

**LAND SOUTH OF WEST AVENUE, WEST OF CHURCH STREET AND CONGLETON ROAD AND
NORTH OF LINLEY ROAD, BUTT LANE, KIDSGROVE
TAYLOR WIMPEY (NORTH MIDLANDS)**

15/00441/DOAHR

The applicant has made a formal application under Section 106BA of the 1990 Town and Country Planning Act to revise the affordable housing contribution requirement in the planning obligations entered into on the 20th December 2013 by Revelan Ltd, Revelan Properties Ltd, Goldlatch Ltd, Bronzesky Ltd, National Asset Loan Management Ltd, the Borough Council and Staffordshire County Council prior to the grant of outline planning permission (12/00172/OUT) for residential development of up to 172 dwellings, an area of community woodland, public open space and formation of new accesses on the above site. In a subsequent application for approval of reserved matters consent was given for 171 dwellings.

The revision sought is a reduction in the level of affordable housing to be provided within the development from 25% (43) of the total number of dwellings (171) to just under 16% (27). Other planning obligations contained within the same agreement are unaffected by this application.

The 28 day determination period for this application expired on 19th June 2015. At its meeting on the 5th January the Committee deferred its decision to await the views of the District Valuer

RECOMMENDATION

That the Committee consider this application in the light of advice that it will be provided to the Committee in a supplementary report that will be issued following the anticipated receipt of the views of the District Valuer.

Reason for Recommendation

An appraisal of the extent to which the housing development is able to meet the existing affordable housing planning obligations has been submitted with the application. The District Valuer, instructed by the Council, is in the process of concluding an appraisal including some sensitivity testing. That appraisal has not yet been completed, but it is expected to be in time for its conclusions to be considered and reported to the Planning Committee in a supplementary report.

Key Issues

The applicant has made a formal application under Section 106BA of the 1990 Town and Country Planning Act to reduce the affordable housing contribution requirement in the planning obligations entered into prior to the grant of to the previous planning permission for development of the site (12/00127/OUT)). Section 106BA was introduced by Government through the Growth and Infrastructure Act, 2013 specifically to allow such a request to be made in a case where the applicant considers that the contribution makes the scheme unviable. The applicant's claim is that the affordable housing obligation as currently agreed makes the scheme nonviable in current market conditions and that the only method of bringing this site forward is to reduce the affordable housing contribution to just under 16% of the total number of dwellings. This request is supported by information relating to the viability of the proposal.

The National Planning Policy Framework paragraph 173 states: 'to ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking in account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.'

The Government publication Section 106 Affordable Housing Requirements Review and Appeal gives guidance on the process for determining applications submitted under s106BA.

Paragraph 10 of the document states that 'The test for viability is that the evidence indicates that the current cost of building out the entire site (at today's prices) is at a level that would enable the

developer to sell all the market units on the site (in today's market) at a rate of build out evidenced by the developer, and make a competitive return to a willing developer and a willing landowner'.

No claim as to a lack of viability of the scheme was submitted to the LPA at the time of the outline application

The applicant has submitted a viability assessment (the 'Bridgehouse' appraisal). The development is underway with as at 1st October 2015 some 6 dwellings having been completed. The District Valuer, instructed by the Council, is in the process of concluded an appraisal including some sensitivity testing. That appraisal has not yet been completed, but it is expected to be in time for its conclusions to be considered and reported to the Planning Committee in a supplementary report.

Date Report Prepared: 22nd January 2016

APPENDIX

Relevant Material Considerations include:

National Planning Policy Framework (NPPF) (2012)
Planning Practice Guidance (PPG) (2014)
DCLG document 'Section 106 Affordable Housing Requirements Review and Appeal' (April 2013)
Developer Contributions Supplementary Planning Document

Views of Consultees

Kidsgrove Town Council object to the proposed reduction in affordable housing. They note that planning permission was granted on the proviso that 25% of the development was allocated to affordable housing. As there is a paucity of affordable housing in Kidsgrove, a reduction in this case would further prevent local people who are hoping to get on the first rung of the housing ladder. Recent figures suggest that Taylor Wimpey's order books for new homes, as of May 2015, is up 12 per cent from the same time last year to £1.9 billion. This will equate to millions in profit for the company. The Council has an obligation to its residents to object to what is deemed blatant opportunism by Taylor Wimpey and local residents believe that this action by Taylor Wimpey was premeditated. The Borough Council should set up an interdependent review of the financial viability of the scheme before a final decision is made

Representations received

Two objections have been received, one being from Councillor Kyle Robinson. He indicates that social and affordable housing in the Butt Lane and Clough Hall area is heavily required. His constituents have clear concerns that not enough is being done to ensure developers are providing quality affordable housing in most of their developments. Why did Taylor Wimpey not fully cost the development before they proceeded with the development? The Company has every intention of going ahead and there should be an independent review of whether the development is economically viable with 25% affordable housing included. Reducing the amount of affordable housing to 16% of the development is a disgrace

The other party objects to the reduction - on the grounds that young people and lower income families that have grown up in this area should be able to purchase a home like anyone else, so why should they be penalized because the figures don't add up now, why are the higher cost houses being increased to make up the profits, the permission to build in the area was granted with the 25% agreed and Taylor Wimpey should recoup their costs elsewhere.

Applicant's/Agent's submission

In addition to a statement setting out the basis of the application and a plan identifying the site, the applicant has submitted A Statement by Bridgehouse Property Consultants on the DCLG guidance, their approach and context to scheme viability assessment, competitive returns to a willing land owner and developer, scheme viability assessment and conclusions.

Bridgehouse report that they have been instructed to prepare an independent viability assessment of the extent to which the residential development is able to meet the affordable housing planning obligations contained in the agreement of 20th December 2013.

In its conclusions the Bridgehouse report states as follows

"The viability assessments we have carried out demonstrate, using the methodology and guidance provided by the DCLG, that if the site is required to deliver 25% affordable housing it is unviable. The scheme can only be made viable if the affordable housing is reduced to 27 dwellings.

We believe we have undertaken appropriate and reasonable viability testing – against a prudent benchmark land value – using assumptions that can be justified against current market norms for any speculative development of residential property"

This document are available for inspection at the Guildhall and searching under the application reference number 15/00441/DOAHR on the website page that can be accessed by following this link <http://publicaccess.newcastle-staffs.gov.uk/online-applications/>

Background papers

Planning files referred to
Planning Documents referred to

Date report prepared

21st December 2015