

# East Norwich Viability

Greater Norwich Development Partnership

1 April 2022

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Appendix I Viability Appraisal Summary

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**For and on behalf of Avison Young (UK) Limited**

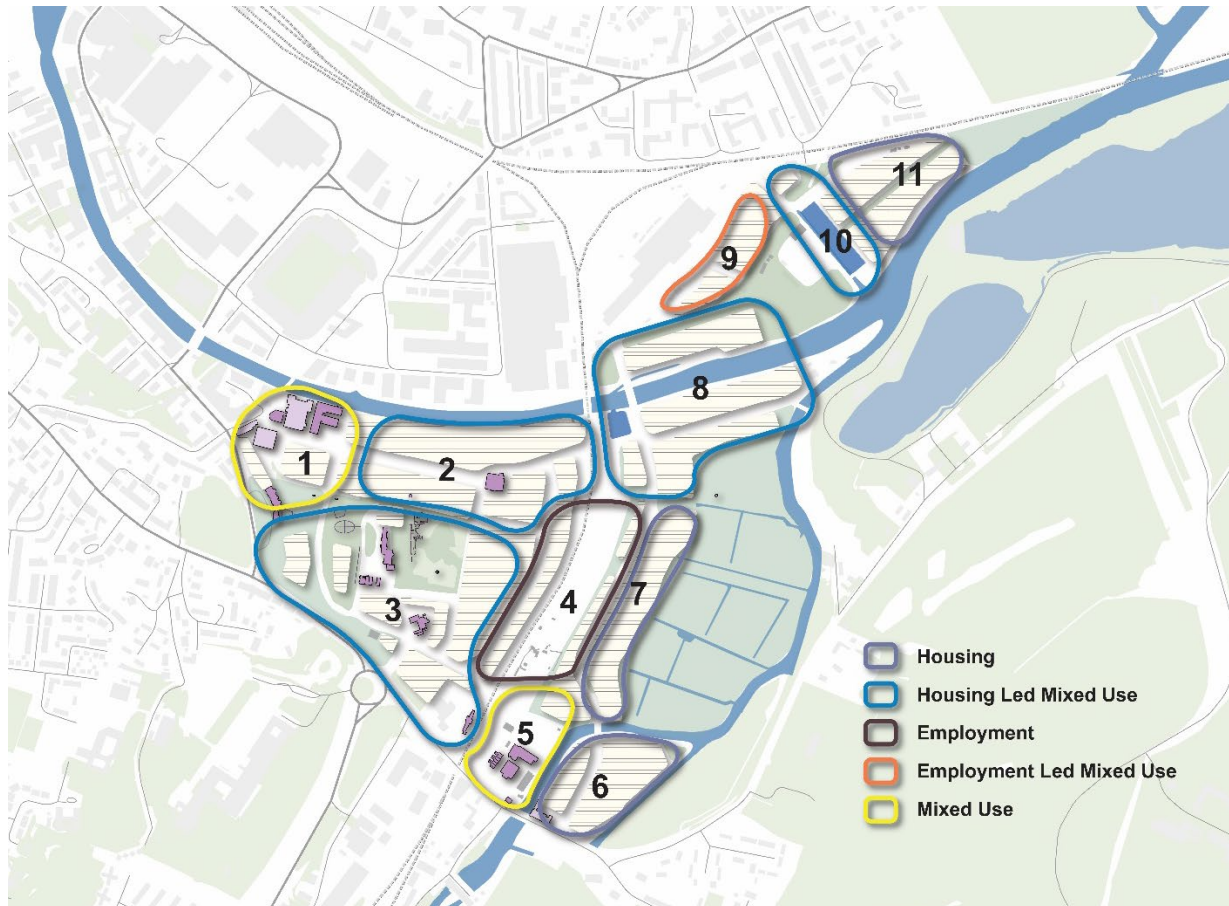
# 1. Introduction

- 1.1 In March 2021 Avison Young, leading a multidisciplinary team including Allies and Morrison, Hydrock, RPS, Cotswold Archaeology and Tyler Grange were appointed by Norwich City Council on behalf of the East Norwich Partnership to prepare a masterplan for the East Norwich Regeneration area.
- 1.2 The purpose of the masterplan was to explore in detail how the strategic vision for East Norwich could be delivered based on a thorough understanding of the constraints and opportunities within the area, and the city more widely. The masterplan is not intended to present a 'blueprint' for how development will come forward but provide a framework that establishes the key principles for the area that landowners and developers can then develop their own approach to achieving.
- 1.3 The East Norwich Partnership set the brief for the masterplan commission, seeking a number of key outcomes and outputs across two stages of work, including:
- Stage 1
    - A coordinated understanding of development constraints such as flooding, ecological designations, utilities infrastructure and heritage designations;
    - Identification of development requirements and opportunities across residential, commercial, community, health and education uses;
    - A framework masterplan that brings these together and establishes a robust quantum of development that East Norwich can accommodate; and
    - An initial assessment of viability and delivery considerations.
  - Stage 2
    - Refinement of the Stage 1 masterplan into a new Supplementary Planning Document (SPD) to support the site allocation in the new Greater Norwich Local Plan (GNLP);
    - An Infrastructure Delivery Plan (IDP) that establishes the key infrastructure that is needed to deliver East Norwich vision, the costs of this infrastructure, when it is needed and the potential sources of funding; and
    - A more detailed assessment of viability to inform a delivery strategy which considers issues such as timing and sequencing of development, funding needs, financing requirements and potential delivery mechanisms.
- 1.4 This report provides a summary of the viability work that has been undertaken to date within the masterplan commission to support the proposed allocation of the East Norwich Regeneration Area (ENSRA) within the Greater Norwich Local Plan (GNLP).
- 1.5 It should be noted that, at the time of writing, the ENSRA masterplan process is still ongoing. A Final Draft of the SPD, IDP and Delivery Report have been prepared and presented to the East Norwich Partnership, however these will not be finalised until comments have been received. It is anticipated that the masterplan commission will be completed in late April, as such there may be some minor changes to the information presented within this report.



- 2.5 This strategy has been discussed with relevant stakeholders who are involved in planning the future of the Greater Norwich from a residential and economic perspective, including landowners, local property agents, planning and economic development officers at the City and County Council and the Local Enterprise Partnership. Concepts have also been discussed with other interested parties including neighbouring land owners, Network Rail, Greater Anglia, neighbouring businesses (including the football club), the Broads Authority and other boating stakeholders and local communities.
- 2.6 The plan below shows how the East Norwich area has been considered within the masterplan in terms of the predominant land use mix that sits within the character areas.

Figure 2 - East Norwich Land Use Areas



2.7 The areas set out above incorporate the following uses:

- 1 = apartments, office, retail, food and beverage
- 2 = apartments, houses, workshop/studio, retail, food and beverage, leisure
- 3 = apartments, houses, school, community, hotel
- 4 = light industrial, workshop/studio, retail, food and beverage
- 5 = houses, apartments, workshop/studio
- 6, 7 + 11 = houses, apartments
- 8 = apartments, retail, food and beverage, leisure, marina uses

- 9 = office, education, retail, food and beverage
- 10 = apartments, retail, food and beverage, marina uses
- 11 = houses, apartments

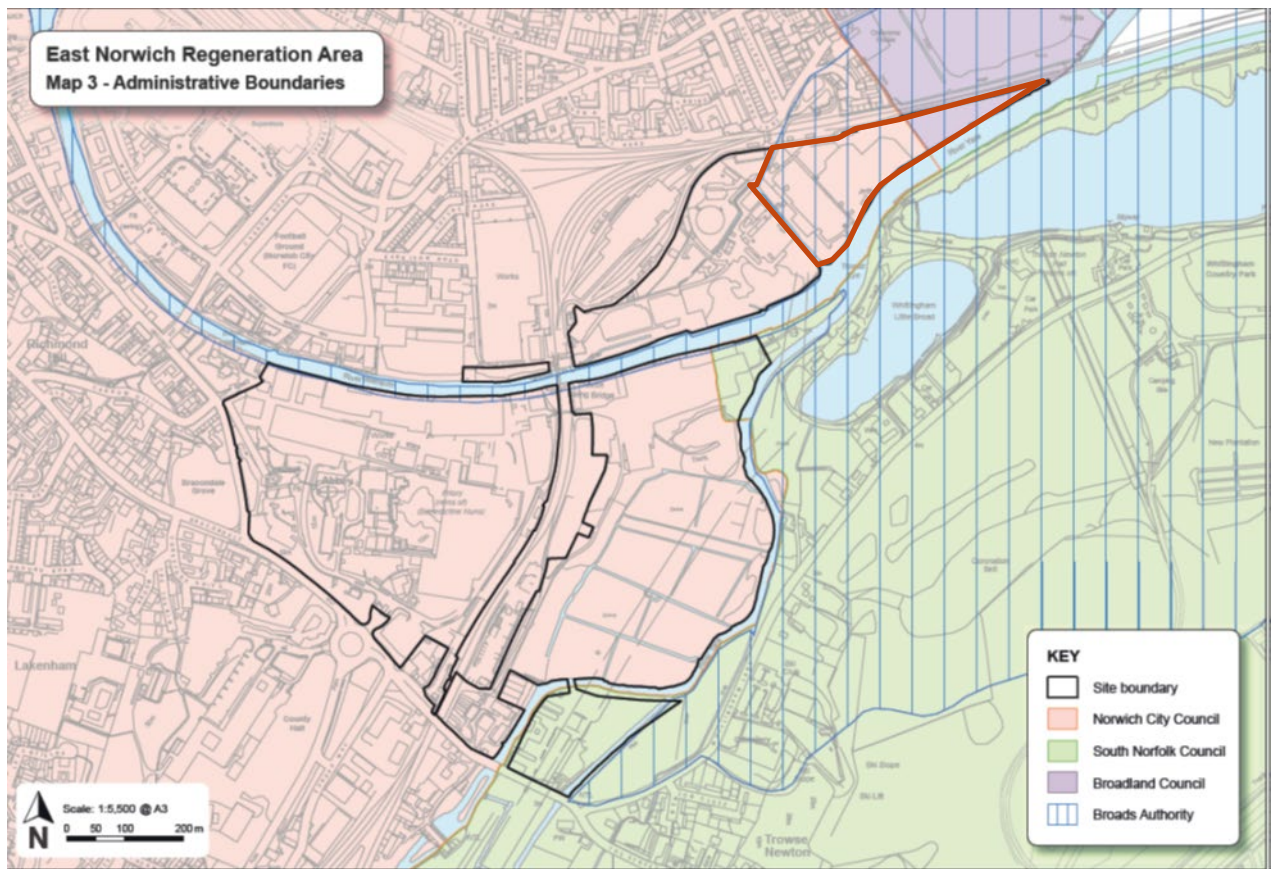
2.8 A detailed breakdown of the overall development quantum is provided in the following sections of this report, however at the headline level the East Norwich SPD provides for:

- 3,632 new homes
- 63,000sqm of non-residential space, including a new 2 form entry primary school
- The capacity to accommodate 4,100 FTE jobs.

2.9 As identified during the GNLG Local Plan Examination Hearing in relation to Matter 8 the East Norwich masterplan covers an area that is larger than the allocation proposed within the GNLG. As shown below part of the ENRA known as the “Utilities Site” falls within the Broads Authority Local Plan area and is therefore not part of the GNLG.

2.10 Given the nature of the Utilities Site, the importance of bringing it forward in a coordinated and comprehensive way and the reliance of the whole site on the same infrastructure provision the viability assessment considers the development opportunity in totality to reflect how delivery needs to be considered.

Figure 1 - ENRA Local Authority Boundaries



- 2.11 The Broads Authority have been engaged throughout the preparation of the ENRA masterplan and remain a core partner in the East Norwich Partnership. The Broads Authority are committed to adopting the relevant parts of the final Supplementary Planning Document as appropriate.
- 2.12 As noted following the EIP Hearing, the part of the Utilities Site that lies outside the GNLP allocation boundary accommodates 238 homes within the masterplan.

### 3. Viability Assessment

3.1 The illustrative masterplan prepared by Allies and Morrison to inform the SPD provides the basis for testing the viability and deliverability of the ENSRA. The masterplan area schedule was ‘fixed’ for the Final Draft SPD in February 2022 and is shown in Figure 3.

Figure 3 - East Norwich Regeneration Area Illustrative Masterplan



3.2 The illustrative masterplan provides a ‘measured’ development proposal for each of the land parcels that form the ENSRA, these are set out in the following tables.

Table 1 - Carrow Works Development Capacity

Carrow Works	GIA		NIA		Units
	sqm	Sqft	Sqm	sqft	TOTAL
<b>Residential</b>	144,100	1,551,090	122,696	1,320,695	<b>1,689</b>
<b>Commercial</b>	26,507	285,320	21,206	228,256	-
<b>Educational</b>	3,931	42,314	3,538	38,083	-
	<b>174,538</b>	<b>1,878,725</b>	<b>147,439</b>	<b>1,587,034</b>	<b>1,689</b>



Table 2 - May Gurney Development Capacity

May Gurney	GIA		NIA		Units
	sqm	Sqft	Sqm	sqft	TOTAL
<b>Residential</b>	15,608	168,000	14,522	156,318	<b>158</b>
<b>Commercial</b>	-	-	-	-	-
	<b>15,608</b>	<b>168,000</b>	<b>14,522</b>	<b>156,318</b>	<b>158</b>

Table 3 - Deal Ground Development Capacity

Deal Ground	GIA		NIA		Units
	sqm	Sqft	Sqm	sqft	TOTAL
<b>Residential</b>	94,735	1,019,727	81,180	873,823	1,100
<b>Commercial</b>	11,387	122,566	9,109	98,053	-
	<b>106,122</b>	<b>1,142,293</b>	<b>90,290</b>	<b>971,876</b>	<b>1,100</b>

Table 4 - Utilities Site Development Capacity

Utilities Site	GIA		NIA		Units
	sqm	Sqft	Sqm	sqft	TOTAL
<b>Residential</b>	64,114	690,119	57,948	623,753	684
<b>Commercial</b>	20,963	225,643	16,770	180,514	
	<b>85,076</b>	<b>915,761</b>	<b>74,718</b>	<b>804,267</b>	<b>684</b>

## Appraisal Assumptions – base case

- 3.3 In order to determine viability, we have built up a development appraisal for the ENSRA drawing on the land parcels described above utilising ARGUS Developer Software and market facing assumptions. The general principle of a development appraisal is to understand the levels of return an investor/ developer could generate from the scheme based on likely cost and value sets.
- 3.4 Our initial viability test generates a loss/surplus for the scheme assuming nil land value and no target profit level owing to the high infrastructure costs. We are targeting a land value of £1 across each site and therefore all surplus in the respective appraisals will be shown in the profit generated.
- 3.5 We have adopted this approach to reflect the early stage of this process with the understanding that the subsequent stages of the process will focus on ascertaining whether equitable returns can be secured for all stakeholders, and if not, the extent of funding gap that exists.
- 3.6 Our testing has been undertaken at 33% affordable housing provision. This reflects JCS Policy 4 within the Norwich Local Plan (Adopted December 2014) detailing that on sites for 16 dwellings or more (or over 0.6 ha) it must deliver at least 33 per cent affordable housing with approximately 85% social rented and 15% intermediate tenures.
- 3.7 The appraisals utilise market facing assumptions to simulate how a developer/ investor may approach delivery of the sites if they were brought to the market. We have carried out a number of development appraisals adopting current costs and values to assess the profitability of the ENSRA using the accommodation schedule set out above.

3.8 ***It is important to note that appraisals are highly sensitive to changes in values and development costs involved and small changes in the values can alter viability.***

3.9 We have detailed our assumptions in the following tables:

Table 5 - Residential / Commercial Inputs

Residential	Assumption
Affordable Mix	33% affordable across each phase – preliminary Stage 2 and v1 sensitivity (85% Social Rent / 15% Shared Ownership)
Private Values	£375 per sq ft - apartments £300 per sq ft - houses
Social Rent Values	£115 per sq ft - apartments £90 per sq ft – houses
Shared Ownership Values	£227.50 per sq ft - apartments £195 per sq ft - houses
BTR Values	£300 per sq ft (Carrow Works and Deal Ground only)
Commercial Values	£230.77 per sq ft (£15.00 per sq ft capitalised @ 6.50%)

Table 6 -Cost Assumptions

Build Costs and Site Works	Assumption
Apartments	£148.17 psf
Houses (2 bed)	£158.29 psf
Houses (3 bed)	£122.63 psf
Houses (4 bed)	£113.21 psf
Houses (5 bed)	£102.19 psf

- 3.10 Please note that the above cost rates are exclusive of a 5% development contingency allowance as this is reflected within our development appraisal model.
- 3.11 The above cost rates are as advised by the cost plan prepared by RPS dated 12 October 2021. RPS has subsequently fed into the Infrastructure Delivery Plan (IDP) which also allocates specific site abnormal / infrastructure costs for each site, in addition to a total infrastructure cost figure across the entire project. This is summarised in the following table:

*Table 7 - Cost Assumptions*

Site Abnormal Works and Infrastructure Costs	Assumption
Carrow Works	£86,699,000
Deal Ground	£60,407,000
May Gurney	£23,555,000
Utilities Site	£55,144,000
Total	£225,804,000

- 3.12 We have distributed the site abnormal costs for each site from the start of their respective pre-construction phase to the end of the construction period as this category includes the delivery of infrastructure such as a site wide low carbon / zero carbon heating and power network which would likely be implemented over the construction period. We have distributed the infrastructure cost items during the pre-construction phase, with the exception of general allowance for sitewide landscaping and public realm which occurs in the final 3 months of each site's construction phase.
- 3.13 Throughout the viability, IDP and SPD process land owners have been invited to review the inputs to the assessment and advise where they have more detailed information to allow the exercise to better reflect their understanding. At this point in time all principal landowners have provided inputs to help refine the viability assessment.
- 3.14 Regarding the remaining costs of development, we have summarised the inputs we have adopted as follows:

Table 8 - Development Cost Assumptions

Cost Item	Description
Developer's Contingency	5% of construction cost
S106	£3,000 per private residential unit
CIL	£96.63 psm – Flats (5 Storeys +) £111.50 psm – Houses £37.16 psm – Other retail and assembly and leisure development
GIRAMS (Green Infrastructure and Recreation Impact Avoidance and Mitigation Strategy)	£185 per residential unit
Professional Fees	10% of construction cost
Development Management Fee	2.5% of construction and infrastructure / abnormals costs
Purchaser's Costs	6.8% of the commercial use GDV (broken down as 5% stamp duty, 1% agent fees, 0.5% legal fees + VAT)
Sales Agent Fees and Marketing	2.00% of the private residential and BTR GDV
Sales Legal Fees	0.25% of the residential and BTR GDV
Finance	We have adopted a debt finance rate of 6.00%

3.15 We have made the following high-level assumptions on timings within the development appraisals for each phase.

Table 9 - Assumed Timescales

Development Stage	Carrow Works	May Gurney	Deal Ground	Utilities Site
Phase Start	Q2 2022	Q2 2022	Q1 2026	Q1 2028
Pre-construction	38 months	12 months	12 months	12 months
Construction	94 months	18 months	60 months	60 months
Sales	Months 59 – 138*	Months 31 – 42*	Months 88 – 135*	Months 111 – 152*
<b>Total</b>	<b>138 months</b>	<b>42 months</b>	<b>87 months</b>	<b>82 months</b>

\* We have reflected an initial pre-sales payment equating to 30% of the total private residential GDV at the start of this period, with the remainder being spread equally across the period at rates of 8 sales per month

*for flats and 4 sales per month for houses. Receipts for the BTR residential element (for Carrow Works and Deal Ground) and affordable housing are modelled across the construction period.*

Figure 4 - Residential Sales Trajectory – Base Case

East Norwich - Residential Phasing Chart		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
<b>Carrow Works</b>																
	BTR					150		150								
Residential Apartments	Market Units						185	96	96	96	96	47				
	Social Rent Units						128	128	128							
	Shared Ownership Units						68									
Residential Houses	Market Units							65	51	51	51					
	Social Rent Units							45	45							
	Shared Ownership Units							16								
<b>Deal Ground</b>																
	BTR								150							
Residential Apartments	Market Units								185	96	96	52				
	Social Rent Units								121	121						
	Shared Ownership Units								43							
Residential Houses	Market Units									79	48	31				
	Social Rent Units									33	33					
	Shared Ownership Units									12						
<b>May Gurney</b>																
Residential Apartments	Market Units				46											
	Social Rent Units				19											
	Shared Ownership Units				3											
Residential Houses	Market Units				30	30										
	Social Rent Units				25											
	Shared Ownership Units				4											
<b>Utilities Site</b>																
Residential Apartments	Market Units											127	96	40		
	Social Rent Units											55	55			
	Shared Ownership Units											19				
Residential Houses	Market Units										86	48	48	12		
	Social Rent Units										41	41				
	Shared Ownership Units										14					
<b>Sub-total</b>		0	0	0	128	180	380	500	819	488	465	420	199	53	0	0

- 3.16 The total project duration is 149 months.
- 3.17 Our projected private residential and BTR sales periods for each phase are illustrated in the table below. We have also provided a running sub-total of combined private sales per annum which shows a peak position of 377 sales in 2031 and an overall average of c. 156 units per annum over the course of the project lifecycle.
- 3.18 We have distributed the commercial GDV earlier within each site's construction periods, prior to practical completion. We have summarised the timings of these receipts as follows:
- For Carrow Works, 25% of the total commercial GDV is apportioned in month 12, month 36, month 60 and month 84 of the construction period. The total construction period is 94 months.
  - For Deal Ground, 15% of the total commercial GDV is apportioned in month 12, 70% in month 36 and 15% in month 60. The total construction period is 60 months.
  - For Utilities, 33% of the total commercial GDV is apportioned in month 12, month 30 and month 48. The total construction period is 60 months.

## APPRAISAL OUTPUTS – PROFIT

- 3.19 The base appraisal results in a negative profit output of £130.7m which equates to -14.5% on GDV. The appraisal printout is attached at Appendix I. We note that this base position is largely being driven by a high level of abnormals / infrastructure cost that is having an adverse impact on the viability of the scheme.
- 3.20 It should be noted that there are **significant areas of the scheme which are capable of being delivered without major infrastructure spend and are not reliant on public sector grant**. These sites are located within Carrow Works and May Gurney, and we would anticipate some early delivery across these sites.
- 3.21 We would reiterate that appraisals are highly sensitive to changes in values and development costs involved and small changes in the values can alter viability. As a result, we have run a number of sensitivity analyses outlined below to improve the viability of the overall scheme.

## Appraisal Assumptions – Sensitivity Analysis

- 3.22 Using the base positioning as our starting point we have sought to understand how the viability position can be enhanced to achieve reasonable levels of profit that are more in line with market expectations.
- 3.23 We have run several sensitivity analyses to demonstrate the impact on profit of reduced levels of infrastructure costs, introducing public sector grant and finally, introducing sales growth to reflect placemaking and regeneration uplifts. We summarise these as follows:
- Version 1
    - Reducing the overall infrastructure cost by removing marina costs (£16.5m) and reducing the site wide low carbon / zero carbon heating and power network allowance from 15% on base construction cost to 5% (reducing the cost to £54.85m).

- Including a 1% per annum sales value increase to reflect placemaking/regeneration uplift from the infrastructure investment. This is a net uplift i.e. assuming values increase above cost inflation.
- Introducing sufficient public sector grant to achieve a c.15% profit on GDV.
- Version 2
  - As above, but introducing sufficient public sector grant to achieve a c.20% profit on GDV.

3.24 All other appraisal inputs are unchanged.

3.25 We have summarised the outputs of these sensitivity analyses as follows:

*Table 10 - Sensitivity Test Results*

Sensitivity Analysis	Total Profit	Profit on GDV
Base Scenario	-£131m	-14.5%
Version 1 – 33% AH, reduced infrastructure cost, 1% value growth	£153m	15%
Version 2 – 33% AH, reduced infrastructure cost, 1% value growth	£226m	20%

- 3.26 Based on the sensitivity analysis around the base case, to achieve a base level of the developer's required return (c.15% on GDV blended across uses) would require public sector support of c.£56m.
- 3.27 To move this to a blended profit level of c.20% would require public sector support of equate to approximately £129m.



## 4. Moving Towards Delivery

4.1 Having established the overall viability position, we now consider how the challenges and opportunities it presents can be addressed in order to support the delivery of the East Norwich vision. This section considers some of the factors that influence the potential approaches to delivery and identifies potential routes to unlocking development across all parts of East Norwich.

### Opportunity / Barriers to Delivery

4.2 Opportunities to delivery include the following:

- Strategically important location in East Norwich with the opportunity to open up the wider area with new infrastructure linking the Norfolk Broads to the City Centre;
- Norwich is becoming an increasingly sought-after destination post-Covid. This has partly been driven by more hybrid working arrangements whereby office workers are able to work from home more often and as a result, live further from their workplace;
- An abundance of high quality blue / green infrastructure running both through and adjacent to the site;
- Opportunity of scale to enable significant placemaking and regeneration;
- Attractive listed buildings on site and desirable riverside settings for potential residential-led and mixed use development.

4.3 Barriers to delivery include the following:

- Large-scale regeneration scheme with high capital requirements to unlock sites particularly in relation to new infrastructure spend;
- Listed buildings / heritage constraints on potential redevelopment which can drive up base construction costs;
- Macroeconomic uncertainty having a detrimental impact on viability matters such as rising construction costs;
- Risk to placemaking should the individual sites come forward on a piecemeal basis owing to individual landowner aspirations.

### Scope for Public Funding

4.4 The high level of requisite abnormals / infrastructure cost items outlined in the IDP have been flagged as a particular challenge from a viability perspective. Not only are these items costly they are also often required early in the development cycle, so create an additional funding burden.

- 4.5 The sensitivity analyses have demonstrated the positive impact on viability that public sector grant can have and we consider this will be critical to unlocking the overall scheme.
- 4.6 We have tested the scheme at grant levels considered to be commensurate to a large-scale regeneration scheme of this nature, however, dialogue with public sector bodies is critical to ascertain whether these levels are realistic and achievable in the current climate.
- 4.7 We would highlight the following precedent for intervention in major housing/ mixed use sites across the UK which compare favourably to the likely funding ask at East Norwich given the scale of development proposed:
- York Central - £77m from Homes England and Network Rail to unlock 3,705 homes and 1.2m sqft of commercial space through infrastructure funding
  - Ebbsfleet Development Corporation - £170m from Treasury to unlock 1,300 homes and 1m sqft of commercial space through infrastructure funding
  - Milton Keynes East - £94.6m, HIF funding to unlock 5,000 homes through infrastructure funding.
  - Biggleswade Urban Extension - £69.6m HIF funding to unlock 3,000 homes through infrastructure funding
- 4.8 There has been significant engagement with Homes England throughout this master planning process to keep them well-informed as the project has progressed. More detailed work will be required as the project evolves to better understand Homes England's role such as in relation to matters including Subsidy Control and land position.
- 4.9 In addition to the strong support for the emerging masterplan as demonstrated through the parallel Homes England supporting Statement, it should also be noted that uniquely the authorities that comprise the Greater Norwich Development Partnership also, through the Greater Norwich Growth Board (GNGB) (which has the same membership), themselves are in control of an Infrastructure Investment Fund which was established following the City Deal of 2013 and has the potential to borrow to deliver infrastructure which is then repaid from pooled CIL.
- 4.10 To date the GNGB have funded £40m towards the development of Broadland Northway (which was necessary to deliver the growth in the North East Growth Triangle) and has recently committed to fund c.£7m to fund the delivery of the Long Stratton bypass (needed to deliver strategic growth of c.1,900 homes at Long Stratton). The Growth Board have been engaged throughout the preparation of the East Norwich Masterplan and using funding sources available to them to assist with delivery of strategic infrastructure to serve East Norwich is considered a strong possibility.

## Potential Funding Opportunities

- 4.11 Having identified a need for funding and also a sense of comparability with other complex brownfield opportunities across the UK it is important to then consider the potential focus for investment and the opportunities that may exist from different funding agencies.
- 4.12 At present there is no direct commitment from any public sector agency to intervene in East Norwich and no funds have been committed to the delivery of infrastructure at this point, however as noted

both the LEP and Homes England (alongside the local authorities) have been fully engaged in the masterplan process.

- 4.13 To help move forward funding discussions and underpin the funding assumptions made, it is critical to consider what elements of the East Norwich proposals may be suitable for public sector support either through grant or repayable loan at this point to provide comfort that the strategy set out is achievable.
- 4.14 This section of the report considers these public sector funding opportunities in light of the nature of the intervention needed and the scale and nature of benefit it delivers. It also draws on knowledge and research of previous project funding awards in order to identify the likely sources of funding in the future.
- 4.15 The IDP provides an assessment of the likely spatial extent to which any benefit from each infrastructure item may be experienced. The IDP identifies the primary site beneficiary (Column Q) and then considers the wider spatial extent of the impact as follows:
- Site(s) Specific - Infrastructure that provides a benefit/is necessary for a specific site(s) within East Norwich.
  - East Norwich - Infrastructure that provides a benefit/is necessary for all the East Norwich sites;
  - City Wide - Infrastructure that provides a benefit/is necessary for the City, or beyond the existing East Norwich sites; and
  - Sub Regional - Infrastructure that provides a benefit/is necessary for the Greater Norwich sub-region.
- 4.16 The assessment of where the most significant level of benefit is experienced is shown by the coloured shading as follows:

*Table 11- Relative Assessment of Benefit*

<b>High</b>	
<b>Medium</b>	
<b>Low</b>	

- 4.17 The darker shading indicates a higher level of relative benefit, as shown in Columns R-U.
- 4.18 In considering where funding could come from we have considered both strategic sources (such as government departments), topic specific sources (such as amenity societies, government agencies), devolved funding (such as LEP and local authority) and others (such as caused based funding like the National Lottery). There is the potential to 'mix' funding across programmes and we would expect any future funding to require some form of leveraged or matched investment from other sources, which could include other grant pots, private sector, developer contributions for example.
- 4.19 It should be noted that specific funding opportunities and sources change over time and funding available now may not be available in the future. As such this analysis is provided as a general guide to both the types of fundable projects and the types of agencies that the outputs of each intervention would align with in terms of funding criteria. Clearly, specific business cases will be required at the time of bidding to demonstrate how any project meets the criteria of the specific fund.

4.20 The potential sources are not considered to be exhaustive as there are significant numbers of public sector, interest group and altruistic funding opportunities available, however the below does identify the most common sources.

**PLANNING NEEDS**

4.21 At the general level (i.e. outside of issue specific funding) it is most likely that funding will be most readily available for interventions that achieve a number of objectives insofar as they both unlock the development of East Norwich but also deliver much wider value and benefit beyond any individual site.

4.22 Within the IDP these are readily identified as those categorised as “Planning Needs”, which are defined as interventions that contribute to the strategic vision for East Norwich, raising the bar in terms of placemaking and the areas role within the city and wider Broads area.

4.23 The projects under this categorisation are shown in Table 12, along with the potential extent of the benefits created – which shows clearly the predominance of wider benefits being unlocked.

4.24 Across tables 11, 12 and 13 the stronger green shading indicates greater benefits, with the lighter green shading indicating lower benefit levels.

Table 12 – Planning Needs Project Benefits

Item No	Item	Relative assessment of benefits			
		Site(s) specific	East Norwich	City wide	Sub regional
A2	New pedestrian / cycle bridge across the River Wensum	Dark Green	Dark Green	Dark Green	Light Green
A4	New pedestrian / cycle bridge across the River Yare	Dark Green	Dark Green	Dark Green	Light Green
A5	Improvement to existing underpass for pedestrians and cycles	Dark Green	Dark Green	Dark Green	Light Green
A9	Infrastructure to support e-bike hire, e-car-hire scheme and e-car charging	Dark Green	Dark Green	Light Green	Very Light Green
FM1	Low level riverside walk along banks of the River Wensum	Dark Green	Dark Green	Dark Green	Light Green
EOS1	Site wide low carbon/zero carbon heating and power network.	Dark Green	Dark Green	Light Green	Very Light Green
EOS4	Sitewide landscaping and public realm	Dark Green	Dark Green	Light Green	Very Light Green
RB1	Small leisure Marina	Very Light Green	Light Green	Light Green	Very Light Green
RB2	Large boating Marina	Light Green	Dark Green	Dark Green	Dark Green

4.25 Even within this group there would be differing funding opportunities and reasons for funding each, we consider these in turn in Table 15

**KEY INFRASTRUCTURE**

- 4.26 The next focus for funding is to consider items that are essential to unlock the development at East Norwich but, given the nature of sites, lead to higher costs than may be experienced in other types of site (for example greenfield development).
- 4.27 This key infrastructure is vital to ensure the city is able to grow sustainably, delivering new job and homes by reusing brownfield land, this approach to growth aligns with key government objectives and would therefore be likely to attract funding which other greenfield propositions could not.
- 4.28 Further, whilst many of the interventions have a primarily ‘East Norwich’ benefit they do also deliver wider benefits through relieving pressure on wider infrastructure, enhancing strategic connectivity and supporting an improved relationship between the city and the Broads.

Table 13 - Key Infrastructure Project Benefits

Item No	Item	Relative assessment of benefits			
		Site(s) specific	East Norwich	City wide	Sub regional
A1	New all modes bridge for cars, pedestrians and cycles across the River Wensum				
A3	New all modes bridge for cars, pedestrians and cycles across the River Yare				
A6	Upgrades to existing pedestrian / cycle routes within Carrow Works				
A7	Provision of pedestrian and cycle routes through the May Gurney, Deal Ground and Utilities				
A8	Contributions to support bus services through the Carrow Works site				
A10	Upgrading of primary route through Carrow Works				
A11	New vehicular routes within the May Gurney, Deal Ground and Utilities Sites				
A12	Remodelling of existing vehicular access from A147/A1054 roundabout to Carrow Works				
A13	New vehicular access at point of existing access from A147 into Carrow Works				
A14	Remodelling existing vehicular access from Bracondale into the May Gurney site				
A15	Allowance for other works to estate roads within the sites				
A16	Offsite Highways & Associated Works				
EC1	2FE Primary School				

- 4.29 We consider funding opportunities for these in Table 15, noting that the “Crossings” in Table 13 (Items A1 and A3) fall under the same opportunities identified in Table 15 as those described in Table 12.

**DEVELOPMENT REQUIREMENT**

- 4.30 In the main, the ability to secure funding for what are usually considered typical development costs is limited with funders typically expecting private developers to cover these costs unless they are unusually significant and therefore place a particular barrier on delivery.
- 4.31 However, past funding mechanisms have provided the opportunity for developers to access funding to help overcome high abnormal costs linked to the re-use of brownfield sites. Often this funding has been made available to help the transition of former industrial sites into new uses by supporting costs for contamination and land remediation.
- 4.32 Other unusual costs may be considered when linked to a specific topic or interest. For example a range of grant programmes are available to support the restoration and re-use of heritage structures and/or historic landscapes. A number have a particular focus on industrial heritage, which could provide a significant opportunity for East Norwich.

Table 14 – Development Requirement Project Benefits

Item No	Item	Relative assessment of benefits			
		Site(s) specific	East Norwich	City wide	Sub regional
EOS2	Local public open and child play space as required				
EOS3	Ecology and Archaeology				
OEW1	Demolition and Alteration Works				
OEW2	Reclamation and Earthworks				
OEW3	Offsite and Onsite Services				
OEW4	Other Offsite and Onsite Drainage				

- 4.33 As shown in Table 14 the majority these Development Requirements have limited benefits beyond a specific site, however there may be some potential to secure funding for particular elements of OEW1 and OEW2, as considered in Table 15.

**POTENTIAL SOURCES OF FUNDING**

- 4.34 As noted earlier in this section, there are multiple potential sources of funding for each of the interventions noted above and included in the IDP. Table 15 on the following page sets out the key funding opportunities for each of the interventions.

Table 15 - Potential Funding Sources

		Projects	Funding Rationale	Central Government						Agencies					Sub-Regional Bodies				Others							
				DLUHC	DfT	DBEIS	DfE	DEFRA	DCMS	Homes England	Highways England	Canal + Rivers Trust	Environment Agency	Historic England	Natural England	NHS England	GNDP	LEP	Transport East	LCWIP	UKGBC	National Lottery	Sustrans	National Lottery Heritage Fund	Architectural Heritage Fund	Sport England
Planning Needs	Crossings	A2, A4, A4 + A1, A3	Creation of sustainable links between the city and Broads; reduction of reliance on private car																							
	Flood Management	FM1	Improve resilience to climate change, enhanced access to rivers																							
	Sustainability	EOS1, EOS4	Reduction of reliance on private car, resilience to climate change, improved air quality																							
	Marinas	RB1, RB2	Increase city-roads relationship, Boost visitor economy, Improve resilience to climate change																							
Key Infrastructure	Sustainable Transport	A6, A7, A8	Creation of sustainable links between the city and Broads; reduction of reliance on private car																							
	Highways	A10-A16	Reduce impact of development on city road network																							
	Primary School	EC1	Enhanced education outcomes, reduced pressure on other education facilities, deliver																							
Development Requirement	Open + Play Space	EOS2, EOS3	Improve engagement with sport, health and well-being outcomes, enhance access to open space and nature																							
	Decontamination + Earthworks	OEW1, OEW2	Address legacy issues within ground and buildings, overcome abnormalities associated with former use																							
	Heritage	OEW1, OEW2	Enhance and protect heritage structures and return to active use, Improve interpretation of industrial																							

- 4.35 Whilst Table 15 considers individual interventions in their own right, there is the potential to bring together projects across domains as part of future funding opportunities for enabling infrastructure. This approach was common in the Housing Infrastructure Fund (for example) where there were opportunities in the full fund to present a combination of interventions including decontamination, accessibility infrastructure and utilities infrastructure for example.
- 4.36 Looking ahead potential brownfield development funds, that are currently under discussion, may similarly focus on packaged measures needed to unlock transformational regeneration opportunities. In this light the case for East Norwich would be strong given the housing, employment, sustainability and connectivity opportunities it presents.
- 4.37 Outside of these infrastructure interventions there may be other opportunities to secure funding to support delivery linked to specific uses or activities within East Norwich. For example funding for capital works via Innovate UK, UK Research and Innovation or HEFCE to support business activity and education within East Norwich. At present these cannot be considered in detail as more definition would be needed about the potential types of commercial space coming forward, the activities that would occur within them and the partners involved in their delivery.
- 4.38 Similarly there may be external funding opportunities linked to the approach to construction. Multiple sources have sought to provide catalyst funding for the mass deployment of modern methods of construction, or the piloting of low carbon development. Across East Norwich these could have a positive role to play in future delivery.
- 4.39 There other funding approaches would need to be considered on a case by case basis at later stages when development proposals are more detailed.

## Potential Investment Opportunities

- 4.40 The preceding analysis focussed on the opportunity for public sector intervention, which is likely to be the core source of support for delivery at East Norwich. However, increasingly, there are particular elements of a development proposition that can attract other forms of funding, often from private sector sources.
- 4.41 These are unlikely to have the scale of impact that the viability assessment has modelled they can contribute to reducing the overall cost burden placed on the development by attracting upfront investment to deliver infrastructure based on the long term income it can provide.
- 4.42 In many largescale regeneration projects the opportunity to secure upfront private investment in infrastructure has been realised based on a scheme that over its lifespan would deliver profit, this investment has come from a range of sources including utilities providers, investment and pension funds and registered providers who all identify an opportunity to realise value in the future.
- 4.43 Based on the current analysis this type of investment would be challenging to realise given the overall viability position, however within the SPD proposals there are some elements which, subject to more detailed testing, could present opportunities.

### Energy / Utilities

- 4.44 The provision of sustainable onsite energy provides the most readily identifiable opportunity for infrastructure to be funded from outside of the development itself. The scale and range of development types presents opportunities for a decentralised energy network of some form to be delivered with the opportunity to 'sell' the resultant energy to residents and the grid more broadly.



- 4.45 This could be linked to a battery storage facility in order to smooth energy provision and increase income by selling to the grid at times of peak demand. There may also be scope to set up and ESCo.

### eVehicle / Car Clubs

- 4.46 The SPD includes facilities for the provision of eVehicle charging and (separately) car club facilities, each could provide an income generating business for specific operators.
- 4.47 From a charging perspective a number of companies such as Connected Kerb and Pod Point are actively seeking to grow their network by providing on-street, domestic and commercial charging points across the UK. Potentially, a strategic partnership across East Norwich could be considered to deliver this infrastructure with the provider paying for installation and then receiving income from users.
- 4.48 From the car club perspective whilst there is likely to be some requirement for funding from the development many operators will significantly reduce this if there is perceived to be a high level of demand. With the focus across East Norwich on prioritising sustainable transport this could help drive demand and therefore reduce the upfront cost of provision – however this would need direct testing with providers.

### Commercial Space

- 4.49 In many locations the delivery of commercial space, and the infrastructure needed to unlock it, is supported by an underlying investment from a pension fund (or similar) which is reliant on a long term and stable income stream.
- 4.50 This type of investment relies upon the ability to secure a strong, long term, covenant on the space to guarantee income. Often, in less proven commercial locations, this covenant is provided by a major institution such as a university, government department or other public sector agency in order to reduce the risk to the investor.
- 4.51 The major commercial opportunity within the Utilities Site could provide such an opportunity, although given the overall viability position this would need careful testing based on a more detailed proposition for the site.

## Conclusions

- 4.52 As our detailed viability work and phasing has identified there is strong prospect of housing delivery within the Plan Period across a range of typologies. This is reinforced by the active role the existing landowners have taken in supporting and promoting both the development of this Masterplan and also their own site preparation works to ensure timely and coordinated delivery.
- 4.53 Overall, based on the IDP and SPD principles, there are a significant number of opportunities to seek funding support and strong initial basis for business case preparation to justify the nature of support needed, both from a needs basis (i.e. the viability challenge) but also from a benefit perspective (i.e. the positive impacts the investment could have on the city as a whole).
- 4.54 Whilst no single clear funding source can be identified and confirmed at this point in the process the analysis presented here provides a good deal of confidence that opportunities to address the viability challenge will be forthcoming both from public and private sources.
- 4.55 As noted earlier it is likely that East Norwich will require a mixed approach to funding to enable delivery, bringing together developer contributions, direct developer delivery, public grant/loan funding and private sector development. The strength for East Norwich in this context is the active participation of

key partners within the process, ranging from Homes England and the LEP (both of which provide a route to government), landowners and their development partners (who have access to partner investment) and the GNDP/GNGB (which can leverage funds and provide links to other bodies).

- 4.56 If future funding is to be secured, this partnership approach will be vital, ensuring cross-site opportunities are realised and brought forward for funding in a coordinated way in order to demonstrate greater value for money from any investment.

# Appendix I

## Viability Appraisal Summary

Norwich City Council  
East Norwich Masterplan  
Individual Phases Appraisal - 33% Affordable Housing  
Base Scenario

Development Appraisal  
Avison Young  
01 April 2022

**APPRAISAL SUMMARY****AVISON YOUNG**

**Norwich City Council  
East Norwich Masterplan  
Individual Phases Appraisal - 33% Affordable Housing**

**Appraisal Summary for Merged Phases 1 2 3 4**

Currency in £

**REVENUE**

<b>Sales Valuation</b>	<b>Units</b>	<b>ft<sup>2</sup></b>	<b>Sales Rate ft<sup>2</sup></b>	<b>Unit Price</b>	<b>Gross Sales</b>
CW - Residential Apartments - Private	615	414,928	375.00	253,005	155,598,000
CW - Residential Apartments - Social Rent	383	258,504	115.00	77,619	29,727,960
CW - Residential Apartments - Shared Ownership	68	45,618	227.50	152,619	10,378,095
CW - Residential Houses - Private	217	267,406	300.00	369,686	80,221,800
CW - Residential Houses - Social Rent	91	111,951	90.00	110,721	10,075,590
CW - Residential Houses - Shared Ownership	16	19,756	195.00	240,776	3,852,420
CW - BTR	300	202,532	300.00	202,532	60,759,600
MG - Residential Apartments - Private	46	31,308	375.00	255,228	11,740,500
MG - Residential Apartments - Social Rent	19	13,107	115.00	79,332	1,507,305
MG - Residential Apartments - Shared Ownership	3	2,313	227.50	175,403	526,208
MG - Residential Houses - Private	60	73,425	300.00	367,125	22,027,500
MG - Residential Houses - Social Rent	25	30,740	90.00	110,664	2,766,600
MG - Residential Houses - Shared Ownership	4	5,425	195.00	264,469	1,057,875
DG - Residential Apartments - Private	429	289,756	375.00	253,283	108,658,500
DG - Residential Apartments - Social Rent	242	163,704	115.00	77,793	18,825,960
DG - Residential Apartments - Shared Ownership	43	28,889	227.50	152,843	6,572,248
DG - Residential Houses - Private	158	194,439	300.00	369,188	58,331,700
DG - Residential Houses - Social Rent	66	81,403	90.00	111,004	7,326,270
DG - Residential Houses - Shared Ownership	12	14,365	195.00	233,431	2,801,175
DG - BTR	150	101,266	300.00	202,532	30,379,800
Utilities - Residential Apartments - Private	263	177,859	375.00	253,601	66,697,125
Utilities - Residential Apartments - Social Rent	110	74,462	115.00	77,847	8,563,130
Utilities - Residential Apartments - Shared Ownership	19	13,140	227.50	157,334	2,989,350
Utilities - Residential Houses - Private	195	240,055	300.00	369,315	72,016,500
Utilities - Residential Houses - Social Rent	82	100,501	90.00	110,306	9,045,090
Utilities - Residential Houses - Shared Ownership	<u>14</u>	<u>17,735</u>	195.00	247,023	<u>3,458,325</u>

**APPRAISAL SUMMARY****AVISON YOUNG**

**Norwich City Council  
East Norwich Masterplan  
Individual Phases Appraisal - 33% Affordable Housing**

<b>Totals</b>	<b>3,630</b>	<b>2,974,587</b>			<b>785,904,625</b>	
<b>Rental Area Summary</b>						
	<b>Units</b>	<b>ft<sup>2</sup></b>	<b>Rent Rate ft<sup>2</sup></b>	<b>Initial MRV/Unit</b>	<b>Net Rent at Sale</b>	<b>Initial MRV</b>
CW - Commercial	1	228,256	15.00	3,423,840	3,423,840	3,423,840
DG - Commercial	1	98,053	15.00	1,470,795	1,470,795	1,470,795
Utilities - Commercial	<u>1</u>	<u>180,514</u>	<u>15.00</u>	<u>2,707,710</u>	<u>2,707,710</u>	<u>2,707,710</u>
<b>Totals</b>	<b>3</b>	<b>506,823</b>			<b>7,602,345</b>	<b>7,602,345</b>

**Investment Valuation**

<b>CW - Commercial</b>						
Current Rent	3,423,840	YP @	6.5000%	15.3846	52,674,462	
<b>DG - Commercial</b>						
Current Rent	1,470,795	YP @	6.5000%	15.3846	22,627,615	
<b>Utilities - Commercial</b>						
Current Rent	2,707,710	YP @	6.5000%	15.3846	41,657,077	
<b>Total Investment Valuation</b>					<b>116,959,154</b>	

**GROSS DEVELOPMENT VALUE**

				<b>902,863,779</b>
Purchaser's Costs			(7,953,222)	
Effective Purchaser's Costs Rate	6.80%			(7,953,222)

**NET DEVELOPMENT VALUE****894,910,556****NET REALISATION****894,910,556****OUTLAY**

**Norwich City Council  
East Norwich Masterplan  
Individual Phases Appraisal - 33% Affordable Housing**

**CONSTRUCTION COSTS**

<b>Construction</b>	<b>Units</b>	<b>Unit Amount</b>	<b>Cost</b>	
CW - Construction Costs	1 un	263,161,110	263,161,110	
MG - Construction Costs	1 un	21,857,571	21,857,571	
DG - Construction Costs	1 un	162,211,304	162,211,304	
Utilities - Construction Costs	1 un	118,486,919	118,486,919	
<b>Totals</b>			<b>565,716,904</b>	<b>565,716,904</b>
Developers Contingency		5.00%	28,285,845	
S106 (£3k per private unit)	2,433 un	3,000.00 /un	7,299,000	
CIL - Flats (5 Storeys +)			13,663,766	
CIL - Houses			8,031,292	
CIL - Retail / Leisure			2,187,100	
GIRAMS (£185 per unit)	3,630 un	185.00 /un	671,550	60,138,553
<b>Other Construction</b>				
CW - Site Abnormal Costs			58,099,000	
Site Infrastructure Costs (excl 8c)			26,400,000	
Site Infrastructure Costs (8c)			2,200,000	
DM Fee		2.50%	8,746,503	
MG - Site Abnormal Costs			9,172,000	
Site Infrastructure Costs (excl 8c)			13,283,000	
Site Infrastructure Costs (8c)			1,100,000	
DM Fee		2.50%	1,135,314	
DG - Site Abnormal Costs			44,595,000	
Site Infrastructure Costs (excl 8c)			14,163,000	
Site Infrastructure Costs (8c)			1,650,000	
DM Fee		2.50%	5,565,483	
Utilities - Site Abnormal Costs			42,989,000	
Site Infrastructure Costs (excl 8c)			9,955,000	
Site Infrastructure Costs (8c)			2,200,000	
DM Fee		2.50%	4,340,773	

**APPRAISAL SUMMARY****AVISON YOUNG****Norwich City Council  
East Norwich Masterplan  
Individual Phases Appraisal - 33% Affordable Housing**

245,594,073

**PROFESSIONAL FEES**

Professional Fees	10.00%	56,571,690	56,571,690
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**DISPOSAL FEES**

Sales Agent Fee	2.00%	13,328,621	
Sales Legal Fee	0.25%	1,964,762	
			15,293,382

**FINANCE**

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)			
Construction		62,643,179	
Other		19,699,240	
Total Finance Cost			82,342,419

**TOTAL COSTS****1,025,657,022****PROFIT****(130,746,465)****Performance Measures**

Profit on Cost%	-12.75%
Profit on GDV%	-14.48%
Profit on NDV%	-14.61%
Development Yield% (on Rent)	0.74%
Equivalent Yield% (Nominal)	6.50%
Equivalent Yield% (True)	6.77%
IRR% (without Interest)	-5.11%
Rent Cover	-17 yrs -2 mths
Profit Erosion (finance rate 6.000)	N/A



Norwich City Council  
East Norwich Masterplan  
Individual Phases Appraisal - 33% Affordable Housing

Norwich City Council  
East Norwich Masterplan  
Individual Phases Appraisal - 33% Affordable Housing  
Reduced infra costs, sales growth & grant, 15% profit

Development Appraisal  
Avison Young  
01 April 2022

**APPRAISAL SUMMARY****AVISON YOUNG**

**Norwich City Council  
East Norwich Masterplan  
Individual Phases Appraisal - 33% Affordable Housing**

**Appraisal Summary for Merged Phases 1 2 3 4**

Currency in £

**REVENUE**

<b>Sales Valuation</b>	<b>Units</b>	<b>ft<sup>2</sup></b>	<b>Sales Rate ft<sup>2</sup></b>	<b>Unit Price</b>	<b>Gross Sales</b>	<b>Adjustment</b>	<b>Net Sales</b>
‡ CW - Residential Apartments - Private	615	414,928	375.00	253,005	155,598,000	10,262,978	165,860,978
CW - Residential Apartments - Social Rent	383	258,504	115.00	77,619	29,727,960	0	29,727,960
CW - Residential Apartments - Shared Ownership	68	45,618	227.50	152,619	10,378,095	0	10,378,095
‡ CW - Residential Houses - Private	217	267,406	300.00	369,686	80,221,800	5,691,164	85,912,964
CW - Residential Houses - Social Rent	91	111,951	90.00	110,721	10,075,590	0	10,075,590
CW - Residential Houses - Shared Ownership	16	19,756	195.00	240,776	3,852,420	0	3,852,420
CW - BTR	300	202,532	300.00	202,532	60,759,600	0	60,759,600
CW - GRANT	1	0	0.00	37,193,948	37,193,948	0	37,193,948
‡ MG - Residential Apartments - Private	46	31,308	375.00	255,228	11,740,500	313,205	12,053,705
MG - Residential Apartments - Social Rent	19	13,107	115.00	79,332	1,507,305	0	1,507,305
MG - Residential Apartments - Shared Ownership	3	2,313	227.50	175,403	526,208	0	526,208
‡ MG - Residential Houses - Private	60	73,425	300.00	367,125	22,027,500	633,721	22,661,221
MG - Residential Houses - Social Rent	25	30,740	90.00	110,664	2,766,600	0	2,766,600
MG - Residential Houses - Shared Ownership	4	5,425	195.00	264,469	1,057,875	0	1,057,875
MG - GRANT	1	0	0.00	3,521,320	3,521,320	0	3,521,320
‡ DG - Residential Apartments - Private	429	289,756	375.00	253,283	108,658,500	9,464,305	118,122,805
DG - Residential Apartments - Social Rent	242	163,704	115.00	77,793	18,825,960	0	18,825,960
DG - Residential Apartments - Shared Ownership	43	28,889	227.50	152,843	6,572,248	0	6,572,248
‡ DG - Residential Houses - Private	158	194,439	300.00	369,188	58,331,700	5,460,395	63,792,095
DG - Residential Houses - Social Rent	66	81,403	90.00	111,004	7,326,270	0	7,326,270
DG - Residential Houses - Shared Ownership	12	14,365	195.00	233,431	2,801,175	0	2,801,175
DG - BTR	150	101,266	300.00	202,532	30,379,800	0	30,379,800
‡ Utilities - Residential Apartments - Private	263	177,859	375.00	253,601	66,697,125	7,719,264	74,416,389
Utilities - Residential Apartments - Social Rent	110	74,462	115.00	77,847	8,563,130	0	8,563,130
Utilities - Residential Apartments - Shared Ownership	19	13,140	227.50	157,334	2,989,350	0	2,989,350
‡ Utilities - Residential Houses - Private	195	240,055	300.00	369,315	72,016,500	7,733,396	79,749,896

**APPRAISAL SUMMARY****AVISON YOUNG**

**Norwich City Council  
East Norwich Masterplan  
Individual Phases Appraisal - 33% Affordable Housing**

Utilities - Residential Houses - Social Rent	82	100,501	90.00	110,306	9,045,090	0	9,045,090
Utilities - Residential Houses - Shared Ownership	14	17,735	195.00	247,023	3,458,325	0	3,458,325
Utilities - GRANT	1	0	0.00	15,075,653	<u>15,075,653</u>	0	<u>15,075,653</u>
<b>Totals</b>	<b>3,633</b>	<b>2,974,587</b>			<b>841,695,546</b>	<b>47,278,428</b>	<b>888,973,974</b>

**Rental Area Summary**

	Units	ft <sup>2</sup>	Rent Rate ft <sup>2</sup>	Initial MRV/Unit	Net Rent at Sale	Initial MRV	
‡ CW - Commercial	1	228,256	15.00	3,423,840	3,571,736	3,423,840	3,571,736
‡ DG - Commercial	1	98,053	15.00	1,470,795	1,562,574	1,470,795	1,562,574
‡ Utilities - Commercial	1	<u>180,514</u>	15.00	2,707,710	<u>2,936,928</u>	<u>2,707,710</u>	<u>2,936,928</u>
<b>Totals</b>	<b>3</b>	<b>506,823</b>			<b>8,071,238</b>	<b>7,602,345</b>	

**Investment Valuation****CW - Commercial**

Current Rent	3,571,736	YP @	6.5000%	15.3846	54,949,778
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**DG - Commercial**

Current Rent	1,562,574	YP @	6.5000%	15.3846	24,039,595
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**Utilities - Commercial**

Current Rent	2,936,928	YP @	6.5000%	15.3846	45,183,515
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**Total Investment Valuation****124,172,888****GROSS DEVELOPMENT VALUE****1,013,146,861**

## Purchaser's Costs

Effective Purchaser's Costs Rate	6.80%	(8,443,756)
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(8,443,756)

**NET DEVELOPMENT VALUE****1,004,703,105**

**APPRAISAL SUMMARY****AVISON YOUNG**

Norwich City Council  
 East Norwich Masterplan  
 Individual Phases Appraisal - 33% Affordable Housing  
 NET REALISATION

**1,004,703,105****OUTLAY****CONSTRUCTION COSTS**

<b>Construction</b>	<b>Units</b>	<b>Unit Amount</b>	<b>Cost</b>	
CW - Construction Costs	1 un	263,161,110	263,161,110	
MG - Construction Costs	1 un	21,857,571	21,857,571	
DG - Construction Costs	1 un	162,211,304	162,211,304	
Utilities - Construction Costs	1 un	118,486,919	<u>118,486,919</u>	
<b>Totals</b>			<b>565,716,904</b>	<b>565,716,904</b>
Developers Contingency		5.00%	28,285,845	
S106 (£3k per private unit)	2,433 un	3,000.00 /un	7,299,000	
CIL - Flats (5 Storeys +)			13,663,766	
CIL - Houses			8,031,292	
CIL - Retail / Leisure			2,187,100	
GIRAMS (£185 per unit)	3,630 un	185.00 /un	671,550	
				<b>60,138,553</b>
<b>Other Construction</b>				
CW - Site Abnormal Costs			26,880,000	
Site Infrastructure Costs (excl 8c)			26,400,000	
Site Infrastructure Costs (8c)			2,200,000	
DM Fee		2.50%	7,966,028	
MG - Site Abnormal Costs			4,205,000	
Site Infrastructure Costs (excl 8c)			6,443,000	
Site Infrastructure Costs (8c)			1,100,000	
DM Fee		2.50%	840,139	
DG - Site Abnormal Costs			18,518,000	
Site Infrastructure Costs (excl 8c)			17,093,000	
Site Infrastructure Costs (8c)			1,650,000	
DM Fee		2.50%	4,986,808	
Utilities - Site Abnormal Costs			13,528,000	

**APPRAISAL SUMMARY****AVISON YOUNG****Norwich City Council  
East Norwich Masterplan  
Individual Phases Appraisal - 33% Affordable Housing**

Site Infrastructure Costs (excl 8c)		13,835,000	
Site Infrastructure Costs (8c)		2,200,000	
DM Fee	2.50%	3,701,248	151,546,223
<b>PROFESSIONAL FEES</b>			
Professional Fees	10.00%	56,571,690	56,571,690
<b>DISPOSAL FEES</b>			
Sales Agent Fee	2.00%	14,274,189	
Sales Legal Fee	0.25%	2,082,958	16,357,147
<b>FINANCE</b>			
Debit Rate 6.000%, Credit Rate 0.000% (Nominal)			
Total Finance Cost			979,741
<b>TOTAL COSTS</b>			<b>851,310,258</b>
<b>PROFIT</b>			<b>153,392,848</b>

**Performance Measures**

Profit on Cost%	18.02%
Profit on GDV%	15.14%
Profit on NDV%	15.27%
Development Yield% (on Rent)	0.95%
Equivalent Yield% (Nominal)	6.50%
Equivalent Yield% (True)	6.77%
IRR% (without Interest)	79.18%
Rent Cover	19 yrs
Profit Erosion (finance rate 6.000)	2 yrs 9 mths

**Norwich City Council  
East Norwich Masterplan  
Individual Phases Appraisal - 33% Affordable Housing**

‡ Inflation/Growth applied

**Growth on Sales**

		<b>Ungrown</b>	<b>Growth</b>	<b>Total</b>
CW - Residential Apartments - Private	Growth Set 1 at 1.000%	155,598,000	10,262,978	165,860,978
CW - Residential Houses - Private	Growth Set 1 at 1.000%	80,221,800	5,691,164	85,912,964
MG - Residential Apartments - Private	Growth Set 1 at 1.000%	11,740,500	313,205	12,053,705
MG - Residential Houses - Private	Growth Set 1 at 1.000%	22,027,500	633,721	22,661,221
DG - Residential Apartments - Private	Growth Set 1 at 1.000%	108,658,500	9,464,305	118,122,805
DG - Residential Houses - Private	Growth Set 1 at 1.000%	58,331,700	5,460,395	63,792,095
Utilities - Residential Apartments - Private	Growth Set 1 at 1.000%	66,697,125	7,719,264	74,416,389
Utilities - Residential Houses - Private	Growth Set 1 at 1.000%	72,016,500	7,733,396	79,749,896

**Growth on Capitalised Rent**

		<b>Ungrown</b>	<b>Growth</b>	<b>Total</b>
CW - Commercial		52,674,462	2,275,317	54,949,778
DG - Commercial		22,627,615	1,411,980	24,039,595
Utilities - Commercial		41,657,077	3,526,438	45,183,515

Norwich City Council  
East Norwich Masterplan  
Individual Phases Appraisal - 33% Affordable Housing  
Reduced infra costs, sales growth and grant 20% profit

Development Appraisal  
Avison Young  
01 April 2022



**APPRAISAL SUMMARY****AVISON YOUNG**

**Norwich City Council  
East Norwich Masterplan  
Individual Phases Appraisal - 33% Affordable Housing**

**Appraisal Summary for Merged Phases 1 2 3 4**

Currency in £

**REVENUE**

<b>Sales Valuation</b>	<b>Units</b>	<b>ft<sup>2</sup></b>	<b>Sales Rate ft<sup>2</sup></b>	<b>Unit Price</b>	<b>Gross Sales</b>	<b>Adjustment</b>	<b>Net Sales</b>
‡ CW - Residential Apartments - Private	615	414,928	375.00	253,005	155,598,000	10,262,978	165,860,978
CW - Residential Apartments - Social Rent	383	258,504	115.00	77,619	29,727,960	0	29,727,960
CW - Residential Apartments - Shared Ownership	68	45,618	227.50	152,619	10,378,095	0	10,378,095
‡ CW - Residential Houses - Private	217	267,406	300.00	369,686	80,221,800	5,691,164	85,912,964
CW - Residential Houses - Social Rent	91	111,951	90.00	110,721	10,075,590	0	10,075,590
CW - Residential Houses - Shared Ownership	16	19,756	195.00	240,776	3,852,420	0	3,852,420
CW - BTR	300	202,532	300.00	202,532	60,759,600	0	60,759,600
CW - GRANT	1	0	0.00	62,764,787	62,764,787	0	62,764,787
‡ MG - Residential Apartments - Private	46	31,308	375.00	255,228	11,740,500	313,205	12,053,705
MG - Residential Apartments - Social Rent	19	13,107	115.00	79,332	1,507,305	0	1,507,305
MG - Residential Apartments - Shared Ownership	3	2,313	227.50	175,403	526,208	0	526,208
‡ MG - Residential Houses - Private	60	73,425	300.00	367,125	22,027,500	633,721	22,661,221
MG - Residential Houses - Social Rent	25	30,740	90.00	110,664	2,766,600	0	2,766,600
MG - Residential Houses - Shared Ownership	4	5,425	195.00	264,469	1,057,875	0	1,057,875
‡ DG - Residential Apartments - Private	429	289,756	375.00	253,283	108,658,500	9,464,305	118,122,805
DG - Residential Apartments - Social Rent	242	163,704	115.00	77,793	18,825,960	0	18,825,960
DG - Residential Apartments - Shared Ownership	43	28,889	227.50	152,843	6,572,248	0	6,572,248
‡ DG - Residential Houses - Private	158	194,439	300.00	369,188	58,331,700	5,460,395	63,792,095
DG - Residential Houses - Social Rent	66	81,403	90.00	111,004	7,326,270	0	7,326,270
DG - Residential Houses - Shared Ownership	12	14,365	195.00	233,431	2,801,175	0	2,801,175
DG - BTR	150	101,266	300.00	202,532	30,379,800	0	30,379,800
DG - GRANT	1	0	0.00	40,852,820	40,852,820	0	40,852,820
‡ Utilities - Residential Apartments - Private	263	177,859	375.00	253,601	66,697,125	7,719,264	74,416,389
Utilities - Residential Apartments - Social Rent	110	74,462	115.00	77,847	8,563,130	0	8,563,130
Utilities - Residential Apartments - Shared Ownership	19	13,140	227.50	157,334	2,989,350	0	2,989,350
‡ Utilities - Residential Houses - Private	195	240,055	300.00	369,315	72,016,500	7,733,396	79,749,896

**APPRAISAL SUMMARY****AVISON YOUNG**

**Norwich City Council  
East Norwich Masterplan  
Individual Phases Appraisal - 33% Affordable Housing**

Utilities - Residential Houses - Social Rent	82	100,501	90.00	110,306	9,045,090	0	9,045,090
Utilities - Residential Houses - Shared Ownership	14	17,735	195.00	247,023	3,458,325	0	3,458,325
Utilities - GRANT	1	0	0.00	25,440,165	<u>25,440,165</u>	0	<u>25,440,165</u>
<b>Totals</b>	<b>3,633</b>	<b>2,974,587</b>			<b>914,962,397</b>	<b>47,278,428</b>	<b>962,240,825</b>

**Rental Area Summary**

	Units	ft <sup>2</sup>	Rent Rate ft <sup>2</sup>	Initial MRV/Unit	Net Rent at Sale	Initial MRV	
‡ CW - Commercial	1	228,256	15.00	3,423,840	3,571,736	3,423,840	3,571,736
‡ DG - Commercial	1	98,053	15.00	1,470,795	1,562,574	1,470,795	1,562,574
‡ Utilities - Commercial	1	<u>180,514</u>	15.00	2,707,710	<u>2,936,928</u>	<u>2,707,710</u>	<u>2,936,928</u>
<b>Totals</b>	<b>3</b>	<b>506,823</b>			<b>8,071,238</b>	<b>7,602,345</b>	

**Investment Valuation**

<b>CW - Commercial</b>							
Current Rent	3,571,736	YP @	6.5000%	15.3846	54,949,778		
<b>DG - Commercial</b>							
Current Rent	1,562,574	YP @	6.5000%	15.3846	24,039,595		
<b>Utilities - Commercial</b>							
Current Rent	2,936,928	YP @	6.5000%	15.3846	45,183,515		
<b>Total Investment Valuation</b>					<b>124,172,888</b>		

**GROSS DEVELOPMENT VALUE****1,086,413,712**

Purchaser's Costs			(8,443,756)		
Effective Purchaser's Costs Rate	6.80%			(8,443,756)	

**NET DEVELOPMENT VALUE****1,077,969,956**

**APPRAISAL SUMMARY****AVISON YOUNG**

Norwich City Council  
 East Norwich Masterplan  
 Individual Phases Appraisal - 33% Affordable Housing  
 NET REALISATION

**1,077,969,956****OUTLAY****CONSTRUCTION COSTS**

<b>Construction</b>	<b>Units</b>	<b>Unit Amount</b>	<b>Cost</b>	
CW - Construction Costs	1 un	263,161,110	263,161,110	
MG - Construction Costs	1 un	21,857,571	21,857,571	
DG - Construction Costs	1 un	162,211,304	162,211,304	
Utilities - Construction Costs	1 un	118,486,919	118,486,919	
<b>Totals</b>			<b>565,716,904</b>	<b>565,716,904</b>

Developers Contingency		5.00%	28,285,845	
S106 (£3k per private unit)	2,433 un	3,000.00 /un	7,299,000	
CIL - Flats (5 Storeys +)			13,663,766	
CIL - Houses			8,031,292	
CIL - Retail / Leisure			2,187,100	
GIRAMS (£185 per unit)	3,630 un	185.00 /un	671,550	60,138,553

**Other Construction**

CW - Site Abnormal Costs			26,880,000	
Site Infrastructure Costs (excl 8c)			26,400,000	
Site Infrastructure Costs (8c)			2,200,000	
DM Fee		2.50%	7,966,028	
MG - Site Abnormal Costs			4,205,000	
Site Infrastructure Costs (excl 8c)			6,443,000	
Site Infrastructure Costs (8c)			1,100,000	
DM Fee		2.50%	840,139	
DG - Site Abnormal Costs			18,518,000	
Site Infrastructure Costs (excl 8c)			17,093,000	
Site Infrastructure Costs (8c)			1,650,000	
DM Fee		2.50%	4,986,808	
Utilities - Site Abnormal Costs			13,528,000	

**APPRAISAL SUMMARY****AVISON YOUNG****Norwich City Council  
East Norwich Masterplan  
Individual Phases Appraisal - 33% Affordable Housing**

Site Infrastructure Costs (excl 8c)		13,835,000	
Site Infrastructure Costs (8c)		2,200,000	
DM Fee	2.50%	3,701,248	151,546,223
<b>PROFESSIONAL FEES</b>			
Professional Fees	10.00%	56,571,690	56,571,690
<b>DISPOSAL FEES</b>			
Sales Agent Fee	2.00%	14,274,189	
Sales Legal Fee	0.25%	2,082,958	16,357,147
<b>FINANCE</b>			
Debit Rate 6.000%, Credit Rate 0.000% (Nominal)			
Total Finance Cost			1,463,642
<b>TOTAL COSTS</b>			<b>851,794,159</b>
<b>PROFIT</b>			<b>226,175,797</b>

**Performance Measures**

Profit on Cost%	26.55%
Profit on GDV%	20.82%
Profit on NDV%	20.98%
Development Yield% (on Rent)	0.95%
Equivalent Yield% (Nominal)	6.50%
Equivalent Yield% (True)	6.77%
IRR% (without Interest)	95.35%
Rent Cover	28 yrs
Profit Erosion (finance rate 6.000)	3 yrs 11 mths

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**Growth on Sales**

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# Contact details

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