

# Greater Norwich Local Plan Examination (July 2022 Sessions)

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**On behalf of** Halsbury Homes  
**Our ref** 64264/01/MS/BHy  
**Date** 24 June 2022

## **Subject Matter 8 – Strategic Growth Areas Allocations**

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### **1.0 Issue 1: East Norwich Strategic Regeneration Area**

1.1 This Matters Statement refers to and builds on points we have already made in our previous responses, specifically to Issue 1, Matter 8 and Issue 1, Matter 3 (both dated 17<sup>th</sup> Jan 2022). In these responses, we questioned the capacity and deliverability of the site and set out that as a whole, the site is unviable and will not provide the scale of housing envisaged by the Partnership. Based on the new evidence, this view remains unchanged.

**Q1. The work undertaken for the Stage 2 illustrative masterplan indicates that the capacity of the site should be reduced to 3,362 from the 4,000 identified in the submitted plan. Is this capacity justified by the evidence and does it adequately reflect the site constraints?**

[The capacity figure appears to be 3,632 dwellings from the Stage 2 Illustrative Masterplan (i.e. Table 5, B30.8); not the 3,362 stated in the question]

1.2 Having now reviewed the new evidence, we stand by our previous response to Issue 1, Question 1, Matter 8 (dated 17<sup>th</sup> Jan 2022) that the capacity was not justified. We had originally questioned the potential capacity of the site being reduced to 3,469 homes<sup>1</sup> but note that new master planning work has now been prepared (in the format of an indicative masterplan and draft SPD); albeit it is not clear from the new material how the final now higher capacity figure has been arrived at. We do note that on page 100 of the draft SPD (B30.6) the total figures for residential houses and residential apartments, displayed as a range, are reported as being an “*approximate estimate based on illustrative masterplan*”. However, this has not itself been evidenced, so it is not clear how it adequately reflects the site constraints.

1.3 We also note that a Stage 3 report will be prepared taking a ‘deep dive’ into matters such as phasing, trigger points and viability (see Paragraph 43, ref. B30.3) all of which in our view are fundamental ingredients to arrive at a realistic capacity for a site with the complexities and challenges of East Norwich. Therefore, it seems more likely than not that, from this work, the capacity of the site will be revised once again (which is expected to start in ‘early summer 2022’ as per the recent SoCG with Homes England, ref. D4.10, paragraph 12). It is worth remembering that – in terms of the GNLP process - the point about capacity is not just about its realistic capacity once fully developed, but about how much of its theoretical capacity can be delivered within the plan period.

1.4 Finally, the latest Cabinet Report (ref. B30.3) seems to suggest at Paragraph 36 that the Deal Ground/May Gurney site might rely (to some extent) on an extant outline planning permission

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<sup>1</sup> The figure of 3469 homes was reported to Cabinet in November 2021

to come forward. This was granted in 2013 and permits up to 670 homes. This conflicts with the latest ‘Delivery Justification’ report (ref. B30.1), where the trajectory assumes these areas will deliver potentially up to 1,258 homes across both sites (see Page 9). A new permission would be needed to increase the number of units approved unless only part of that site comes forward under the older permission, and we have not seen the evidence to show how these relate.

**Q2. Is it justified to assume that the development of the site will be completed before the end of the plan period? Are the assumed lead in times, annual delivery rates, and phasing assumptions for each part of the site robust?**

- 1.5 No. The evidence does not justify the assumed lead-in times and delivery rates that would enable the sites delivery – in full – within the plan period (i.e. by 2037/38). As per our previous response (see response to Q2, Issue 1, Matter 8, dated 17 Jan 2022), there are numerous constraints which could take years to address, and there are significant lead-in times associated with bringing forward applications on this complex brownfield regeneration site.
- 1.6 While an updated Local Plan trajectory will be provided for the Autumn hearing sessions, the new evidence published does not support the assumption that delivery of the site in full will be achieved. The new evidence is often contradictory, includes overly optimistic lead-in times, and grossly over-optimistic delivery rates:
- 1 **Carrow Works Site:** The ‘Delivery Justification Report’ (ref. B30.1) states at paragraph 2.9 an application will be made for the development of this site by the end of June 2022. As of writing, this has not been submitted albeit we have not yet reached the end of June. More importantly, it does not state for how many units this would be for or whether a detailed, hybrid, or outline permission will be sought.  
  
The ‘Delivery Justification Report’ (ref. B30.1, page 12 and 13) also shows the Carrow Works site delivering its first homes in 2024. However, the same report also states that the site will only start construction in June 2024; allowing only six months to first completions (see Paragraph 4.12, point 1). This is a heroically short lead-in time for a site as complex as East Norwich.  
  
The ‘Viability Report’ (ref. B30.2) has this phase start in “Q2 2022” (Table 9) (a date which is now in the past). It also assumes that units will only begin to deliver from 2026 (see Figure 4). This is still a very short timeframe for a complex brownfield site and is at odds with the ‘Delivery Justification Report’ which was prepared by the same consultant and is dated only a month apart (April 2022 versus May 2022). These contradictions and lack of reasoned justification for the findings undermine the credibility of the reports as objective evidence-based assessments of delivery.
  - 2 **May Gurney Site:** The ‘Delivery Justification Report’ (ref. B30.1) shows this area of the masterplan delivering homes in 2024 (see Page 12 and 13). However, the ‘Viability Report’ suggests delivery in 2025 (see Figure 4) with the phase starting in Q2 2022 (again, in the past). This area of the site does benefit from an extant permission but – as per our response to Question 1 – it is unclear whether the 2013 permission is being implemented.
  - 3 **Delivery Rates:** While there are conflicting trajectories in the new evidence base, these currently suggest delivery rates as high as 819 dpa (see Table 1 below). At the higher rates now suggested (in reports B30.1 and B30.2) the entire site would finish delivering by 2035; three years ahead of the original trajectory. This is despite little progress being made towards delivery and no explanation for how this will be realistically achieved. The Council’s evidence base to date simply does not justify delivery rates this high.

We also query whether the market could absorb such a quantum of primarily flatted development in this period (as per our Matter 3 response). The ‘Delivery Justification Report’ (ref. B30.1) includes some property analysis looking at market sales close to the North East Norwich site. This evidence shows that all the examples are for schemes of less than 100 units, with the largest being St James Quay Phase 1 for 88 units. Only one of the four examples achieved a sales rate of two per week:

- i It is noted that Phase 1 of St James Quay launched off plan in October 2020 and as at May 2022, 18 units remain unsold, i.e. less than 2 sales per week. The analysis goes on to state that *“The sales agents consider that an average of 2 sales per week is achievable in the current market”* (B30.1 page 6 and 7).
- ii Aldwych House is a scheme for 52 units. The analysis states *“The scheme has just sold out and the marketing agent (Abbot Fox) believes that the scheme has been achieving circa 2 sales per week for the past 3 – 4 months.”*
- iii The Castle House sales rate equates to 6.5 sales per month, i.e. less than 2 sales per week. Again, the analysis goes on to state that *“The sales agent (Pymm & Co) consider that 2 flat sales per week is definitely achievable in the current market if pricing is correct”* (B30.1 page 7).
- iv For Chapters, Park Lane, this is a 20 unit scheme and the analysis states *“The scheme launched in October 2021 (which agents consider was too soon) – there have been a couple of reservations, however they have been difficult to sell whilst construction is ongoing as they can’t get people on site to view the units. Overall the marketing agent (Savills) consider that a sales rate of 6 – 8 units per month for flats is achievable”*.

These examples do not support the idea that such rates would be achieved in combination with multiple other schemes which in culmination will be delivering thousands of homes. The ‘Viability’ report (ref. EB30.2) assumes eight sales per month for flats across the four different sites (see page 12). Even if there is a larger element of affordable homes in these peak years (which is not a given), there is no precedent, nor is it likely the local market is able to absorb this level of delivery of this type of product given local demand for this type of product (i.e. see our Matters 3 statement on flatted price growth in Norwich). One would expect cumulative individual developments to cannibalise demand.

Table 1 East Norwich Delivery Comparison

Year	22/ 23	23/ 24	24/ 25	25/ 26	26/ 27	27/ 28	28/ 29	29/ 30	30/ 31	31/ 32	32/ 33	33/ 34	34/ 35	35/ 36	36/ 37	37/ 38	Total
Original Trajectory (D3.2C)	0	0	100	100	100	100	300	400	300	500	300	500	300	400	300	300	4,000
Delivery Justification Report (B30.1) (33% affordable)	0	0	110	290	174	333	533	637	497	411	405	191	53	0	0	0	3,634
East Norwich Viability Report (B30.2)	0	0	0	128	180	380	500	819	488	465	420	199	53	0	0	0	3,632

Source: D3.2C, B30.1, B30.2

- 1.7 In the context of the above, we do not consider that there is the evidence to demonstrate the site will deliver in full within the plan period (i.e. to 2037/28). The delivery rates assumed are extremely high, lead-in times extremely short, and there is contradictory evidence in respect of

when different parts of the site will come forward. However, we await a revised Local Plan trajectory that will be produced ahead of the Autumn Hearing Session to comment further.

**Q3. Does the evidence suggest that the delivery of the site, along with the proposed supporting infrastructure, is viable?**

- 1.8 No. The ‘Viability Report’ (ref. B30.2) concludes that as the scheme as a whole is unviable unless there are significant funding grants – £129 million<sup>2</sup> – alongside reduced infrastructure delivery (as per the ‘Base Scenario’). At present this funding has not been secured; however, it is noted that some of the site is not reliant on upfront infrastructure to come forward. That said, without the funding, the site as a whole cannot come forward which casts further doubt on the site delivering in full within the plan-period. It is also not clear whether individual phases would come forward ahead of there being reasonable confidence – via the grant of funding - that later phases would deliver. This is because demand to live in an early phase of development can be undermined if there is not confidence that a development – with its critical mass of place making and infrastructure – will proceed to completion.
- 1.9 In terms of the infrastructure delivery, the only delivery scenarios which are viable are where there are reduced infrastructure costs with the additional grant funding of £129 million. The Council’s Cabinet Report (ref. B30.3) also states:
- “The ‘top line’ from the IDP is that some £153m of infrastructure costs (out of a total of £225m for all infrastructure and abnormal costs) - broken down into that of site, East Norwich area or wider/sub-regional benefit - needs to be provided to underpin regeneration at East Norwich. A future aspect of Stage 3 work will need to further establish where, and how, equitable apportionment of infrastructure costs can be made where infrastructure is of more than site wide benefit.” (Paragraph 38)*
- 1.10 It then goes on to state:
- “Through Homes England funding, likely to be in the region of £100,000, a formal Stage 3 exercise will be undertaken as a ‘deep dive’ into matters related to development mechanisms, timing/phasing, trigger points for delivery, and, critically, viability and funding to assist with the delivery of key infrastructure and affordable housing” (Paragraph 43)*
- 1.11 The above shows that the viability of the scheme still requires more detailed testing (which itself requires additional funding to undertake)<sup>3</sup>. The mechanism for securing the funding of £129 million, for sharing the costs across the site, and delivering the infrastructure have not yet been established. The evidence does not therefore demonstrate that the site, with the delivery of infrastructure, is viable.
- 1.12 What the evidence does suggest is that even if the site is capable of being brought forward, it is unlikely to be capable of meeting the full policy requirements, including for infrastructure and affordable housing (33% as proposed by Policy 5 of the GNLP). In these circumstances, if the site is delivered, it is more likely than not that this will be at the expense of providing the affordable homes that are so desperately needed. This reinforces the points we have made elsewhere that, even were this site to be included in the housing trajectory (we would say, at a reduced scale within the plan period), it must be complemented by other new housing

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<sup>2</sup> Paragraph 3.27, ref. B30.2

<sup>3</sup> It is also confirmed in document ref. B30.8 that more detailed financial modelling needs to be undertaken (see Paragraph 6.6-6.8).

allocations that are deliverable and capable of providing the necessary affordable housing which underpins the evidence on housing need and the proposed housing requirement.

- 1.13 Were the Partnership to be advancing this allocation on the premise that it would meet all infrastructure and affordable housing obligations, this would clearly be unlikely. This is not reflected in the assessment of the site within the Sustainability Appraisal and Strategic Environmental Assessment of the GNLP<sup>4</sup>, which gives the site the highest score for its contribution to housing (SA Objective 5) stating that ‘*a major positive impact on housing provision would be expected at this site*’ (Appendix F, Paragraph F.2.7.9). This is a further demonstration that the Partnership’s thinking with regard to East Norwich has been – and continues to be – inconsistent and insufficiently engaged with the reality of its implementation.
- 1.14 The financial model used in the ‘Viability Report’ (B30.2) is also predicated on a delivery trajectory that is wholly unrealistic. The rates proposed are extremely high (peaking at 819 dpa in 2029/30 – which is not justified by any comparable precedent) and are likely to be far lower in reality. A more realistic trajectory could cause cash flow issues associated with later cash intake and increased costs of finance, but this has not been properly tested and, therefore, does not provide a realistic indication of the viability of the site. A similar problem was identified in the examination of Garden Communities proposals of the North Essex Authorities Part 1 plan – see Inspectors Report Paragraphs 79 and 172<sup>5</sup>. There the Inspector specifically advised that:
- “my comments above on the likely rate of housing delivery... will need to be taken into account when calculating receipts from development value”*
- and
- “It would be unwise to embark on these very long-term projects on the basis of delivery assumptions that have not been shown to be achievable in practice”*
- 1.15 Unfortunately, it appears a similar mistake has been made in respect of East Norwich and this should be properly remedied before the plan’s proposals for the site can be taken forward.

**Q4. Does Policy GNLP0360/3053/R10, including the suggested modifications proposed by the Partnership, provide an effective framework for the delivery of the East Norwich Strategic Regeneration Area?**

- 1.16 No response.

<sup>4</sup> Available here (within Volume 3 – Appendices at pages F32-F38): <https://www.gnlp.org.uk/local-plan-examination-local-plan-examination-document-library/core-submission-documents>

<sup>5</sup>: Link here: <https://www.braintree.gov.uk/downloads/file/2940/examiners-report-on-the-examination-of-nea-s1-10th-dec-2020>