

**Community Infrastructure Levy**

**Infrastructure requirement in advance of an adopted Core Strategy in the Broadland Part of the Norwich Policy Area**

Evidence to explain how the existing infrastructure evidence continues to be sufficient to underpin the Community Infrastructure Levy for Broadland, Norwich and South Norfolk

July 2012

## 1. Introduction

- 1.1. Introduction of a Community Infrastructure Levy (CIL) requires an up to date development plan, infrastructure evidence demonstrating a deficit and evidence of development viability.
- 1.2. Part of the Joint Core Strategy for Broadland, Norwich and South Norfolk (JCS) has been remitted. The purpose of this paper is to explain how the existing infrastructure evidence continues to be sufficient to underpin the CIL Charging Schedules for Broadland, Norwich and South Norfolk. This is the case even if the distribution or scale of growth is modified as a result of the process to address the remittal.

### *The development plan*

- 1.3. The JCS covers the whole of the three local planning authorities of Broadland, Norwich and South Norfolk. The central part is the Norwich Policy Area.
- 1.4. The JCS was adopted in March 2011. A legal challenge to the adoption of the JCS was received on 3 May 2011 from Stephen Heard, Chairman of Stop Norwich Urbanisation. High Court Judge Mr Justice Ouseley made his judgment on 24 February 2012 (Appendix 1) and published his final order (Appendix 2) on 25 April 2012.
- 1.5. Mr Justice Ouseley found that parts of the Joint Core Strategy concerning the Broadland part of the Norwich Policy Area (the NPA – described in Appendix X), including the North East Growth Triangle (a total of 9,000 dwellings) should be remitted for further consideration and that a new Sustainability Appraisal for that part of Broadland in the NPA be prepared.
- 1.6. The remainder of the JCS remains adopted. Consequently, the JCS is adopted in its entirety for Broadland outside the NPA, and for the whole of Norwich and South Norfolk. The overall levels of housing and jobs growth have not been remitted.
- 1.7. Broadland District Council, Norwich City Council and South Norfolk Council, together with Norfolk County Council have continued to work together as the Greater Norwich Development Partnership (GNDP). The Partnership has undertaken further work to reconsider the remitted parts of the JCS. This work is reporting separately to Councils and this paper should be read in conjunction with those reports.

### *Infrastructure evidence*

- 1.8. The infrastructure evidence for the JCS is largely contained in the Local Investment Plan and Programme (BG 2.1), summarised in the Infrastructure Framework (Appendix 7 of the JCS). This was tested as part of the JCS examination in late 2010. It has been subject to some updating, particularly in relation to Green Infrastructure (EV 3). This evidence is almost entirely related to strategic infrastructure in the Norwich Policy Area. Other infrastructure will be required across the

area as a whole, for example small scale expansions of capacity in existing schools and libraries, and local transport improvements. In addition a proportion of funding will be controlled by parish councils to fund neighbourhood priorities.

### *Viability*

- 1.9. Viability assessment is independent of policy. Consequently, the status of the remitted text does not affect the evidence on development viability.
2. **The position of the JCS following the Judgement and Order of Mr Justice Ouseley**

2.1 In the adopted JCS with remitted text the status is:

- The overall scale of growth across the JCS area as a whole and in the NPA as a whole is adopted (37,000 dwellings)
- The scale of growth and its distribution in Norwich and South Norfolk is adopted
- The scale of growth and its distribution in Broadland outside the NPA is adopted

However the scale of growth in Broadland NPA and the Growth Triangle location (9000 dwellings) has been remitted to the pre-submission stage.

- 2.2 The Partnership is progressing the CIL jointly; however the Regulations require each district to adopt its own charging schedule. A co-operative joint approach is valid as the charging schedules help deliver the joint strategy, are supported by a shared evidence base, the charging zones overlap district boundaries and are essentially the same.
- 2.3 A charging authority “must apply CIL to funding infrastructure to support the development of its area” (Reg 59). The infrastructure can be located outside the charging authority area.

### 3. Overall scale of growth

- 3.1 The infrastructure evidence supports the overall scale of growth across the JCS as a whole. The overall scale of growth remains adopted.
- 3.2 The Infrastructure evidence demonstrates a large “funding gap” that cannot be closed by the rates of CIL proposed. The Background and Context Paper that accompanied the Charging Schedule Publication (EV 9) demonstrates a funding gap of £377m (Appendix 1) and a potential CIL income of under £230m (page 13). Some of this shortfall will be closed by other funding streams but these are currently very uncertain and unlikely to be large. The scale of the shortfall is such, that there would need to be a major reduction in the identified infrastructure requirement to undermine the case for the CIL rates proposed.

- 3.3 In advance of re-adoption of a housing distribution for the 9000 remitted dwellings in the Broadland part of the NPA there is a degree of reduced certainty over some location-related infrastructure (such as that previously identified to serve the Growth Triangle) such as a new high school. However the scale of investment would not change significantly wherever the growth is located. In the case of the high school, the limited capacity and ability to expand of existing schools would result in the need for a new school wherever the growth was located in the Broadland part of the NPA. Indeed, a more dispersed pattern of growth in Broadland could be more expensive (for example two 210 place primary schools are more expensive than one 420 place primary school).
- 3.4 Consequently the infrastructure evidence can be considered sufficiently robust to support the implementation of CIL across the three districts as a whole.

#### 4. Broadland

- 4.1 Although the LIPP assesses infrastructure needed to support growth across the NPA it is possible to assess infrastructure requirements in Broadland that are also independent of any particular level or distribution of growth.

##### *Transport*

- 4.2 The proposed Northern Distributor Road runs from the A47 to the east of Norwich to the A1067 to the north-west. It is entirely within, and critical to growth in, Broadland. The adopted JCS recognises the NDR as Priority 1 infrastructure. While the NDR will facilitate housing development it also underpins the implementation of public transport.
- 4.3 The scheme from the A47 to the A140 is largely funded by the Department for Transport. Completion of the scheme, including the western section from the A140 to the A1067 has a funding shortfall of £53m. The three districts have previously committed in principle to the use of a significant proportion of future CIL revenues to establish a shared investment fund to support delivery of priority 1 key infrastructure projects (including up to £40m of local investment for the delivery of the NDR and related measures). However, the GNDP authorities are continuing to investigate how best to organise infrastructure delivery and inter district responsibility for funding. Consequently the need for developer contributions from Broadland to support delivery of the NDR could range up to the full £53m shortfall. An absolute minimum assumption would be that at least one third of the previously agreed £40m should fall to Broadland. Therefore, the NDR contribution = £13m (minimum)
- 4.4 Outside the (remitted) Growth Triangle the development of at least three BRT routes are required to serve Broadland
- A1067 to support major infill opportunities and link existing residential areas to employment development in the City Centre,
  - A140 to support the development of the airport and the JCS

strategic employment location to provide around 30 ha of new business park; and

- Yarmouth Road to support business park expansion (development on an existing Local Plan allocation and additional expansion of 25ha identified in the JCS)

- 4.5 The total costs of these three routes are estimated in the LIPP at £30m. All BRT routes extend into Norwich and it would be reasonable to assume half the costs fall to Broadland.
- 4.6 It is also intended that the Growth Triangle (remitted) will be served by a BRT route and enhanced public transport infrastructure on other radials. The contribution to these can be assumed to be at least £5m.
- 4.7 Therefore, BRT contribution (related to the adopted JCS) = £15m, Plus additional BRT contribution (relating to the remitted Growth Triangle) = £5m.
- 4.8 The total cost of strategic transport infrastructure directly related to growth in Broadland is a minimum of £28m, but could be as high as £73m. Other than for the remitted Growth Triangle these needs are largely unrelated to the scale of housing growth

#### *Strategic Green Infrastructure*

- 4.9 These are the projects that relate to the overall scale of growth rather than supporting individual developments. The total cost is £18m. New growth for Broadland in the JCS (before challenge) was about 43% of the total. To take account of the uncertainty, it could be assumed that one third of the costs fall to Broadland i.e. £6m
- 4.10 Total of Transport and Strategic GI = £34m

#### *Local Green Infrastructure*

- 4.11 This serves development directly and can be quite variable. Based on Broadland's standards and evidence in the Green Infrastructure and Recreational Open Space, £1,500 per market dwelling would be a conservative figure

#### *Education*

- 4.12 Costs of education can be calculated on a per dwelling basis. The County Council's standard charges for education, based on multipliers across all education provision from pre-school to 6<sup>th</sup> form, and assuming no capacity in existing schools, equates to £6,436 per dwelling. This applies to both market and affordable dwellings. To convert to a CIL equivalent with 30% affordable the cost per market dwelling would be £9,200. (The policy requirement for a proportion of affordable housing on all sites is on a sliding scale with 20% 5-9 dwellings, 30% 10-15 dwellings, and 33% 16 dwellings or more. The assumption of 30% is considered robust)
- 4.13 Larger development is required to provide new schools. The standard multiplier for the generation of primary school children is 25.4 per 100 dwellings, with reduced or zero rates assumed for flats and some

other types of development. Consequently, taking account of a proportion of the latter, a reasonable assumption would be that any development of around 900 dwellings supports a new 1-form of entry, 210 place, primary school. A new school provides a community focus and it is important that they are easily accessible to residents. Consequently, in the majority of cases and particularly in the urban fringe, a new school is likely to be required rather than the expansion of an existing school. A 210 place primary school costs around £5m. A 900 dwelling development with 33% affordable dwellings would have 600 CIL liable dwellings. Consequently the cost of the CIL contributions to a new school would be in excess of £8,000 per dwelling. Secondary school contributions would be in addition to this.

- 4.14 There is limited capacity in existing schools serving the Broadland part of the NPA, particularly in locations suitable for development in accordance with the settlement hierarchy. Nevertheless, to take account of the uncertainty surrounding existing capacity and the different scales of development that could come forward, education costs could be assumed to be £6,000 per CIL liable dwelling.

## 5. Outcome

- 5.1 Viability evidence supports the proposed residential CIL rate in the inner zone of £115/m<sup>2</sup>. All of the Norwich Policy Area in Broadland is within this inner zone. An average size house with a garage can be assumed to be 105m<sup>2</sup>. Therefore the CIL rate is equivalent to £12k per market dwelling. From this there is a need to deduct a meaningful proportion for parishes – say 5%. This leaves £11,400 per market dwelling for “strategic and district” infrastructure.
- 5.2 Assuming 30% affordable, for every 1,500 dwellings, 1,050 are CIL liable and will generate just under £12 m
- 5.3 To illustrate the impact of total income:
- 1,500 dwellings would not provide sufficient income for the minimum Broadland contribution to the NDR, with no contribution to any other strategic infrastructure.
  - 4,500 dwellings would provide around £36m or enough CIL for the minimum contribution to strategic transport and strategic green infrastructure but would provide very little for local green infrastructure, education or other infrastructure needs.
  - 9,000 dwellings would provide around £72m or enough CIL to fund the full shortfall in NDR costs and required contribution to 4 BRT routes but would provide nothing for strategic or local green infrastructure, education or other infrastructure needs.
- 5.4 Alternatively, to illustrate the impact of a wider range of infrastructure needs:
- Assumed per dwelling costs of education (£6,000) plus local GI (£1,500) provides a total £7,500 per dwelling
  - Average income per CIL liable dwelling of £11,400 minus

£7,500 equals £3,900 per dwelling for NDR/BRT and strategic GI

- The minimum contribution towards NDR/BRT and strategic GI of £34m divided by £3,900 = 8,720 market dwellings, or with 30% affordable = 12,460 dwellings. This compares to the 9,000 dwellings in Broadland that have been remitted (plus 690-1080 adopted dwellings outside the NPA which contribute a lower rate of CIL)
- i.e. the infrastructure requirements identified could only be paid for by in excess of the remitted figure. This provides the comfort that the remitted figure or any smaller amount of development justifies the rate of CIL proposed.

## 6. Impact of this analysis on Norwich and South Norfolk

- 6.1 The analysis assumes that the contributions to the funding shortfall for the NDR and related measures are evenly distributed between all three districts but conversely does not assume any costs to Broadland of any infrastructure outside its area. Consequently it adds to the potential infrastructure costs of Norwich and South Norfolk.
- 6.2 If the housing provision were to be reduced in Broadland, achieving the adopted JCS target for the NPA would fall to Norwich and South Norfolk. In practice Norwich has no additional capacity so South Norfolk would take the missing provision. The infrastructure costs associated with such a redistribution of growth would remain largely as in the existing evidence. Indeed accommodating the additional growth in South Norfolk could significantly increase the overall costs if additional junction improvements and BRT corridors were required.

## 7. Conclusion

- 7.1 The uncertainty provided by the remittal of text relating to the distribution of growth in Broadland part of the NPA does not undermine the evidence supporting the CIL charging schedules.