

ADVANCE SUPPLEMENTARY REPORT
TO THE PLANNING COMMITTEE
2nd FEBRUARY 2016

Agenda item 4

Application ref: 15/00441/DOAHR

Land south of West Avenue, West of Church Street and Congleton Road and North of Linley Road, Butt Lane, Kidsgrove

The Council has now received a further revised Draft report from the District Valuer, following extensive discussions involving the District Valuer, the applicant's consultant and your officer.

One of the matters discussed with the District Valuer has been the appropriate basis upon which to set the Site Value, against which what is termed the Residual Land Value is to be considered. In brief if Residual Land Value is assessed as being less than the Site Value the District Valuer would advise that the development with the current affordable housing requirements would be unviable.

National Planning Practice Guidance advises that central to the consideration of viability is the assessment of Site Value; that Site Value will be an important input into the assessment; and that the most appropriate way to assess land or site value will vary from case to case, but there are common principles which should be reflected and it is stated that, in all cases, Site Value should:-

- Reflect policy requirements and planning obligations....
- Provide a competitive return to willing developers and land owner (including equity resulting from those wanting to build their own homes); and
- Be informed by comparable, market based evidence wherever possible, and that where transacted bids are significantly above the market norm, they should not be used as part of this exercise.

Insofar as the first bullet is concerned the key question is whether account should be taken, in assessing Site Value of a requirement for affordable rented/shared ownership units or for social rented/shared ownership units. In its discussion of Affordable housing the Core Spatial Strategy states in that "the North (Staffordshire) Housing Market Area is expected to deliver a minimum of 500 affordable dwellings per annum" and that "the type and tenure of this affordable provision will be determined on a site by site basis to reflect specific local needs. However in order to create genuinely sustainable mixed communities, an appropriate mix of social rented and intermediate affordable housing will need to be delivered". The Table that then follows sets out broad targets for the overall mix of affordable housing to be delivered within the plan area, and indicates for the Borough 60% Social Rented and 40% Intermediate. The above are the sole references to the term social rented within the CSS.

Policy CSP6 of the CSS refers specifically to affordable Housing but it makes no explicit reference to the type of affordable housing other than in point (7) to state that "within the plan area the affordable housing mix will be negotiated on a site by site basis to reflect the nature of the development and local needs."

The Affordable Housing SPD adopted in January 2009 seeks social rented units, rather than affordable rented. 'Affordable rented units', that is units subject to rent controls that require a rent of no more than 80% of the local housing market rent, as opposed to rents determined through the national rent regime, however became, with the publication of NPPF in March 2012 .

Whilst the Council has not formally applied itself to the implications of the NPPF for the Affordable housing SPD the approach since March 2012 (of the Borough Council) has been to seek as a default social rented units on sites – but where there were justifiable reasons in

certain cases, either through economic viability or because the RSL could only make affordable rented work, then we have been pragmatic and either asked for or accepted 'affordable rented units' – where this would retain the affordable housing units and maximise the number of units.

In almost all cases we have achieved (within Section 106 agreements) social rented units rather than units subject to affordable rents. The agreement referred to in this application is a case in point – having been entered into in December 2013 (i.e. after the publication of the NPPF)

However there has been at least one occasion where we have accepted affordable rented units rather than social rented units and in an appeal decision dated 20th January 2015 relating to Land of Watermills Road, Chesterton the Inspector upon hearing objections from the Council to a requirement for affordable rented units (as opposed to social rented units), concluded as follows:-

“The Unilateral Undertaking makes provision that not less than 25% of the dwellings shall be affordable housing dwellings of which 63% shall be Affordable Rent Dwellings or Discounted Rent Dwellings or Social Rented Dwellings and 37% will be Shared Ownership. At the hearing the Council expressed concern about the type of affordable housing proposed, which they stated, to accord with the SPG, should be predominantly Social rented.....I am satisfied that... whilst the type of affordable housing may not be exactly what the Council would prefer, overall the Undertaking would ensure that the development contributes to the affordable housing needs within the Borough,.....”.

This local appeal decision and the NPPF are significant material considerations which need to be taken into account. The NPPF, albeit when referring to existing Local Plans, indicates that due weight should be given to relevant policies according to their degree of consistency with the Framework (the closer the policies in the Framework, the greater the weight that they should be given).

It follows that the SPD and the pre NPPF Core Spatial Strategy can only be given weight insofar as they accord with the NPPF.

Having taken into account current national planning practice guidance (PPG) as well as the guidance on Financial Viability in Planning issued by RICS prior to the PPG, it has been accepted that it is appropriate that account should be taken of the affordable rented basis, in assessing both Site Value **and** the Residual Land Value.

Taking this into account further detailed advice has been received from the District Valuer. The District Valuer has both assessed the information provided by the applicant's consultant critically and independently on the basis of his judgement and experience considering the value and cost assumptions, and he has undertaken, using the services of a Quantity Surveyor his own appraisal. This indicates that the development would be unviable (i.e. it cannot sustain, by a significant degree, 25% or 43 units of affordable housing). The District Valuer is being asked to indicate numbers of affordable housing units he considers the scheme can support. An update will be provided to the Committee.

