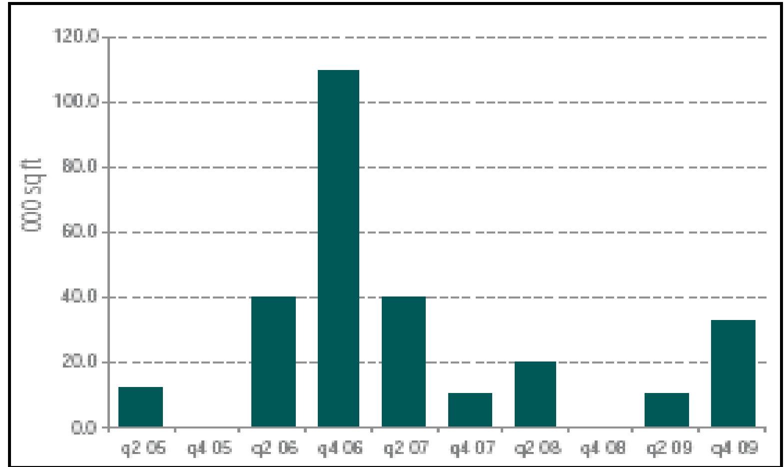


Source: Bidwells Commercial Databook 19 Dec 2009

Retail Warehouse Demand

The Greater Norwich retail warehouse market saw an improving level of occupational activity in 2009 compared to 2007 and 2008. Take up levels for 2009 were 3,950 sq m (42,500 sq ft). The largest transaction at 2,560 sq m (27,500 sq ft) took place in December 2009.

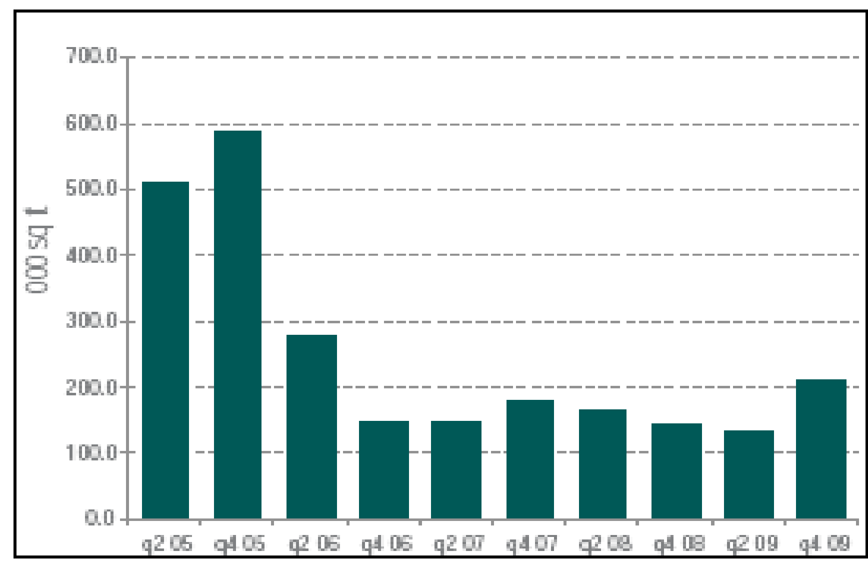
Figure A4.13: Retail Warehouse Take Up



Source: Bidwells Commercial Databook 19 Dec 2009

Retailer demand for out of town space increased from Q.2 to Q.4 2009, with the highest demand levels recorded since 2006.

Figure A4.14: Retail Warehouse Demand



Source: Bidwells Commercial Databook 19 Dec 2009

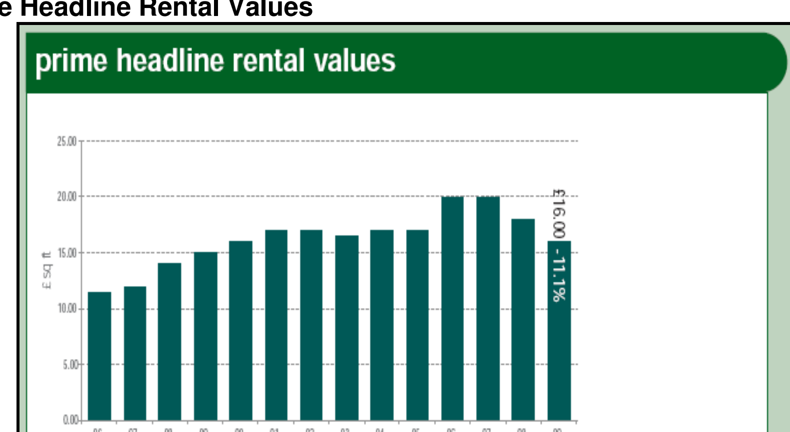
Retail Warehouse Rental Values and Investment Yields

Riverside Retail Park is the only such park located in the Norwich City Centre. The most recent letting on the Park was to Matalan for 2,790 sq m (30,000 sq ft) in March 2010. A rent of £240 psm (£22.50 psf) was achieved, this was exceptionally high for a retail warehouse unit due to its City Centre location. This is compared to a rent agreed in 2008 at £240 psm (£22 psf) when Pets at Home relocated to another unit on the site (PROMIS).

Rental values on out of town parks can vary and are generally slightly lower than city centre values. A rent of £195 psm (£18 psf) was achieved in July 2009 at Sweet Briar Retail Park.

Figure 15 illustrates how rental values have changed in the Norwich area since 1996. Prime rents on bulky use units have fallen by -11.1% over 12 months, ending the year at £16 psf. Open A1 and DIY rents remained stable at £20 psf and £16 psf respectively (Bidwells).

Figure A4.15: Prime Headline Rental Values



Bidwells Commercial Databook 19 Dec 2009

Qualitative evidence from discussions agents has confirmed the values we have adopted. With yields of between 6% and 8%, depending on location are used for the viability appraisals. This is supported by research from Bidwells that places the average yield for retail warehouses at 7.5% at the end of 2009.

The most recent deal (February 2010) that supports this was Standard Life's purchase of a solus retail warehouse in Wymondham, reflecting a yield of 8%.

Table A4.9: Adopted Retail Warehouse Market Values

Retail	Norwich City Centre		Rackheath Urban Extension		The Rest of GNDP	
	Normal	Recession	Normal	Recession	Normal	Recession
Retail Warehouse (1,486 sq m)	£108-£161	£108-£161	£108	£86	£108	£108
Yield	7.5%	7.5%	6%	6%	8%	8%

The retail warehouse market is considered to be limited in Greater Norwich and focused in the retail parks, with 56% of retail warehousing located in said parks. The retail parks are situated in out of town locations or on the outskirts of the city near to the ring road, which goes some way to explaining the similarity in rents.

Summary of Adopted Normal and Recession Market Values

Our research suggests that there are three value areas for retail uses in Greater Norwich:

- Norwich City Centre
- Rackheath Urban Extension

- The Rest of Greater Norwich

The city centre commands the highest rents. Rents outside of the central area are lower because of the reduced amenities and footfall of an out of town location. The Rackheath Urban Extension are achieves similar values to 'the rest of Greater Norwich' area. At present there is little comparable data for this area. The urban extension planned explains the uplift in rents to bring rents in this area inline with the out of town rents by 2015.

Desk top research and discussions with local agents confirm the following values for the retail market in Greater Norwich. Different values are achievable for convenience stores and retail warehouses.

Table A4.10: Adopted Convenience and Retail Warehouse Market Values

Retail	Norwich City Centre		Rackheath Urban Extension		The Rest of Greater Norwich	
Value psm	Normal	Recession	Normal	Recession	Normal	Recession
Convenience (3,000 sqm)	£151	£151	£129	£129	£129	£129
Yield	5%	5%	5%	5%	6%	5%
Retail Warehouse (1,500 sqm)	£108-£161	£108-£161	£108	£86	£108	£108
Yield	7.50%	7.50%	6%	6%	8%	8%

Summary Tables of Commercial Market Values

Table A4.11: Summary Tables of Commercial Market Values

Retail	Norwich City Centre		Rackheath Urban Extension		The Rest of Greater Norwich	
	Normal	Recession	Normal	Recession	Normal	Recession
Convenience (3,000 sqm)	£151	£151	£129	£129	£129	£129
Yield	5%	5%	5%	5%	6%	5%
Retail Warehouse (1,500 sqm)	£108-£161	£108-£161	£108	£86	£108	£108
Yield	7.50%	7.50%	6%	6%	8%	8%

Office	Norwich City Centre		North of City Centre		South of City Centre	
	Normal	Recession	Normal	Recession	Normal	Recession
2,400 sqm	£188	£178	£156	£145	£178	£167
5,000 sqm	£188	£178	£156	£145	£178	£167
Yields	7.50%	7.50%	8%	8%	8%	8%

Industrial	Norwich City Centre		North of City Centre		South of City Centre	
	Normal	Recession	Normal	Recession	Normal	Recession
B2 (2,000 sqm)	£70	£65	£59	£48	£70	£65
B8 (10,000 sqm)	£59	£54	£59	£48	£70	£65
Yield	8.00%	12.50%	8%	9%	8%	10%

APPENDIX A5: RESULTS OF THE CIL DEVELOPMENT VIABILITY ANALYSIS

Introduction

We set out below our development viability analysis, which we have displayed in the following tables.

In each analysis, we have taken the benchmark land value and compared it to land values under different projected levels of CIL tariff. As the levy levels increases, land values decrease. Simply put, the point at which *projected* land values fall beneath the *benchmark* land value set identifies the point at which a given CIL Levy will render development unviable.

We have colour coded the analysis tables as follows:

- **Green** = residual land value above upper benchmark land cost range – development is therefore likely to be viable;
- **Yellow** = residual land value is less than 25% lower than benchmark – development is therefore likely to be marginally viable;
- **Orange** = residual land value greater than 25% below the benchmark – development is therefore likely to be unviable.

Residential Viability Analysis

Viability by Growth Area

“Normal” and “Recession” Market Appraisals

The tables below set out the indicative residual land values for Schemes 1, 2, 3 & 4 at 100% (scheme 1 only), 40%, 30% and 20% affordable housing and both with and without NAHP grant. These residual land values have been compared to a benchmark land cost of £1,235,500 per Ha (£500,000 per acre) for the Central Area, £520,000 - £620,000 per Ha (£210,000 - £250,000 per acre) for the A11 Corridor and Inner Areas and £495,000 per Ha (£200,000 per acre) for the Outer Area.

Table A5.1 Central Area - Scheme 1

Proposed CIL £ per Private Dwelling	Benchmark	Recession 100% Private	Normal 100% Private
£0	£40,000	£150,000	£200,000
£7,500	£40,000	£130,000	£200,000
£10,000	£40,000	£120,000	£200,000
£12,500	£40,000	£110,000	£200,000
£15,000	£40,000	£100,000	£200,000
£17,500	£40,000	£95,000	£200,000
£20,000	£40,000	£90,000	£200,000

Table A5.2 Central Area - Scheme 2

Normal - No Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£195,000	All Viable	All Viable	All Viable
£7,500	£195,000	All Viable	All Viable	All Viable
£10,000	£195,000	All Viable	All Viable	All Viable
£12,500	£195,000	All Viable	All Viable	All Viable
£15,000	£195,000	All Viable	All Viable	All Viable
£17,500	£195,000	All Viable	All Viable	All Viable
£20,000	£195,000	All Viable	All Viable	All Viable
Normal - Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£195,000	All Viable	All Viable	All Viable
£7,500	£195,000	All Viable	All Viable	All Viable
£10,000	£195,000	All Viable	All Viable	All Viable
£12,500	£195,000	All Viable	All Viable	All Viable
£15,000	£195,000	All Viable	All Viable	All Viable
£17,500	£195,000	All Viable	All Viable	All Viable
£20,000	£195,000	All Viable	All Viable	All Viable
Recession - No Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£195,000	£270,000	£340,000	£440,000
£7,500	£195,000	£200,000	£260,000	£350,000
£10,000	£195,000	£180,000	£230,000	£330,000
£12,500	£195,000	£160,000	£210,000	£300,000
£15,000	£195,000	£130,000	£180,000	£270,000
£17,500	£195,000	£110,000	£150,000	£240,000
£20,000	£195,000	£90,000	£130,000	£220,000
Recession - Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£195,000	£430,000	£460,000	£530,000
£7,500	£195,000	£360,000	£390,000	£450,000
£10,000	£195,000	£330,000	£360,000	£420,000
£12,500	£195,000	£310,000	£330,000	£390,000
£15,000	£195,000	£290,000	£300,000	£370,000
£17,500	£195,000	£260,000	£270,000	£340,000
£20,000	£195,000	£240,000	£250,000	£310,000

Table A5.3 Central Area - Scheme 3

Normal - No Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£620,000	All Viable	All Viable	All Viable
£7,500	£620,000	All Viable	All Viable	All Viable
£10,000	£620,000	All Viable	All Viable	All Viable
£12,500	£620,000	All Viable	All Viable	All Viable
£15,000	£620,000	All Viable	All Viable	All Viable
£17,500	£620,000	All Viable	All Viable	All Viable
£20,000	£620,000	All Viable	All Viable	All Viable
Normal - Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£620,000	All Viable	All Viable	All Viable
£7,500	£620,000	All Viable	All Viable	All Viable
£10,000	£620,000	All Viable	All Viable	All Viable
£12,500	£620,000	All Viable	All Viable	All Viable
£15,000	£620,000	All Viable	All Viable	All Viable
£17,500	£620,000	All Viable	All Viable	All Viable
£20,000	£620,000	All Viable	All Viable	All Viable
Recession - No Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£620,000	£320,000	£680,000	£930,000
£7,500	£620,000	£120,000	£440,000	£670,000
£10,000	£620,000	£50,000	£360,000	£580,000
£12,500	£620,000	£0	£280,000	£500,000
£15,000	£620,000	£0	£200,000	£410,000
£17,500	£620,000	£0	£120,000	£320,000
£20,000	£620,000	£0	£40,000	£240,000
Recession - Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£620,000	£960,000	£1,100,000	£1,300,000
£7,500	£620,000	£760,000	£910,000	£1,000,000
£10,000	£620,000	£690,000	£830,000	£940,000
£12,500	£620,000	£620,000	£750,000	£850,000
£15,000	£620,000	£560,000	£670,000	£750,000
£17,500	£620,000	£490,000	£590,000	£670,000
£20,000	£620,000	£430,000	£510,000	£590,000

Table A5.4 Central Area - Scheme 4

Recession - No Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£3,100,000	£3,000,000	£4,900,000	£6,600,000
£7,500	£3,100,000	£2,000,000	£3,700,000	£5,300,000
£10,000	£3,100,000	£1,700,000	£3,300,000	£4,900,000
£12,500	£3,100,000	£1,400,000	£2,900,000	£4,400,000
£15,000	£3,100,000	£1,000,000	£2,600,000	£4,000,000
£17,500	£3,100,000	£700,000	£2,200,000	£3,600,000
£20,000	£3,100,000	£400,000	£1,800,000	£3,100,000
Recession - Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£3,100,000	£6,300,000	£7,300,000	£8,300,000
£7,500	£3,100,000	£5,300,000	£6,100,000	£7,000,000
£10,000	£3,100,000	£5,000,000	£5,800,000	£6,500,000
£12,500	£3,100,000	£4,600,000	£5,400,000	£6,100,000
£15,000	£3,100,000	£4,300,000	£5,000,000	£5,600,000
£17,500	£3,100,000	£4,000,000	£4,600,000	£5,200,000
£20,000	£3,100,000	£3,700,000	£4,200,000	£4,800,000
Normal - No Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£3,100,000	All Viable	All Viable	All Viable
£7,500	£3,100,000	All Viable	All Viable	All Viable
£10,000	£3,100,000	All Viable	All Viable	All Viable
£12,500	£3,100,000	All Viable	All Viable	All Viable
£15,000	£3,100,000	All Viable	All Viable	All Viable
£17,500	£3,100,000	All Viable	All Viable	All Viable
£20,000	£3,100,000	All Viable	All Viable	All Viable
Normal - Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£3,100,000	All Viable	All Viable	All Viable
£7,500	£3,100,000	All Viable	All Viable	All Viable
£10,000	£3,100,000	All Viable	All Viable	All Viable
£12,500	£3,100,000	All Viable	All Viable	All Viable
£15,000	£3,100,000	All Viable	All Viable	All Viable
£17,500	£3,100,000	All Viable	All Viable	All Viable
£20,000	£3,100,000	All Viable	All Viable	All Viable

Table A5.5 A11 Corridor – Scheme 1

Proposed CIL £ per Private Dwelling	Benchmark	**Recession** 100% Private	**Normal** 100% Private
£0	£50,000	£100,000	All Viable
£7,500	£50,000	£80,000	All Viable
£10,000	£50,000	£70,000	All Viable
£12,500	£50,000	£65,000	All Viable
£15,000	£50,000	£60,000	All Viable
£17,500	£50,000	£50,000	All Viable
£20,000	£50,000	£40,000	All Viable

Table A5.6 A11 Corridor – Scheme 2

Normal – No Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£210,000	£400,000	£400,000	£500,000
£7,500	£210,000	£300,000	£400,000	£400,000
£10,000	£210,000	£300,000	£300,000	£400,000
£12,500	£210,000	£200,000	£300,000	£400,000
£15,000	£210,000	£200,000	£300,000	£400,000
£17,500	£210,000	£200,000	£200,000	£300,000
£20,000	£210,000	£200,000	£200,000	£300,000
Normal - Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£210,000	All Viable	All Viable	All Viable
£7,500	£210,000	All Viable	All Viable	All Viable
£10,000	£210,000	All Viable	All Viable	All Viable
£12,500	£210,000	All Viable	All Viable	All Viable
£15,000	£210,000	All Viable	All Viable	All Viable
£17,500	£210,000	All Viable	All Viable	All Viable
£20,000	£210,000	All Viable	All Viable	All Viable
Recession - No Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£210,000	£130,000	£200,000	£270,000
£7,500	£210,000	£60,000	£110,000	£190,000
£10,000	£210,000	£30,000	£90,000	£160,000
£12,500	£210,000	£10,000	£60,000	£130,000
£15,000	£210,000	£0	£30,000	£100,000
£17,500	£210,000	£0	£0	£80,000
£20,000	£210,000	£0	£0	£50,000
Recession - Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£210,000	£280,000	£320,000	£360,000
£7,500	£210,000	£220,000	£240,000	£280,000
£10,000	£210,000	£190,000	£210,000	£250,000
£12,500	£210,000	£170,000	£180,000	£230,000
£15,000	£210,000	£140,000	£160,000	£200,000
£17,500	£210,000	£120,000	£130,000	£170,000
£20,000	£210,000	£100,000	£120,000	£140,000

Table A5.7 A11 Corridor – Scheme 3

Normal - No Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£650,000	£600,000	£1,000,000	£1,200,000
£7,500	£650,000	£400,000	£700,000	£900,000
£10,000	£650,000	£300,000	£600,000	£800,000
£12,500	£650,000	£300,000	£500,000	£800,000
£15,000	£650,000	£200,000	£500,000	£700,000
£17,500	£650,000	£100,000	£400,000	£600,000
£20,000	£650,000	£100,000	£300,000	£500,000
Normal - Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£650,000	All Viable	All Viable	All Viable
£7,500	£650,000	All Viable	All Viable	All Viable
£10,000	£650,000	All Viable	All Viable	All Viable
£12,500	£650,000	All Viable	All Viable	All Viable
£15,000	£650,000	All Viable	All Viable	All Viable
£17,500	£650,000	All Viable	All Viable	All Viable
£20,000	£650,000	All Viable	All Viable	All Viable
Recession - No Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£650,000	£0	£190,000	£400,000
£7,500	£650,000	£0	£0	£140,000
£10,000	£650,000	£0	£0	£50,000
£12,500	£650,000	£0	£0	£0
£15,000	£650,000	£0	£0	£0
£17,500	£650,000	£0	£0	£0
£20,000	£650,000	£0	£0	£0
Recession - Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£650,000	£510,000	£660,000	£750,000
£7,500	£650,000	£320,000	£420,000	£495,000
£10,000	£650,000	£250,000	£340,000	£410,000
£12,500	£650,000	£180,000	£260,000	£320,000
£15,000	£650,000	£120,000	£180,000	£230,000
£17,500	£650,000	£50,000	£100,000	£140,000
£20,000	£650,000	£0	£20,000	£60,000

Table A5.8 A11 Corridor – Scheme 4

Normal - No Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£3,240,000	£4,400,000	£6,200,000	£7,900,000
£7,500	£3,240,000	£3,400,000	£5,000,000	£6,600,000
£10,000	£3,240,000	£3,100,000	£4,700,000	£6,200,000
£12,500	£3,240,000	£2,700,000	£4,300,000	£5,800,000
£15,000	£3,240,000	£2,400,000	£3,900,000	£5,300,000
£17,500	£3,240,000	£2,100,000	£3,500,000	£4,900,000
£20,000	£3,240,000	£1,700,000	£3,100,000	£4,500,000
Normal - Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£3,240,000	All Viable	All Viable	All Viable
£7,500	£3,240,000	All Viable	All Viable	All Viable
£10,000	£3,240,000	All Viable	All Viable	All Viable
£12,500	£3,240,000	All Viable	All Viable	All Viable
£15,000	£3,240,000	All Viable	All Viable	All Viable
£17,500	£3,240,000	All Viable	All Viable	All Viable
£20,000	£3,240,000	All Viable	All Viable	All Viable
Recession - No Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£3,240,000	£700,000	£2,300,000	£2,800,000
£7,500	£3,240,000	£0	£1,100,000	£2,500,000
£10,000	£3,240,000	£0	£800,000	£2,100,000
£12,500	£3,240,000	£0	£400,000	£1,600,000
£15,000	£3,240,000	£0	£0	£1,200,000
£17,500	£3,240,000	£0	£0	£800,000
£20,000	£3,240,000	£0	£0	£300,000
Recession - Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£3,240,000	£4,000,000	£4,700,000	£5,500,000
£7,500	£3,240,000	£3,000,000	£3,600,000	£4,100,000
£10,000	£3,240,000	£2,700,000	£3,200,000	£3,700,000
£12,500	£3,240,000	£2,300,000	£2,800,000	£3,300,000
£15,000	£3,240,000	£2,000,000	£2,400,000	£2,800,000
£17,500	£3,240,000	£1,700,000	£2,100,000	£2,400,000
£20,000	£3,240,000	£1,400,000	£1,700,000	£2,000,000

Table A5.9 A11 Corridor – Scheme 5

Normal - No Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£13,000,000	All Viable	All Viable	All Viable
£7,500	£13,000,000	All Viable	All Viable	All Viable
£10,000	£13,000,000	All Viable	All Viable	All Viable
£12,500	£13,000,000	All Viable	All Viable	All Viable
£15,000	£13,000,000	All Viable	All Viable	All Viable
£17,500	£13,000,000	All Viable	All Viable	All Viable
£20,000	£13,000,000	All Viable	All Viable	All Viable
Normal - Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£13,000,000	All Viable	All Viable	All Viable
£7,500	£13,000,000	All Viable	All Viable	All Viable
£10,000	£13,000,000	All Viable	All Viable	All Viable
£12,500	£13,000,000	All Viable	All Viable	All Viable
£15,000	£13,000,000	All Viable	All Viable	All Viable
£17,500	£13,000,000	All Viable	All Viable	All Viable
£20,000	£13,000,000	All Viable	All Viable	All Viable
Recession - No Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£13,000,000	£6,500,000	£12,700,000	£19,100,000
£7,500	£13,000,000	£2,500,000	£8,100,000	£13,800,000
£10,000	£13,000,000	£1,200,000	£6,600,000	£12,100,000
£12,500	£13,000,000	£0	£5,100,000	£10,300,000
£15,000	£13,000,000	£0	£3,500,000	£8,500,000
£17,500	£13,000,000	£0	£2,000,000	£6,800,000
£20,000	£13,000,000	£0	£500,000	£5,000,000
Recession - Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£13,000,000	£20,000,000	£22,900,000	£25,800,000
£7,500	£13,000,000	£16,000,000	£18,300,000	£20,800,000
£10,000	£13,000,000	£14,700,000	£16,700,000	£18,800,000
£12,500	£13,000,000	£13,400,000	£15,200,000	£17,100,000
£15,000	£13,000,000	£12,100,000	£13,700,000	£15,300,000
£17,500	£13,000,000	£10,800,000	£12,200,000	£13,600,000
£20,000	£13,000,000	£9,500,000	£10,600,000	£11,800,000

Table A5.10 Inner Area – Scheme 1

Proposed CIL £ per Private Dwelling	Benchmark	Recession 100% Private	Normal 100% Private
£0	£35,000	£80,000	All Viable
£7,500	£35,000	£60,000	All Viable
£10,000	£35,000	£50,000	All Viable
£12,500	£35,000	£40,000	All Viable
£15,000	£35,000	£35,000	All Viable
£17,500	£35,000	£30,000	All Viable
£20,000	£35,000	£20,000	All Viable

Table A5.11 Inner Area – Scheme 2

Normal - No Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£170,000	All Viable	All Viable	All Viable
£7,500	£170,000	All Viable	All Viable	All Viable
£10,000	£170,000	All Viable	All Viable	All Viable
£12,500	£170,000	All Viable	All Viable	All Viable
£15,000	£170,000	All Viable	All Viable	All Viable
£17,500	£170,000	All Viable	All Viable	All Viable
£20,000	£170,000	All Viable	All Viable	All Viable
Normal - Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£170,000	All Viable	All Viable	All Viable
£7,500	£165,900	All Viable	All Viable	All Viable
£10,000	£165,900	All Viable	All Viable	All Viable
£12,500	£165,900	All Viable	All Viable	All Viable
£15,000	£165,900	All Viable	All Viable	All Viable
£17,500	£165,900	All Viable	All Viable	All Viable
£20,000	£165,900	All Viable	All Viable	All Viable
Recession - No Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£170,000	£50,000	£110,000	£180,000
£7,500	£170,000	£0	£30,000	£90,000
£10,000	£170,000	£0	£0	£60,000
£12,500	£170,000	£0	£0	£40,000
£15,000	£170,000	£0	£0	£10,000
£17,500	£170,000	£0	£0	£0
£20,000	£170,000	£0	£0	£0
Recession - Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£170,000	£200,000	£230,000	£270,000
£7,500	£165,900	£140,000	£150,000	£190,000
£10,000	£165,900	£110,000	£130,000	£160,000
£12,500	£165,900	£90,000	£100,000	£130,000
£15,000	£165,900	£60,000	£70,000	£100,000
£17,500	£165,900	£40,000	£50,000	£80,000
£20,000	£165,900	£20,000	£30,000	£50,000

Table A5.12 Inner Area – Scheme 3

Normal - No Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£520,000	£300,000	£600,000	£800,000
£7,500	£520,000	£100,000	£400,000	£500,000
£10,000	£520,000	£0	£300,000	£500,000
£12,500	£520,000	£0	£200,000	£400,000
£15,000	£520,000	£0	£100,000	£300,000
£17,500	£520,000	£0	£0	£200,000
£20,000	£520,000	£0	£0	£100,000
Normal - Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£520,000	£900,000	£1,100,000	£1,200,000
£7,500	£520,000	£700,000	£800,000	£900,000
£10,000	£520,000	£650,000	£700,000	£800,000
£12,500	£520,000	£600,000	£700,000	£750,000
£15,000	£520,000	£500,000	£600,000	£650,000
£17,500	£520,000	£400,000	£500,000	£600,000
£20,000	£520,000	£400,000	£400,000	£500,000
Recession - No Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£520,000	£0	£0	£70,000
£7,500	£520,000	£0	£0	£0
£10,000	£520,000	£0	£0	£0
£12,500	£520,000	£0	£0	£0
£15,000	£520,000	£0	£0	£0
£17,500	£520,000	£0	£0	£0
£20,000	£520,000	£0	£0	£0
Recession - Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£520,000	£240,000	£350,000	£420,000
£7,500	£520,000	£40,000	£110,000	£160,000
£10,000	£520,000	£0	£30,000	£70,000
£12,500	£520,000	£0	£0	£0
£15,000	£520,000	£0	£0	£0
£17,500	£520,000	£0	£0	£0
£20,000	£520,000	£0	£0	£0

Table A5.13 Inner Area – Scheme 4

Normal - No Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£2,600,000	£2,700,000	£4,300,000	£5,900,000
£7,500	£2,600,000	£1,700,000	£3,200,000	£4,600,000
£10,000	£2,600,000	£1,400,000	£2,800,000	£4,100,000
£12,500	£2,600,000	£1,100,000	£2,400,000	£3,700,000
£15,000	£2,600,000	£700,000	£2,000,000	£3,200,000
£17,500	£2,600,000	£400,000	£1,800,000	£2,800,000
£20,000	£2,600,000	£100,000	£1,300,000	£2,200,000
Normal - Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£2,600,000	All Viable	All Viable	All Viable
£7,500	£2,600,000	All Viable	All Viable	All Viable
£10,000	£2,600,000	All Viable	All Viable	All Viable
£12,500	£2,600,000	All Viable	All Viable	All Viable
£15,000	£2,600,000	All Viable	All Viable	All Viable
£17,500	£2,600,000	All Viable	All Viable	All Viable
£20,000	£2,600,000	All Viable	All Viable	All Viable
Recession - No Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£2,600,000	£0	£660,000	£2,000,000
£7,500	£2,600,000	£0	£0	£700,000
£10,000	£2,600,000	£0	£0	£300,000
£12,500	£2,600,000	£0	£0	£0
£15,000	£2,600,000	£0	£0	£0
£17,500	£2,600,000	£0	£0	£0
£20,000	£2,600,000	£0	£0	£0
Recession - Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£2,600,000	£2,500,000	£3,100,000	£3,600,000
£7,500	£2,600,000	£1,600,000	£2,000,000	£2,300,000
£10,000	£2,600,000	£1,200,000	£1,600,000	£1,900,000
£12,500	£2,600,000	£900,000	£1,200,000	£1,500,000
£15,000	£2,600,000	£600,000	£800,000	£1,000,000
£17,500	£2,600,000	£200,000	£400,000	£600,000
£20,000	£2,600,000	£0	£30,000	£150,000

Table A5.14 Inner Area – Scheme 5

Normal - No Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£10,400,000	£15,000,000	£21,300,000	£27,700,000
£7,500	£10,400,000	£11,000,000	£167,000,000	£22,500,000
£10,000	£10,400,000	£9,700,000	£15,200,000	£20,700,000
£12,500	£10,400,000	£8,400,000	£13,700,000	£19,000,000
£15,000	£10,400,000	£7,100,000	£12,100,000	£17,200,000
£17,500	£10,400,000	£5,800,000	£10,600,000	£15,500,000
£20,000	£10,400,000	£4,400,000	£9,000,000	£13,700,000
Normal - Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£10,400,000	All Viable	All Viable	All Viable
£7,500	£10,400,000	All Viable	All Viable	All Viable
£10,000	£10,400,000	All Viable	All Viable	All Viable
£12,500	£10,400,000	All Viable	All Viable	All Viable
£15,000	£10,400,000	All Viable	All Viable	All Viable
£17,500	£10,400,000	All Viable	All Viable	All Viable
£20,000	£10,400,000	All Viable	All Viable	All Viable

Recession - No Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£10,400,000	£600,000	£6,100,000	£11,700,000
£7,500	£10,400,000	£0	£1,500,000	£6,400,000
£10,000	£10,400,000	£0	£0	£4,700,000
£12,500	£10,400,000	£0	£0	£2,900,000
£15,000	£10,400,000	£0	£0	£1,200,000
£17,500	£10,400,000	£0	£0	£0
£20,000	£10,400,000	£0	£0	£0
Recession - Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£10,400,000	£14,100,000	£16,300,000	£18,500,000
£7,500	£10,400,000	£10,200,000	£11,700,000	£13,200,000
£10,000	£10,400,000	£8,900,000	£10,200,000	£11,500,000
£12,500	£10,400,000	£7,500,000	£8,600,000	£9,700,000
£15,000	£10,400,000	£6,200,000	£7,100,000	£8,000,000
£17,500	£10,400,000	£4,900,000	£5,600,000	£6,200,000
£20,000	£10,400,000	£3,600,000	£4,000,000	£4,400,000

Table A5.15 Outer Area – Scheme 1

Proposed CIL £ per Private Dwelling	Benchmark	**Recession** 100% Private	**Normal** 100% Private
£0	£44,000	£40,000	All Viable
£7,500	£44,000	£20,000	All Viable
£10,000	£44,000	£15,000	All Viable
£12,500	£44,000	£10,000	All Viable
£15,000	£44,000	£0	All Viable
£17,500	£44,000	£0	All Viable
£20,000	£44,000	£0	All Viable

Table A5.16 Outer Area – Scheme 2

Normal - No Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£230,000	£200,000	£200,000	£300,000
£7,500	£230,000	£100,000	£100,000	£200,000
£10,000	£230,000	£100,000	£100,000	£200,000
£12,500	£230,000	£0	£100,000	£100,000
£15,000	£230,000	£0	£100,000	£100,000
£17,500	£230,000	£0	£0	£100,000
£20,000	£230,000	£0	£0	£100,000
Normal - Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£230,000	£300,000	£400,000	£400,000
£7,500	£230,000	£200,000	£300,000	£300,000
£10,000	£230,000	£200,000	£200,000	£300,000
£12,500	£230,000	£200,000	£200,000	£200,000
£15,000	£230,000	£200,000	£200,000	£200,000
£17,500	£230,000	£200,000	£200,000	£200,000
£20,000	£230,000	£100,000	£100,000	£200,000
Recession - No Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£230,000	£0	£0	£60,000
£7,500	£230,000	£0	£0	£0
£10,000	£230,000	£0	£0	£0
£12,500	£230,000	£0	£0	£0
£15,000	£230,000	£0	£0	£0
£17,500	£230,000	£0	£0	£0
£20,000	£230,000	£0	£0	£0
Recession - Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£230,000	£100,000	£130,000	£150,000
£7,500	£230,000	£30,000	£50,000	£70,000
£10,000	£230,000	£10,000	£20,000	£40,000
£12,500	£230,000	£0	£0	£10,000
£15,000	£230,000	£0	£0	£10,000
£17,500	£230,000	£0	£0	£10,000
£20,000	£230,000	£0	£0	£10,000

Table A5.17 Outer Area – Scheme 3

Normal - No Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£710,000	£0	£200,000	£400,000
£7,500	£710,000	£0	£0	£200,000
£10,000	£710,000	£0	£0	£100,000
£12,500	£710,000	£0	£0	£0
£15,000	£710,000	£0	£0	£0
£17,500	£710,000	£0	£0	£0
£20,000	£710,000	£0	£0	£0
Normal - Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£710,000	£600,000	£700,000	£800,000
£7,500	£710,000	£400,000	£500,000	£500,000
£10,000	£710,000	£300,000	£400,000	£400,000
£12,500	£710,000	£200,000	£300,000	£300,000
£15,000	£710,000	£200,000	£200,000	£200,000
£17,500	£710,000	£100,000	£100,000	£200,000
£20,000	£710,000	£0	£100,000	£100,000
Recession - No Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£710,000	£0	£0	£0
£7,500	£710,000	£0	£0	£0
£10,000	£710,000	£0	£0	£0
£12,500	£710,000	£0	£0	£0
£15,000	£710,000	£0	£0	£0
£17,500	£710,000	£0	£0	£0
£20,000	£710,000	£0	£0	£0
Recession - Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£710,000	£0	£40,000	£80,000
£7,500	£710,000	£0	£0	£0
£10,000	£710,000	£0	£0	£0
£12,500	£710,000	£0	£0	£0
£15,000	£710,000	£0	£0	£0
£17,500	£710,000	£0	£0	£0
£20,000	£710,000	£0	£0	£0

Table A5.18 Outer Area – Scheme 4

Normal - No Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£3,530,000	£1,100,000	£2,500,000	£3,800,000
£7,500	£3,530,000	£100,000	£2,400,000	£5,000,000
£10,000	£3,530,000	£0	£1,000,000	£2,100,000
£12,500	£3,530,000	£0	£600,000	£1,700,000
£15,000	£3,530,000	£0	£200,000	£1,200,000
£17,500	£3,530,000	£0	£0	£800,000
£20,000	£3,530,000	£0	£0	£400,000
Normal - Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£3,530,000	£4,400,000	£4,900,000	£5,500,000
£7,500	£3,530,000	£3,400,000	£3,800,000	£4,200,000
£10,000	£3,530,000	£3,000,000	£3,400,000	£3,700,000
£12,500	£3,530,000	£2,700,000	£3,000,000	£3,300,000
£15,000	£3,530,000	£2,400,000	£2,600,000	£2,900,000
£17,500	£3,530,000	£2,100,000	£2,300,000	£2,400,000
£20,000	£3,530,000	£1,700,000	£1,900,000	£2,000,000
Recession - No Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£3,530,000	£0	£0	£250,000
£7,500	£3,530,000	£0	£0	£0
£10,000	£3,530,000	£0	£0	£0
£12,500	£3,530,000	£0	£0	£0
£15,000	£3,530,000	£0	£0	£0
£17,500	£3,530,000	£0	£0	£0
£20,000	£3,530,000	£0	£0	£0
Recession - Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£3,530,000	£1,100,000	£1,500,000	£1,900,000
£7,500	£3,530,000	£150,000	£400,000	£600,000
£10,000	£3,530,000	£0	£0	£150,000
£12,500	£3,530,000	£0	£0	£0
£15,000	£3,530,000	£0	£0	£0
£17,500	£3,530,000	£0	£0	£0
£20,000	£3,530,000	£0	£0	£0

Table A5.19 Outer Area – Scheme 5

Normal - No Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£14,120,000	£8,200,000	£13,800,000	£19,400,000
£7,500	£14,120,000	£4,300,000	£9,200,000	£14,100,000
£10,000	£14,120,000	£3,000,000	£7,600,000	£12,400,000
£12,500	£14,120,000	£1,600,000	£6,100,000	£10,600,000
£15,000	£14,120,000	£300,000	£4,600,000	£8,900,000
£17,500	£14,120,000	£0	£3,000,000	£7,100,000
£20,000	£14,120,000	£0	£1,500,000	£5,300,000
Normal - Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£14,120,000	£21,700,000	£23,900,000	£26,100,000
£7,500	£14,120,000	£17,800,000	£19,300,000	£20,900,000
£10,000	£14,120,000	£16,500,000	£17,800,000	£19,100,000
£12,500	£14,120,000	£15,200,000	£16,300,000	£17,400,000
£15,000	£14,120,000	£13,800,000	£14,700,000	£15,600,000
£17,500	£14,120,000	£12,500,000	£13,200,000	£13,900,000
£20,000	£14,120,000	£11,200,000	£11,700,000	£12,100,000
Recession - No Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£14,120,000	£0	£0	£4,400,000
£7,500	£14,120,000	£0	£0	£0
£10,000	£14,120,000	£0	£0	£0
£12,500	£14,120,000	£0	£0	£0
£15,000	£14,120,000	£0	£0	£0
£17,500	£14,120,000	£0	£0	£0
£20,000	£14,120,000	£0	£0	£0
Recession - Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£14,120,000	£8,300,000	£9,700,000	£11,200,000
£7,500	£14,120,000	£4,300,000	£5,100,000	£5,900,000
£10,000	£14,120,000	£3,000,000	£3,600,000	£4,200,000
£12,500	£14,120,000	£1,700,000	£2,100,000	£2,400,000
£15,000	£14,120,000	£400,000	£500,000	£700,000
£17,500	£14,120,000	£0	£0	£0
£20,000	£14,120,000	£0	£0	£0

Growth Area Summary: residential development with no grant (Normal Market)

We have assumed that the highest level of tariff that is viable without grant (i.e. is coloured green) for both the medium and large schemes would be adopted. Tables A5.1 to A5.19 above illustrate that the following levels of tariff would be viable for development:

- Central : £20,000 per unit

- A11 Corridor: £17,500 per unit
- Inner : £15,000 per unit
- Outer : £7,500 per unit

Growth Area Summary: residential development at 40%, 30% & 20% Affordable Housing (No NAHP Grant)

The allowance for 40%, 30% and 20% affordable housing provision (assuming no grant) impacts on the level of CIL that can viably be afforded as follows:

40% Affordable Housing	**Normal Market**	**Recession**
Central	£20,000 per unit	£10,000 per unit
A11 Corridor	£7,500 per unit	£5,000 per unit
Inner	£5,000 per unit	£5,000 per unit
Outer	£5,000 per unit	£5,000 per unit
30% Affordable Housing	**Normal Market**	**Recession**
Central	£20,000 per unit	£12,500 per unit
A11 Corridor	£12,500 per unit	£5,000 per unit
Inner	£10,000 per unit	£5,000 per unit
Outer	£7,500 per unit	£5,000 per unit
20% Affordable Housing	**Normal Market**	**Recession**
Central	£20,000 per unit	£17,500 per unit
A11 Corridor	£17,500 per unit	£5,000 per unit
Inner	£15,000 per unit	£5,000 per unit
Outer	£7,500 per unit	£5,000 per unit

VIABILITY BY DISTRICT

“Normal” and “Recession” Market Appraisals

The tables below set out the indicative residual land values for Schemes 1, 2, 3 & 4 at 100% (scheme 1 only), 40%, 30% and 20% affordable housing and both with and without NAHP grant. These residual land values have been compared to a benchmark land cost of £1,235,500 per Ha (£500,000 per acre) for Norwich City and £495,000 to £620,000 per Ha (£200,000 - £250,000 per acre) for South Norfolk and Broadland, depending on the size and nature of the scheme.

Table A5.20 Norwich City – Scheme 1

Proposed CIL £ per Private Dwelling	Benchmark	**Recession** 100% Private	**Normal** 100% Private
£0	£40,000	£100,000	£200,000
£7,500	£40,000	£95,000	£200,000
£10,000	£40,000	£80,000	£200,000
£12,500	£40,000	£70,000	£200,000
£15,000	£40,000	£60,000	£200,000
£17,500	£40,000	£50,000	£200,000
£20,000	£40,000	£30,000	£200,000

Table A5.21 Norwich City – Scheme 2

Normal - No Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£140,000	All Viable	All Viable	All Viable
£7,500	£140,000	All Viable	All Viable	All Viable
£10,000	£140,000	All Viable	All Viable	All Viable
£12,500	£140,000	All Viable	All Viable	All Viable
£15,000	£140,000	All Viable	All Viable	All Viable
£17,500	£140,000	All Viable	All Viable	All Viable
£20,000	£140,000	All Viable	All Viable	All Viable
Normal - Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£140,000	All Viable	All Viable	All Viable
£7,500	£140,400	All Viable	All Viable	All Viable
£10,000	£140,400	All Viable	All Viable	All Viable
£12,500	£140,400	All Viable	All Viable	All Viable
£15,000	£140,400	All Viable	All Viable	All Viable
£17,500	£140,400	All Viable	All Viable	All Viable
£20,000	£140,400	All Viable	All Viable	All Viable
Recession - No Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£195,000	£270,000	£340,000	£440,000
£7,500	£195,000	£200,000	£260,000	£350,000
£10,000	£195,000	£180,000	£230,000	£330,000
£12,500	£195,000	£160,000	£210,000	£300,000
£15,000	£195,000	£130,000	£180,000	£270,000
£17,500	£195,000	£110,000	£150,000	£240,000
£20,000	£195,000	£90,000	£130,000	£220,000
Recession - Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£195,000	£430,000	£460,000	£530,000
£7,500	£195,000	£360,000	£390,000	£450,000
£10,000	£195,000	£330,000	£360,000	£420,000
£12,500	£195,000	£310,000	£330,000	£390,000
£15,000	£195,000	£290,000	£300,000	£370,000
£17,500	£195,000	£260,000	£270,000	£340,000
£20,000	£195,000	£240,000	£250,000	£310,000

Table A5.22 Norwich City – Scheme 3

Normal - No Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£450,000	All Viable	All Viable	All Viable
£7,500	£450,000	All Viable	All Viable	All Viable
£10,000	£450,000	All Viable	All Viable	All Viable
£12,500	£450,000	All Viable	All Viable	All Viable
£15,000	£450,000	All Viable	All Viable	All Viable
£17,500	£450,000	All Viable	All Viable	All Viable
£20,000	£450,000	All Viable	All Viable	All Viable
Normal - Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£450,000	All Viable	All Viable	All Viable
£7,500	£450,000	All Viable	All Viable	All Viable
£10,000	£450,000	All Viable	All Viable	All Viable
£12,500	£450,000	All Viable	All Viable	All Viable
£15,000	£450,000	All Viable	All Viable	All Viable
£17,500	£450,000	All Viable	All Viable	All Viable
£20,000	£450,000	All Viable	All Viable	All Viable
Recession - No Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£620,000	£320,000	£680,000	£930,000
£7,500	£620,000	£120,000	£440,000	£670,000
£10,000	£620,000	£50,000	£360,000	£580,000
£12,500	£620,000	£0	£280,000	£500,000
£15,000	£620,000	£0	£200,000	£410,000
£17,500	£620,000	£0	£120,000	£320,000
£20,000	£620,000	£0	£40,000	£240,000
Recession - Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£620,000	£960,000	£1,100,000	£1,300,000
£7,500	£620,000	£760,000	£910,000	£1,000,000
£10,000	£620,000	£690,000	£830,000	£940,000
£12,500	£620,000	£620,000	£750,000	£850,000
£15,000	£620,000	£560,000	£670,000	£750,000
£17,500	£620,000	£490,000	£590,000	£670,000
£20,000	£620,000	£430,000	£510,000	£590,000

Table A5.23 Norwich City – Scheme 4.

Normal - No Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£2,230,000	All Viable	All Viable	All Viable
£7,500	£2,230,000	All Viable	All Viable	All Viable
£10,000	£2,230,000	All Viable	All Viable	All Viable
£12,500	£2,230,000	All Viable	All Viable	All Viable
£15,000	£2,230,000	All Viable	All Viable	All Viable
£17,500	£2,230,000	All Viable	All Viable	All Viable
£20,000	£2,230,000	All Viable	All Viable	All Viable
Normal - Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£2,230,000	All Viable	All Viable	All Viable
£7,500	£2,230,000	All Viable	All Viable	All Viable
£10,000	£2,230,000	All Viable	All Viable	All Viable
£12,500	£2,230,000	All Viable	All Viable	All Viable
£15,000	£2,230,000	All Viable	All Viable	All Viable
£17,500	£2,230,000	All Viable	All Viable	All Viable
£20,000	£2,230,000	All Viable	All Viable	All Viable
Recession - No Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£3,100,000	£3,000,000	£4,900,000	£6,600,000
£7,500	£3,100,000	£2,000,000	£3,700,000	£5,300,000
£10,000	£3,100,000	£1,700,000	£3,300,000	£4,900,000
£12,500	£3,100,000	£1,400,000	£2,900,000	£4,400,000
£15,000	£3,100,000	£1,000,000	£2,600,000	£4,000,000
£17,500	£3,100,000	£700,000	£2,200,000	£3,600,000
£20,000	£3,100,000	£400,000	£1,800,000	£3,100,000
Recession - Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£3,100,000	£6,300,000	£7,300,000	£8,300,000
£7,500	£3,100,000	£5,300,000	£6,100,000	£7,000,000
£10,000	£3,100,000	£5,000,000	£5,800,000	£6,500,000
£12,500	£3,100,000	£4,600,000	£5,400,000	£6,100,000
£15,000	£3,100,000	£4,300,000	£5,000,000	£5,600,000
£17,500	£3,100,000	£4,000,000	£4,600,000	£5,200,000
£20,000	£3,100,000	£3,700,000	£4,200,000	£4,800,000

Table A5.24 South Norfolk – Scheme 1.

Proposed CIL £ per Private Dwelling	Benchmark	Recession 100% Private	Normal 100% Private
£0	£28,000	£80,000	All Viable
£7,500	£28,000	£60,000	All Viable
£10,000	£28,000	£50,000	All Viable
£12,500	£28,000	£40,000	All Viable
£15,000	£28,000	£35,000	All Viable
£17,500	£28,000	£30,000	All Viable
£20,000	£28,000	£20,000	All Viable

Table A5.25 South Norfolk – Scheme 2.

Normal - No Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£170,000	All Viable	All Viable	All Viable
£7,500	£170,000	All Viable	All Viable	All Viable
£10,000	£170,000	All Viable	All Viable	All Viable
£12,500	£170,000	All Viable	All Viable	All Viable
£15,000	£170,000	All Viable	All Viable	All Viable
£17,500	£170,000	All Viable	All Viable	All Viable
£20,000	£170,000	All Viable	All Viable	All Viable
Normal - Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£170,000	All Viable	All Viable	All Viable
£7,500	£165,900	All Viable	All Viable	All Viable
£10,000	£165,900	All Viable	All Viable	All Viable
£12,500	£165,900	All Viable	All Viable	All Viable
£15,000	£165,900	All Viable	All Viable	All Viable
£17,500	£165,900	All Viable	All Viable	All Viable
£20,000	£165,900	All Viable	All Viable	All Viable
Recession - No Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£160,000	£50,000	£110,000	£180,000
£7,500	£160,000	£0	£30,000	£90,000
£10,000	£160,000	£0	£0	£60,000
£12,500	£160,000	£0	£0	£40,000
£15,000	£160,000	£0	£0	£10,000
£17,500	£160,000	£0	£0	£0
£20,000	£160,000	£0	£0	£0
Recession - Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£160,000	£200,000	£230,000	£270,000
£7,500	£160,000	£140,000	£150,000	£190,000
£10,000	£160,000	£110,000	£130,000	£160,000
£12,500	£160,000	£90,000	£100,000	£130,000
£15,000	£160,000	£60,000	£70,000	£100,000
£17,500	£160,000	£40,000	£50,000	£80,000
£20,000	£160,000	£20,000	£30,000	£50,000

Table A5.26 South Norfolk – Scheme 3.

Normal - No Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£520,000	£300,000	£600,000	£800,000
£7,500	£520,000	£100,000	£400,000	£500,000
£10,000	£520,000	£0	£300,000	£500,000
£12,500	£520,000	£0	£200,000	£400,000
£15,000	£520,000	£0	£100,000	£300,000
£17,500	£520,000	£0	£0	£200,000
£20,000	£520,000	£0	£0	£100,000
Normal - Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£520,000	£900,000	£1,100,000	£1,200,000
£7,500	£520,000	£700,000	£800,000	£900,000
£10,000	£520,000	£650,000	£700,000	£800,000
£12,500	£520,000	£600,000	£700,000	£750,000
£15,000	£520,000	£500,000	£600,000	£650,000
£17,500	£520,000	£400,000	£500,000	£600,000
£20,000	£520,000	£400,000	£400,000	£500,000
Recession - No Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£490,000	£0	£0	£70,000
£7,500	£490,000	£0	£0	£0
£10,000	£490,000	£0	£0	£0
£12,500	£490,000	£0	£0	£0
£15,000	£490,000	£0	£0	£0
£17,500	£490,000	£0	£0	£0
£20,000	£490,000	£0	£0	£0
Recession - Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£490,000	£240,000	£350,000	£420,000
£7,500	£490,000	£40,000	£110,000	£160,000
£10,000	£490,000	£0	£30,000	£70,000
£12,500	£490,000	£0	£0	£0
£15,000	£490,000	£0	£0	£0
£17,500	£490,000	£0	£0	£0
£20,000	£490,000	£0	£0	£0

Table A5.27 South Norfolk – Scheme 4.

Normal - No Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£2,600,000	£2,700,000	£4,300,000	£5,900,000
£7,500	£2,600,000	£1,700,000	£3,200,000	£4,600,000
£10,000	£2,600,000	£1,400,000	£2,800,000	£4,100,000
£12,500	£2,600,000	£1,100,000	£2,400,000	£3,700,000
£15,000	£2,600,000	£700,000	£2,000,000	£3,200,000
£17,500	£2,600,000	£400,000	£1,800,000	£2,800,000
£20,000	£2,600,000	£100,000	£1,300,000	£2,200,000
Normal - Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£2,600,000	All Viable	All Viable	All Viable
£7,500	£2,600,000	All Viable	All Viable	All Viable
£10,000	£2,600,000	All Viable	All Viable	All Viable
£12,500	£2,600,000	All Viable	All Viable	All Viable
£15,000	£2,600,000	All Viable	All Viable	All Viable
£17,500	£2,600,000	All Viable	All Viable	All Viable
£20,000	£2,600,000	All Viable	All Viable	All Viable
Recession - No Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£2,470,000	£0	£660,000	£2,000,000
£7,500	£2,470,000	£0	£0	£700,000
£10,000	£2,470,000	£0	£0	£300,000
£12,500	£2,470,000	£0	£0	£0
£15,000	£2,470,000	£0	£0	£0
£17,500	£2,470,000	£0	£0	£0
£20,000	£2,470,000	£0	£0	£0
Recession - Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£2,470,000	£2,500,000	£3,100,000	£3,600,000
£7,500	£2,470,000	£1,600,000	£2,000,000	£2,300,000
£10,000	£2,470,000	£1,200,000	£1,600,000	£1,900,000
£12,500	£2,470,000	£900,000	£1,200,000	£1,500,000
£15,000	£2,470,000	£600,000	£800,000	£1,000,000
£17,500	£2,470,000	£200,000	£400,000	£600,000
£20,000	£2,470,000	£0	£30,000	£150,000

Table A5.28 South Norfolk – Scheme 5.

Normal - No Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£10,400,000	£15,000,000	£21,300,000	£27,700,000
£7,500	£10,400,000	£11,000,000	£167,000,000	£22,500,000
£10,000	£10,400,000	£9,700,000	£15,200,000	£20,700,000
£12,500	£10,400,000	£8,400,000	£13,700,000	£19,000,000
£15,000	£10,400,000	£7,100,000	£12,100,000	£17,200,000
£17,500	£10,400,000	£5,800,000	£10,600,000	£15,500,000
£20,000	£10,400,000	£4,400,000	£9,000,000	£13,700,000
Normal - Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£10,400,000	All Viable	All Viable	All Viable
£7,500	£10,400,000	All Viable	All Viable	All Viable
£10,000	£10,400,000	All Viable	All Viable	All Viable
£12,500	£10,400,000	All Viable	All Viable	All Viable
£15,000	£10,400,000	All Viable	All Viable	All Viable
£17,500	£10,400,000	All Viable	All Viable	All Viable
£20,000	£10,400,000	All Viable	All Viable	All Viable
Recession - No Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£9,900,000	£600,000	£6,100,000	£11,700,000
£7,500	£9,900,000	£0	£1,500,000	£6,400,000
£10,000	£9,900,000	£0	£0	£4,700,000
£12,500	£9,900,000	£0	£0	£2,900,000
£15,000	£9,900,000	£0	£0	£1,200,000
£17,500	£9,900,000	£0	£0	£0
£20,000	£9,900,000	£0	£0	£0
Recession - Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£9,900,000	£14,100,000	£16,300,000	£18,500,000
£7,500	£10,400,000	£10,200,000	£11,700,000	£13,200,000
£10,000	£10,400,000	£8,900,000	£10,200,000	£11,500,000
£12,500	£10,400,000	£7,500,000	£8,600,000	£9,700,000
£15,000	£10,400,000	£6,200,000	£7,100,000	£8,000,000
£17,500	£10,400,000	£4,900,000	£5,600,000	£6,200,000
£20,000	£10,400,000	£3,600,000	£4,000,000	£4,400,000

Table A5.29 Broadland – Scheme 1

Proposed CIL £ per Private Dwelling	Benchmark	**Recession** 100% Private	**Normal** 100% Private
£0	£44,000	£40,000	All Viable
£7,500	£44,000	£20,000	All Viable
£10,000	£44,000	£15,000	All Viable
£12,500	£44,000	£10,000	All Viable
£15,000	£44,000	£0	All Viable
£17,500	£44,000	£0	All Viable
£20,000	£44,000	£0	£0

Table A5.30 Broadland – Scheme 2

Normal - No Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£230,000	£150,000	£150,000	£250,000
£7,500	£230,000	£100,000	£100,000	£200,000
£10,000	£230,000	£100,000	£100,000	£200,000
£12,500	£230,000	£0	£100,000	£100,000
£15,000	£230,000	£0	£100,000	£100,000
£17,500	£230,000	£0	£0	£100,000
£20,000	£230,000	£0	£0	£100,000
Normal - Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£230,000	£300,000	£400,000	£400,000
£7,500	£230,000	£200,000	£300,000	£300,000
£10,000	£230,000	£200,000	£200,000	£300,000
£12,500	£230,000	£200,000	£200,000	£200,000
£15,000	£230,000	£200,000	£200,000	£200,000
£17,500	£230,000	£200,000	£200,000	£200,000
£20,000	£230,000	£100,000	£100,000	£200,000
Recession - No Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£230,000	£0	£0	£60,000
£7,500	£230,000	£0	£0	£0
£10,000	£230,000	£0	£0	£0
£12,500	£230,000	£0	£0	£0
£15,000	£230,000	£0	£0	£0
£17,500	£230,000	£0	£0	£0
£20,000	£230,000	£0	£0	£0
Recession - Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£230,000	£100,000	£130,000	£150,000
£7,500	£230,000	£30,000	£50,000	£70,000
£10,000	£230,000	£10,000	£20,000	£40,000
£12,500	£230,000	£0	£0	£10,000
£15,000	£230,000	£0	£0	£10,000
£17,500	£230,000	£0	£0	£10,000
£20,000	£230,000	£0	£0	£10,000

Table A5.31 Broadland – Scheme 3.

Normal - No Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£710,000	£0	£200,000	£400,000
£7,500	£710,000	£0	£0	£200,000
£10,000	£710,000	£0	£0	£100,000
£12,500	£710,000	£0	£0	£0
£15,000	£710,000	£0	£0	£0
£17,500	£710,000	£0	£0	£0
£20,000	£710,000	£0	£0	£0
Normal - Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£710,000	£600,000	£700,000	£800,000
£7,500	£710,000	£400,000	£500,000	£500,000
£10,000	£710,000	£300,000	£400,000	£400,000
£12,500	£710,000	£200,000	£300,000	£300,000
£15,000	£710,000	£200,000	£200,000	£200,000
£17,500	£710,000	£100,000	£100,000	£200,000
£20,000	£710,000	£0	£100,000	£100,000
Recession - No Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£710,000	£0	£0	£0
£7,500	£710,000	£0	£0	£0
£10,000	£710,000	£0	£0	£0
£12,500	£710,000	£0	£0	£0
£15,000	£710,000	£0	£0	£0
£17,500	£710,000	£0	£0	£0
£20,000	£710,000	£0	£0	£0
Recession - Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£710,000	£0	£40,000	£80,000
£7,500	£710,000	£0	£0	£0
£10,000	£710,000	£0	£0	£0
£12,500	£710,000	£0	£0	£0
£15,000	£710,000	£0	£0	£0
£17,500	£710,000	£0	£0	£0
£20,000	£710,000	£0	£0	£0

Table A5.32 Broadland – Scheme 4.

Normal - No Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£3,530,000	£1,100,000	£2,500,000	£3,800,000
£7,500	£3,530,000	£100,000	£2,400,000	£5,000,000
£10,000	£3,530,000	£0	£1,000,000	£2,100,000
£12,500	£3,530,000	£0	£600,000	£1,700,000
£15,000	£3,530,000	£0	£200,000	£1,200,000
£17,500	£3,530,000	£0	£0	£800,000
£20,000	£3,530,000	£0	£0	£400,000
Normal - Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£3,530,000	£4,400,000	£4,900,000	£5,500,000
£7,500	£3,530,000	£3,400,000	£3,800,000	£4,200,000
£10,000	£3,530,000	£3,000,000	£3,400,000	£3,700,000
£12,500	£3,530,000	£2,700,000	£3,000,000	£3,300,000
£15,000	£3,530,000	£2,400,000	£2,600,000	£2,900,000
£17,500	£3,530,000	£2,100,000	£2,300,000	£2,400,000
£20,000	£3,530,000	£1,700,000	£1,900,000	£2,000,000
Recession - No Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£3,530,000	£0	£0	£250,000
£7,500	£3,530,000	£0	£0	£0
£10,000	£3,530,000	£0	£0	£0
£12,500	£3,530,000	£0	£0	£0
£15,000	£3,530,000	£0	£0	£0
£17,500	£3,530,000	£0	£0	£0
£20,000	£3,530,000	£0	£0	£0
Recession - Grant				
Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£3,530,000	£1,100,000	£1,500,000	£1,900,000
£7,500	£3,530,000	£150,000	£400,000	£600,000
£10,000	£3,530,000	£0	£0	£150,000
£12,500	£3,530,000	£0	£0	£0
£15,000	£3,530,000	£0	£0	£0
£17,500	£3,530,000	£0	£0	£0
£20,000	£3,530,000	£0	£0	£0

Table A5.33 Broadland – Scheme 5.

Normal - No Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£14,120,000	£8,200,000	£13,800,000	£19,400,000
£7,500	£14,120,000	£4,300,000	£9,200,000	£14,100,000
£10,000	£14,120,000	£3,000,000	£7,600,000	£12,400,000
£12,500	£14,120,000	£1,600,000	£6,100,000	£10,600,000
£15,000	£14,120,000	£300,000	£4,600,000	£8,900,000
£17,500	£14,120,000	£0	£3,000,000	£7,100,000
£20,000	£14,120,000	£0	£1,500,000	£5,300,000
Normal - Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£14,120,000	£21,700,000	£23,900,000	£26,100,000
£7,500	£14,120,000	£17,800,000	£19,300,000	£20,900,000
£10,000	£14,120,000	£16,500,000	£17,800,000	£19,100,000
£12,500	£14,120,000	£15,200,000	£16,300,000	£17,400,000
£15,000	£14,120,000	£13,800,000	£14,700,000	£15,600,000
£17,500	£14,120,000	£12,500,000	£13,200,000	£13,900,000
£20,000	£14,120,000	£11,200,000	£11,700,000	£12,100,000
Recession - No Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£14,120,000	£0	£0	£4,400,000
£7,500	£14,120,000	£0	£0	£0
£10,000	£14,120,000	£0	£0	£0
£12,500	£14,120,000	£0	£0	£0
£15,000	£14,120,000	£0	£0	£0
£17,500	£14,120,000	£0	£0	£0
£20,000	£14,120,000	£0	£0	£0
Recession - Grant Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£14,120,000	£8,300,000	£9,700,000	£11,200,000
£7,500	£14,120,000	£4,300,000	£5,100,000	£5,900,000
£10,000	£14,120,000	£3,000,000	£3,600,000	£4,200,000
£12,500	£14,120,000	£1,700,000	£2,100,000	£2,400,000
£15,000	£14,120,000	£400,000	£500,000	£700,000
£17,500	£14,120,000	£0	£0	£0
£20,000	£14,120,000	£0	£0	£0

Summary: residential development with no grant (Normal Market)

We have assumed that the highest level of CIL that is viable without grant (i.e. coloured green) for both the medium and large schemes would be adopted. Tables A5.20 to A5.33 above illustrate that the following levels of CIL would be viable for development:

- Norwich City : £17,500 per unit
- South Norfolk : £7,500 per unit

- Broadland : £7,500 per unit

Summary: residential development at 40%, 30% and 20% Affordable Housing (No Grant))

The allowance for 40%, 30% and 20% affordable housing provision (assuming no grant) impacts on the level of CIL that can viably be afforded as follows:

40% Affordable Housing	**Normal Market**	**Recession**
Norwich City	£12,500 per unit	£7,500 per unit
South Norfolk	£5,000 per unit	£5,000 per unit
Broadland	£5,000 per unit	£5,000 per unit
30% Affordable Housing	**Normal Market**	**Recession**
Norwich City	£15,000 per unit	£10,000 per unit
South Norfolk	£5,000 per unit	£5,000 per unit
Broadland	£5,000 per unit	£5,000 per unit
20% Affordable Housing	**Normal Market**	**Recession**
Norwich City	£17,500 per unit	£12,500 per unit
South Norfolk	£7,500 per unit	£5,000 per unit
Broadland	£7,500 per unit	£5,000 per unit

Mixed Use Viability Analysis

Tables A5.34 to A5.37 below set out the indicative residual land values for the Mixed Use typologies, Scheme 3 and Scheme 4, at 40% affordable housing and with no NAHP grant, the 'core scenario'. These residual land values have been compared to a benchmark land cost which reflects those of pure residential development – as set out above.

Mixed Use Viability by Growth Area

"Normal" and "Recession" Market Appraisals

Table A5.34 Mixed Use Scheme: Normal Market, no Grant

Central Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£450,000	£1,700,000	£2,200,000	£2,500,000
£7,500	£450,000	£1,400,000	£1,800,000	£2,000,000
£10,000	£450,000	£1,200,000	£1,600,000	£1,900,000
£12,500	£450,000	£1,100,000	£1,500,000	£1,700,000
£15,000	£450,000	£1,000,000	£1,300,000	£1,500,000
£17,500	£450,000	£1,200,000	£1,200,000	£1,400,000
£20,000	£450,000	£800,000	£1,100,000	£1,200,000
Inner Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£520,000	£700,000	£1,000,000	£1,200,000
£7,500	£520,000	£300,000	£600,000	£700,000
£10,000	£520,000	£200,000	£500,000	£600,000
£12,500	£520,000	£100,000	£300,000	£400,000
£15,000	£520,000	-£100,000	£200,000	£300,000
£17,500	£520,000	-£200,000	£0	£100,000
£20,000	£520,000	-£300,000	-£100,000	-£100,000
A11 Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£650,000	£1,200,000	£1,600,000	£1,900,000
£7,500	£650,000	£800,000	£1,200,000	£1,400,000
£10,000	£650,000	£700,000	£1,000,000	£1,200,000
£12,500	£650,000	£600,000	£900,000	£1,100,000
£15,000	£650,000	£500,000	£800,000	£900,000
£17,500	£650,000	£300,000	£600,000	£700,000
£20,000	£650,000	£200,000	£500,000	£600,000
Outer Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£710,000	£400,000	£700,000	£800,000
£7,500	£710,000	£0	£300,000	£400,000
£10,000	£710,000	£100,000	£100,000	£200,000
£12,500	£710,000	-£300,000	£0	£100,000
£15,000	£710,000	-£400,000	-£200,000	-£100,000
£17,500	£710,000	-£500,000	-£300,000	-£300,000
£20,000	£710,000	-£600,000	-£400,000	-£500,000

Table A5.35 Mixed Use Scheme: Normal Market, with Grant

Central Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£450,000	£2,100,000	£2,500,000	£2,700,000
£7,500	£450,000	£1,800,000	£2,100,000	£2,200,000
£10,000	£450,000	£1,700,000	£1,900,000	£2,100,000
£12,500	£450,000	£1,500,000	£1,800,000	£1,900,000
£15,000	£450,000	£1,400,000	£1,700,000	£1,700,000
£17,500	£450,000	£1,300,000	£1,500,000	£1,600,000
£20,000	£450,000	£1,200,000	£1,400,000	£1,400,000
Inner Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£520,000	£1,100,000	£1,300,000	£1,400,000
£7,500	£520,000	£700,000	£900,000	£900,000
£10,000	£520,000	£600,000	£800,000	£800,000
£12,500	£520,000	£500,000	£600,000	£600,000
£15,000	£520,000	£400,000	£500,000	£500,000
£17,500	£520,000	£300,000	£400,000	£300,000
£20,000	£520,000	£100,000	£200,000	£100,000
A11 Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£650,000	£1,600,000	£1,900,000	£2,100,000
£7,500	£650,000	£1,300,000	£1,500,000	£1,600,000
£10,000	£650,000	£1,100,000	£1,400,000	£1,400,000
£12,500	£650,000	£1,000,000	£1,200,000	£1,300,000
£15,000	£650,000	£900,000	£1,100,000	£1,000,000
£17,500	£650,000	£800,000	£1,000,000	£1,000,000
£20,000	£650,000	£700,000	£800,000	£800,000
Outer Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£710,000	£800,000	£1,000,000	£1,100,000
£7,500	£710,000	£400,000	£600,000	£600,000
£10,000	£710,000	£300,000	£500,000	£400,000
£12,500	£710,000	£200,000	£300,000	£300,000
£15,000	£710,000	£100,000	£200,000	£100,000
£17,500	£710,000	-£100,000	£0	-£100,000
£20,000	£710,000	-£200,000	-£100,000	-£200,000

Table A5.36 Mixed Use Scheme: Recession Market, no Grant

Central Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£140,000	£700,000	£1,140,000	£1,400,000
£7,500	£140,000	£400,000	£700,000	£900,000
£10,000	£140,000	£300,000	£600,000	£800,000
£12,500	£140,000	£100,000	£500,000	£600,000
£15,000	£140,000	£10,000	£300,000	£450,000
£17,500	£140,000	-£100,000	£200,000	£300,000
£20,000	£140,000	-£250,000	£0	£100,000
Inner Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£170,000	-£200,000	£100,000	£300,000
£7,500	£170,000	-£600,000	-£300,000	-£200,000
£10,000	£170,000	-£700,000	-£400,000	-£400,000
£12,500	£170,000	-£800,000	-£600,000	-£500,000
£15,000	£170,000	-£900,000	-£700,000	-£700,000
£17,500	£170,000	-£1,000,000	-£900,000	-£900,000
£20,000	£170,000	-£1,200,000	-£1,000,000	-£1,000,000
A11 Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£678,300	£300,000	£600,000	£900,000
£7,500	£678,300	-£100,000	£200,000	£400,000
£10,000	£678,300	-£200,000	£100,000	£200,000
£12,500	£678,300	-£300,000	-£100,000	£100,000
£15,000	£678,300	-£500,000	-£200,000	-£100,000
£17,500	£678,300	-£600,000	-£300,000	-£300,000
£20,000	£678,300	-£700,000	-£500,000	-£400,000
Outer Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£230,000	-£500,000	-£200,000	£0
£7,500	£230,000	-£800,000	-£600,000	-£500,000
£10,000	£230,000	-£1,000,000	-£700,000	-£700,000
£12,500	£230,000	-£1,000,000	-£900,000	-£900,000
£15,000	£230,000	-£1,200,000	-£1,000,000	-£1,000,000
£17,500	£230,000	-£1,300,000	-£1,200,000	-£1,200,000
£20,000	£230,000	-£1,500,000	-£1,300,000	-£1,400,000

Table A5.37 Mixed Use Scheme: Recession Market, with Grant

City Centre Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£140,000	£1,200,000	£1,500,000	£1,600,000
£7,500	£1,162,800	£800,000	£1,100,000	£1,130,000
£10,000	£1,162,800	£700,000	£900,000	£1,000,000
£12,500	£1,162,800	£600,000	£800,000	£800,000
£15,000	£1,162,800	£400,000	£600,000	£700,000
£17,500	£1,162,800	£300,000	£500,000	£500,000
£20,000	£1,162,800	£200,000	£400,000	£300,000
Inner Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£170,000	£300,000	£500,000	£500,000
£7,500	£678,300	-£100,000	£0	£0
£10,000	£678,300	-£200,000	-£100,000	-£200,000
£12,500	£678,300	-£400,000	-£300,000	-£300,000
£15,000	£678,300	-£500,000	-£400,000	-£500,000
£17,500	£678,300	-£600,000	-£500,000	-£600,000
£20,000	£678,300	-£700,000	-£700,000	-£800,000
A11 Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£678,300	£700,000	£1,000,000	£1,100,000
£7,500	£678,300	£300,000	£600,000	£600,000
£10,000	£678,300	£200,000	£400,000	£400,000
£12,500	£678,300	£100,000	£300,000	£300,000
£15,000	£678,300	£0	£100,000	£100,000
£17,500	£678,300	-£200,000	£0	£100,000
£20,000	£678,300	-£300,000	-£200,000	-£200,000
Outer Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£230,000	£0	£200,000	£200,000
£7,500	£230,000	-£400,000	-£300,000	-£300,000
£10,000	£230,000	-£400,000	-£500,000	-£500,000
£12,500	£230,000	-£600,000	-£500,000	-£600,000
£15,000	£230,000	-£800,000	-£700,000	-£800,000
£17,500	£230,000	-£900,000	-£800,000	-£1,000,000
£20,000	£230,000	-£1,000,000	-£1,000,000	-£1,100,000

Summary: mixed use development with no grant (Normal Market)

We have assumed that the highest level of CIL that is viable without grant (i.e. coloured green) would be adopted. Tables A5.34 to A5.37 above illustrate that the following levels of CIL would be viable for development:

- Central: £20,000 per unit
- A11 Corridor: £17,500 per unit
- Inner: £10,000 per unit
- Outer: £5,000 per unit

Mixed Use Viability by District

"Normal" and "Recession" Market Appraisals

Table A5.38 Mixed Use Scheme: Normal Market, no Grant

Norwich City Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£450,000	£1,700,000	£2,200,000	£2,500,000
£7,500	£450,000	£1,400,000	£1,800,000	£2,000,000
£10,000	£450,000	£1,200,000	£1,600,000	£1,900,000
£12,500	£450,000	£1,100,000	£1,500,000	£1,700,000
£15,000	£450,000	£1,000,000	£1,300,000	£1,500,000
£17,500	£450,000	£1,200,000	£1,200,000	£1,400,000
£20,000	£450,000	£800,000	£1,100,000	£1,200,000
South Norfolk Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£520,000	£700,000	£1,000,000	£1,200,000
£7,500	£520,000	£300,000	£600,000	£700,000
£10,000	£520,000	£200,000	£500,000	£600,000
£12,500	£520,000	£100,000	£300,000	£400,000
£15,000	£520,000	-£100,000	£200,000	£300,000
£17,500	£520,000	-£200,000	£0	£100,000
£20,000	£520,000	-£300,000	-£100,000	-£100,000
Broadlands Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£710,000	£400,000	£700,000	£800,000
£7,500	£710,000	£0	£300,000	£400,000
£10,000	£710,000	£100,000	£100,000	£200,000
£12,500	£710,000	-£300,000	£0	£100,000
£15,000	£710,000	-£400,000	-£200,000	-£100,000
£17,500	£710,000	-£500,000	-£300,000	-£300,000
£20,000	£710,000	-£600,000	-£400,000	-£500,000

Table A5.39 Mixed Use Scheme: Normal Market, with Grant

Norwich City Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£450,000	£2,100,000	£2,500,000	£2,700,000
£7,500	£450,000	£1,800,000	£2,100,000	£2,200,000
£10,000	£450,000	£1,700,000	£1,900,000	£2,100,000
£12,500	£450,000	£1,500,000	£1,800,000	£1,900,000
£15,000	£450,000	£1,400,000	£1,700,000	£1,700,000
£17,500	£450,000	£1,300,000	£1,500,000	£1,600,000
£20,000	£450,000	£1,200,000	£1,400,000	£1,400,000
South Norfolk Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£520,000	£1,100,000	£1,300,000	£1,400,000
£7,500	£520,000	£700,000	£900,000	£900,000
£10,000	£520,000	£600,000	£800,000	£800,000
£12,500	£520,000	£500,000	£600,000	£600,000
£15,000	£520,000	£400,000	£500,000	£500,000
£17,500	£520,000	£300,000	£400,000	£300,000
£20,000	£520,000	£100,000	£200,000	£100,000
Broadlands Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£710,000	£800,000	£1,000,000	£1,100,000
£7,500	£710,000	£400,000	£600,000	£600,000
£10,000	£710,000	£300,000	£500,000	£400,000
£12,500	£710,000	£200,000	£300,000	£300,000
£15,000	£710,000	£100,000	£200,000	£100,000
£17,500	£710,000	-£100,000	£0	-£100,000
£20,000	£710,000	-£200,000	-£100,000	-£200,000

Table A5.40 Mixed Use Scheme: Recession Market, no Grant

Norwich City Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£140,000	£700,000	£1,140,000	£1,400,000
£7,500	£140,000	£400,000	£700,000	£900,000
£10,000	£140,000	£300,000	£600,000	£800,000
£12,500	£140,000	£100,000	£500,000	£600,000
£15,000	£140,000	£10,000	£300,000	£450,000
£17,500	£140,000	-£100,000	£200,000	£300,000
£20,000	£140,000	-£250,000	£0	£100,000
South Norfolk Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£170,000	-£200,000	£100,000	£300,000
£7,500	£170,000	-£600,000	-£300,000	-£200,000
£10,000	£170,000	-£700,000	-£400,000	-£400,000
£12,500	£170,000	-£800,000	-£600,000	-£500,000
£15,000	£170,000	-£900,000	-£700,000	-£700,000
£17,500	£170,000	-£1,000,000	-£900,000	-£900,000
£20,000	£170,000	-£1,200,000	-£1,000,000	-£1,000,000
Broadlands Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£230,000	-£500,000	-£200,000	£0
£7,500	£230,000	-£800,000	-£600,000	-£500,000
£10,000	£230,000	-£1,000,000	-£700,000	-£700,000
£12,500	£230,000	-£1,000,000	-£900,000	-£900,000
£15,000	£230,000	-£1,200,000	-£1,000,000	-£1,000,000
£17,500	£230,000	-£1,300,000	-£1,200,000	-£1,200,000
£20,000	£230,000	-£1,500,000	-£1,300,000	-£1,400,000

Table A5.41 Mixed Use Scheme: Recession Market, with Grant

Norwich City Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£140,000	£1,200,000	£1,500,000	£1,600,000
£7,500	£1,162,800	£800,000	£1,100,000	£1,130,000
£10,000	£1,162,800	£700,000	£900,000	£1,000,000
£12,500	£1,162,800	£600,000	£800,000	£800,000
£15,000	£1,162,800	£400,000	£600,000	£700,000
£17,500	£1,162,800	£300,000	£500,000	£500,000
£20,000	£1,162,800	£200,000	£400,000	£300,000
South Norfolk Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£170,000	£300,000	£500,000	£500,000
£7,500	£678,300	-£100,000	£0	£0
£10,000	£678,300	-£200,000	-£100,000	-£200,000
£12,500	£678,300	-£400,000	-£300,000	-£300,000
£15,000	£678,300	-£500,000	-£400,000	-£500,000
£17,500	£678,300	-£600,000	-£500,000	-£600,000
£20,000	£678,300	-£700,000	-£700,000	-£800,000
Broadlands Proposed CIL £ per Private Dwelling	Benchmark	40% Affordable	30% Affordable	20% Affordable
£0	£230,000	£0	£200,000	£200,000
£7,500	£230,000	-£400,000	-£300,000	-£300,000
£10,000	£230,000	-£400,000	-£500,000	-£500,000
£12,500	£230,000	-£600,000	-£500,000	-£600,000
£15,000	£230,000	-£800,000	-£700,000	-£800,000
£17,500	£230,000	-£900,000	-£800,000	-£1,000,000
£20,000	£230,000	-£1,000,000	-£1,000,000	-£1,100,000

Summary: mixed use development with no grant (Normal Market)

We have assumed that the highest level of CIL that is viable without grant (i.e. coloured green) would be adopted. Tables A5.38 to A5.41 above illustrate that the following levels of CIL would be viable for development:

- Norwich: £20,000 per unit
- South Norfolk: £10,000 per unit
- Broadland: £5,000 per unit

Commercial Viability Analysis

Our discussions with local commercial office agents have made clear the fact that, currently, the Greater Norwich area is not considered to be a primary office location in the national context. We understand, however, that there is demand from the local occupier market for commercial space, making development viable for the right kind of scheme in the right locations in Greater Norwich.

As set out in Figure 2 of the main report, for commercial market analysis, we have divided Greater Norwich into three different Market Value Areas – Norwich City Centre, North Greater Norwich Area and South Greater Norwich Area.

Tables A5.42 and A5.43 below set out the CIL viability for the two national office schemes tested (schemes 7 & 8). They indicate that an appropriate and viable CIL (taking into account likely developable office building sizes) is £5 per sq m.

Table A5.42 Office Schemes: Normal Market

Scheme 7 Proposed CIL £ per sq m	Benchmark	Norwich City Centre	North Greater Norwich Area	South Greater Norwich Area
£0	£118,000	-£500,000	-£1,200,000	£100,000
£5	£118,000	-£500,000	-£1,200,000	£100,000
£10	£118,000	-£600,000	-£1,200,000	£0
£15	£118,000	-£600,000	-£1,300,000	£0
£20	£118,000	-£600,000	-£1,300,000	£0
£25	£118,000	-£700,000	-£1,300,000	-£100,000
Scheme 8				
£0	£248,000	£500,000	-£700,000	£1,500,000
£5	£248,000	£500,000	-£700,000	£1,500,000
£10	£248,000	£500,000	-£700,000	£1,400,000
£15	£248,000	£400,000	-£700,000	£1,400,000
£20	£248,000	£400,000	-£800,000	£1,400,000
£25	£248,000	£300,000	-£800,000	£1,300,000

Table A5.43 Office Schemes: Recession Market

Scheme 7 Proposed CIL £ per sq m	Benchmark	Norwich City Centre	North Greater Norwich Area	South Greater Norwich Area
£0	£118,000	-£600,000	-£1,300,000	-£1,000,000
£5	£118,000	-£700,000	-£1,400,000	-£1,000,000
£10	£118,000	-£700,000	-£1,400,000	-£1,100,000
£15	£118,000	-£700,000	-£1,400,000	-£1,200,000
£20	£118,000	-£700,000	-£1,400,000	-£1,200,000
£25	£118,000	-£800,000	-£1,400,000	-£1,200,000
Scheme 8				
£0	£248,000	£300,000	-£900,000	-£300,000
£5	£248,000	£200,000	-£1,000,000	-£300,000
£10	£248,000	£200,000	-£1,000,000	-£400,000
£15	£248,000	£200,000	-£1,000,000	-£400,000
£20	£248,000	£100,000	-£1,000,000	-£400,000
£25	£248,000	£100,000	-£1,100,000	-£400,000

Retail Viability Analysis

We have undertaken two retail scheme viability appraisals (schemes 9 & 10), assuming that one is a stand-alone retail warehouse scheme and the other is a convenience retail scheme.

As set out in Figure 2 of the main report, for retail analysis, we have divided Greater Norwich into three different Market Value Areas, which are different to those for commercial and industrial uses – Norwich City Centre, Rackheath Urban Extension Area and the 'Rest of Greater Norwich'.

Tables A5.44 and A5.45 below set out the residual land values of the retail appraisals and the viability of a tested level of CIL when benchmarked against the EUV/AUV. They indicate that an appropriate and viable CIL for retail is:

	Retail Warehousing	Convenience Retail
• Norwich City Centre:	£25 per sq m	£25 per sq m
• Rackheath	£25 per sq m	£25 per sq m
• Rest of GNDP	£10 per sq m	£25 per sq m

Table A5.44 Retail Schemes: Normal Market

Proposed CIL £ per sq m	Benchmark	Norwich City Centre	Rackheath	Rest of GNDP
Scheme 9				
£0	£185,000	£300,000	-£100,000	-£100,000
£5	£185,000	£400,000	-£100,000	-£200,000
£10	£185,000	£400,000	-£200,000	-£200,000
£15	£185,000	£400,000	-£200,000	-£200,000
£20	£185,000	£300,000	-£200,000	-£200,000
£25	£185,000	£300,000	-£300,000	-£300,000
Scheme 10				
£0	£441,000	£1,800,000	£1,200,000	£500,000
£5	£441,000	£1,800,000	£1,100,000	£400,000
£10	£441,000	£1,700,000	£1,100,000	£400,000
£15	£441,000	£1,700,000	£1,100,000	£400,000
£20	£441,000	£1,700,000	£1,000,000	£300,000
£25	£441,000	£1,600,000	£1,000,000	£300,000

Table A5.45 Retail Schemes: Recession Market

Scheme 9 Proposed CIL £ per sq m	Benchmark	Norwich City Centre	Rackheath	Rest of GNDP
£0	£185,000	£200,000	-£300,000	-£400,000
£5	£185,000	£200,000	-£300,000	-£500,000
£10	£185,000	£100,000	-£400,000	-£500,000
£15	£185,000	£100,000	-£400,000	-£500,000
£20	£185,000	£100,000	-£400,000	-£500,000
£25	£185,000	£50,000	-£500,000	-£600,000
Scheme 10				
£0	£441,000	£1,800,000	£1,200,000	£1,200,000
£5	£441,000	£1,800,000	£1,100,000	£1,100,000
£10	£441,000	£1,700,000	£1,100,000	£1,100,000
£15	£441,000	£1,700,000	£1,100,000	£1,100,000
£20	£441,000	£1,700,000	£1,000,000	£1,000,000
£25	£441,000	£1,600,000	£1,000,000	£1,000,000

Industrial Viability Analysis

We have undertaken two industrial scheme development appraisals (schemes 11 & 12), assuming that one is a stand alone retail warehouse scheme and the other is a convenience retail scheme.

As set out in Figure 2 of the main report for industrial scheme development analysis we have divided Greater Norwich into three different Market Value Areas, which are different to those for commercial and industrial uses – Norwich City Centre, Rackheath Urban Extension Area and the 'Rest of Greater Norwich'.

Tables A5.46 and A5.47 below set out the residual land values of the industrial scheme development appraisals and the viability of a tested level of tariff when benchmarked against the EUV/AUV. They indicate that an appropriate and viable tariff for retail is:

	General Industrial	**Storage & Distribution**
• Norwich City Centre:	£5 per sq m	£5 per sq m
• North of Norwich City Centre:	£10 per sq m	£25 per sq m
• South of Norwich City Centre:	£10 per sq m	£25 per sq m

Table A5.46 Industrial Schemes: Normal Market

Scheme 11 Proposed CIL £ per sq m	Benchmark	Norwich City Centre	North of City Centre	South of City Centre
£0	£148,500	-£600,000	-£300,000	-£200,000
£5	£148,500	-£700,000	-£400,000	-£200,000
£10	£148,500	-£700,000	-£400,000	-£300,000
£15	£148,500	-£700,000	-£400,000	-£300,000
£20	£148,500	-£700,000	-£400,000	-£300,000
£25	£148,500	-£800,000	-£500,000	-£400,000
Scheme 12				
£0	£741,000	-£1,100,000	£900,000	£1,400,000
£5	£741,000	-£1,100,000	£800,000	£1,400,000
£10	£741,000	-£1,200,000	£800,000	£1,400,000
£15	£741,000	-£1,200,000	£800,000	£1,300,000
£20	£741,000	-£1,300,000	£700,000	£1,300,000
£25	£741,000	-£1,300,000	£700,000	£1,300,000

Table A5.47 Industrial Schemes: Recession Market

Scheme 11 Proposed CIL £ per sq m	Benchmark	Norwich City Centre	North of City Centre	South of City Centre
£0	£148,500	-£600,000	-£500,000	-£500,000
£5	£148,500	-£700,000	-£600,000	-£500,000
£10	£148,500	-£700,000	-£600,000	-£500,000
£15	£148,500	-£700,000	-£600,000	-£600,000
£20	£148,500	-£700,000	-£600,000	-£600,000
£25	£148,500	-£800,000	-£700,000	-£600,000
Scheme 12				
£0	£741,000	-£1,700,000	-£500,000	£300,000
£5	£741,000	-£1,600,000	-£500,000	£200,000
£10	£741,000	-£1,600,000	-£600,000	£200,000
£15	£741,000	-£1,500,000	-£600,000	£200,000
£20	£741,000	-£1,500,000	-£600,000	£100,000
£25	£741,000	-£1,500,000	-£700,000	£100,000

APPENDIX A6: RECESSION MARKET TABLES

For the purpose of sensitivity testing we have undertaken CIL viability appraisals assuming both a 'recession' market (i.e. similar to that that prevails today) and a second scenario assuming that there is a return to a 'normal' development market (i.e. similar to that which was evident in early 2007).

The main report conclusions are drawn primarily on a return to 'normal' market conditions, recognising that the current difficult economic conditions may have an overtly detrimental impact on viability, but balanced against the long term nature of the Greater Norwich Growth programme and the need to establish a clear policy for the plan period. As such we include the following tables replicated from those in the main body of the report, but which represent the 'recession' market values scenario.

Table A6.1 - Viable CIL and proportion of Affordable Housing (Recession Market) – No Grant

Proposed CIL	Norwich	Broadlands	South Norfolk	Central	A11	Inner	Outer
£0	40%	20%	>30%	40%	>40%	>30%	>20%
£7,500	>40%	20%	20%	40%	>30%	x	>20%
£10,000	>30%	x	x	40%	>20%	x	x
£12,500	>20%	x	x	>40%	x	x	x
£15,000	x	x	x	>30%	x	x	x
£17,500	x	x	x	>20%	x	x	x
£20,000	x	x	x	x	x	x	x

Table A6.2 - Viable CIL and proportion of Affordable Housing (Recession Market) – With Grant

Proposed CIL	Norwich	Broadlands	South Norfolk	Central	A11	Inner	Outer
£0	40%	40%	40%	40%	40%	40%	>20%
£7,500	40%	40%	>30%	40%	>40%	>40%	>20%
£10,000	40%	x	>30%	40%	>40%	>30%	x
£12,500	40%	x	x	40%	>30%	>20%	x
£15,000	40%	x	x	40%	>20%	x	x
£17,500	>30%	x	x	40%	x	x	x

£20,000	>30%	x	x	>40%	x	x	x

Tables A6.3 and A6.4 below set out the potential residential and commercial CIL charging levels based on a 'recession' market scenario.

Table A6.3 – Suggested Residential CIL Charge Based on Recession Market Conditions and No Grant

	20% Affordable Housing	30% Affordable Housing	40% Affordable Housing
	Per Private Dwelling	Per Private Dwelling	Per Private Dwelling
Greater Norwich	£5,000	£5,000	£5,000
Norwich City	£12,500	£10,000	£7,500
South Norfolk	£5,000	£5,000	£5,000
Broadlands	£5,000	£5,000	£5,000
Central	£17,500	£12,500	£10,000
Inner	£5,000	£5,000	£5,000
A11	£7,500	£7,500	£5,000
Outer	£5,000	£5,000	£5,000

Table A6.4 – Suggested Commercial CIL Charge Based on Recession Market Conditions

	Office	Industrial/ Warehousing		Retail Warehousing	Convenience Retail
	Per Sq M	Per Sq M		Per Sq M	Per Sq M
Greater Norwich	£5	£5	Greater Norwich	£5	£25
Norwich City	£5	£5	Norwich City	£5	£25
South Norfolk	£5	£5	South Norfolk	£5	£25
Broadlands	£5	£5	Broadlands	£5	£25

	Office	Industrial/ Warehousing		Retail Warehousing	Convenience Retail
Norwich City Centre	£5	£5	**Norwich City Centre**	£5	£25
North Greater Norwich Area	£5	£5	**Rackheath Urban Extension Area**	£5	£25
South Greater Norwich Area	£5	£5	**Rest of Greater Norwich**	£5	£25