

**ADVANCE SUPPLEMENTARY REPORT**  
**TO THE PLANNING COMMITTEE**  
**29<sup>th</sup> March 2016**

**Agenda item 4**

**Application ref. 15/001085/OUT**

**Hamptons Metal Merchants and Land Adjoining Keele Road, Newcastle**

Since the main agenda report was published, **two further representations** have been received.

A letter in **support** has been received indicating that there is little or no odour from the landfill site due to the processes which were implemented some time ago. The scrap yard has a noise problem, the vehicles entering the site cause traffic problems, and it is unsightly.

A further letter of **objection** has been received from the Thistleberry Residents Association reiterating concerns previously expressed regarding odour and indicating that there have recently been very strong odours coming from the site.

The **applicant** has submitted a letter from Permission Homes North West indicating that they would be interested in pursuing the purchase of the site. The letter further indicates that as lead developer on the adjoining site there were no issues with the attractiveness of the site. They received a steady sales pace, even through recession years. Notwithstanding the proximity of the landfill they consider the site would be very attractive and they would not anticipate having any selling issues. The development is accordingly deliverable.

In addition to the final report of the District Valuer (DV) has been received following consideration of additional information provided on behalf of the applicant. There remains disagreement between the DV and the applicant on matters summarised below:

- The DV does not agree with the applicant that incentives to the eventual developer should be included within the assessment of the Gross Development Value of the proposal. A lower GDV would be achieved were such incentives to be included, thus reducing the viability of the scheme
- The DV does not agree that a developer profit of 20% is in line with market allowances at this date. The DV considers that the allowance made for developers profit should be 17.5% for the open market housing and 6% for the affordable housing. The applicant submits that the site will only appeal to volume housebuilders who are currently assuming as standard rates of 20% profit on GDV and there are furthermore site specific reasons for considering this is very conservative return including
  - High abnormal costs (and thus a significant risk that the developer will need to allow for
  - The location, in comparison with other larger urban areas, is in a slower selling area and will therefore suffer from slower sale rates
  - The distance of the site from the offices of the volume housebuilders
  - other environmental issues “given the adjoining land uses”
- The applicant fundamentally disagrees with the DVs approach to site value indicating that allowance needs to be made for the residential potential that the site offers. Their view is that the value adopted by the DV (£890,000 rather than the much greater figure which the applicant maintains) is substantially below what represents the market value of the site and falls far short of what would be considered to be a competitive market return for the landowner. The applicant consider their approach to site value assessment to be more appropriate than what they describe as the singular approach adopted by the DV. In support of this position they refer to the national Planning Practice Guidance and the RICS Guidance Financial Viability in Planning.

The DV remains of the opinion that the development is marginally unviable, which is the conclusion of the applicant. The applicant's position is, however, that the development could not support the level of contributions and affordable housing that the DV considers could be supported without resulting in the development becoming unviable.

As indicated within the main agenda report (paragraph 5.6) the DV was asked to undertake some sensitivity testing.

The *first Scenario* that the DV was asked to advise on is, taking the Travel Plan monitoring contribution (£6.3k) as given, if the full 25% affordable housing provision is made what is the level of education contribution that could be secured before the scheme becomes unviable. The DV has advised that with the full 25% affordable housing provision, and the Travel Plan Monitoring contribution, an education contribution of £180,000 can be provided.

The *second Scenario* he was asked to advise on is, taking the Travel Plan Monitoring Contribution, and the full education contribution as given, what is the level of affordable housing that could be provided before the scheme becomes unviable. The DV advises that with the full Education Contribution of £319,899 and the Travel Plan Monitoring Contribution, affordable housing reduced to 20% provision (28 units of which 17 would be social rented and 11 shared ownership) could be achieved before the scheme becomes unviable.

The *third Scenario* the DV assessed was, again taking the Travel Plan Monitoring Contribution as given, what could be secured before the development became unviable if the Education Contribution and affordable housing provision are reduced equally. The advice received is that an Education Contribution of £271,914 (which is 85% of the policy compliant amount) and 22% affordable housing provision (also 85% of the policy compliant 25% provision) could be secured, together with the Travel Plan Monitoring Contribution, without rendering the scheme unviable.

#### Officers' Views

Having sought independent and expert advice on the applicant's viability appraisal, provided by the DV and having considered the submission made on behalf of the applicant, which the DV has taken into account, it is considered that the appraisal provided by the DV should be relied upon. Your Officer notes that Persimmon "*as the lead developer of Milliners Green, the development immediately adjacent to the site*" have confirmed that there were "*no issues with the attractiveness of the site. Indeed, we received a steady sales pace, even through the recession years. Notwithstanding the proximity of the landfill to the rear of the site, we consider the site would be very attractive and we would not anticipate having any selling issues*". Although the applicant is referring to slower selling rates than "other large urban areas" Persimmon's local and fairly recent experience suggests this particular concern (advanced to support a higher profit level in the appraisal) may well be being overstated. That properties may sell well, with house purchasers unable to properly assess odour conditions on the basis of occasional visits, does not undermine the concern that your officers have of the odour conditions which occupiers will experience.

Your officers' opinion remains as set out in the main agenda report at paragraph 5.7 that the education contribution is secured in full for the reasons provided. The outcome of the sensitivity testing done in respect of the Second Scenario indicates that 20% affordable housing can be secured in addition to the Travel Plan sum before the development becomes unviable.

In the absence of any planning obligations being "on the table" that secures the above, further reasons for refusal are required.

Given the impending Public Inquiry regarding the refusal of the previous planning application on this site it would be appropriate for the Planning Committee to provide the authority for your Officers to enter into a Section 106, through the appeal process, that secures the above obligations and one relating to the long term maintenance and management of the public open space on the site, in the event that the appeal is allowed.

In light of this the recommendation is amended as follows:

- (a) **REFUSE** the application for the following reasons:-
- (i) **Odour arising from the adjoining landfill site is highly likely to adversely affect the living conditions of the occupiers of the proposed development and it is not considered that this can be addressed through appropriate mitigation.**
  - (ii) **In the absence of a planning obligation, and having regard to the likely additional pupils arising from a development of this scale and the capacity of existing educational provision in the area, the development fails to make an appropriate contribution, which can be supported by the development without rendering it unviable, towards primary school provision, contrary to policy.**
  - (iii) **In the absence of a planning obligation the development fails to provide 20% of the total number of proposed dwellings as affordable dwellings which can be supported by the development without rendering it unviable and which are required to provide a balanced and well-functioning housing market.**
  - (iv) **In the absence of a planning obligation towards Travel Plan monitoring costs, the required contribution to sustainable transport measures, which can be supported by the development without rendering it unviable, would not be secured in accordance with policy.**
  - (v) **In the absence of a planning obligation securing the long term maintenance and management of public open space on the site, the development would not be acceptable**
  - (vi) **In the absence of a planning obligation which provides an appropriate future reappraisal mechanism to secure further affordable housing provision (to a maximum 25% provision in accordance with policy) to allow for changed financial circumstances in the event that the development does not immediately proceed, the development may not provide what it could and should (to comply with policy).**
- (b) **That the Committee resolve that the Council no longer intends to argue, at the appeal against the decision on application 14/00948/OUT, that the development would unduly restrict or constrain the activities permitted or allocated to be carried out at any waste management facility and the implementation of the Waste Strategy, contrary to local and national policy.**
- (c) **That the Committee resolve that the Council no longer intends to argue, at the appeal against the decision on application 14/00948/OUT, that a contribution toward off site public open space improvement and maintenance is required**
- (d) **That the Committee resolve that the Council should submit, at the appeal against the decision on application 14/00948/OUT, that an appropriate contribution towards Travel Plan Monitoring Costs is justified**
- (e) **That the Committee resolve to give authority for the Council to enter into a S106 obligation to secure the following:**
- (i) **An education contribution of of £319,899 towards Proimary School provision within Friarswood Primary School/ Hassell Community Primary School / St Giles' and St George's CofE Academy.**
  - (ii) **20% affordable housing provision**
  - (iii) **Travel Plan monitoring fee of £6,300**
  - (iv) **Appropriate arrangements for the long term management and maintenance of the Public Open Space on the site**
  - (v) **An appropriate reappraisal mechanism to secure further affordable housing provision (to a maximum 25% provision in accordance with policy) to allow for changed financial circumstances.**