

ADVANCED SUPPLEMENTARY REPORT
TO THE PLANNING COMMITTEE

24th May 2018

Agenda item 7

Application ref. 18/00162/FUL

Inglewood Drive, Porthill

Since the preparation of the main agenda report an independent viability appraisal has been undertaken and submitted in order to further examine the viability argument posed by the applicant.

The report has been prepared on the basis that the applicant considers the public open space contribution requirements requested by the Council will render the scheme unviable. Presently it is recommended the development should be refused unless a Section 106 contribution is entered into by the developer for £4,933 for each of the three additional dwellings proposed a total contribution of £14,799 for the scheme as a whole.

The money requested would be used for improvements to surfacing in the park by Bradwell Lodge which is a 250 metre walk from the site.

The viability assessment report makes a number of key assumptions in relation to sale values and other factors. Based on these assumptions the report concludes:-

- A developer profit of £7,231 (2%) with no financial contribution paid.
- A loss of £13,479 (-3%) for should a slightly higher contribution than the £14,799 referred to above.

Your officers comments

The viability appraisal report received has been undertaken by an independent qualified surveyor. The viability report does conclude that the scheme with no contribution would not be viable (ie provide a reasonable rate of return). The scheme is described as one that has a very low rate of return or indeed a loss, and the understanding is that the developer given the already sizeable commitment in the purchase of the land and building are willing to undertake the development at a nominal profit.

There are however some important concerns about the methodology of the appraisal and your Officer wishes to take these matters up with the party that has undertaken the appraisal. However it is likely that the conclusion will still be the same – that allowing for a reasonable level of profit this development will not be able to provide the policy compliant contributions. For this reason, if members are content with the principle of allowing less or nil contributions on the grounds of viability, a delegated authority is sought as indicated below in the recommendation section.

A factor which could potentially improve viability would be to defer payment of the contribution to say 6 months following commencement of the works of conversion. Similar flexibility has been given in some other cases, albeit they have involved the construction of dwellings, although members need to be mindful that the Developer Contributions SPD does say that the needs and impacts arising from development should be addressed before they arrive, and thus early payment is normally sought.

If members are not content to give such delegated authority the recommended alternative would be to defer a decision on the application. The Council's SPD on Developer Contributions does indicate that

Paragraph 173 of the National Planning Policy Framework (the Framework) indicates pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. 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 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 evidence received for this planning application to substantiate the applicant's claim, that the Council's requirements render the scheme unviable, needs to be read in the context of National Planning Policy Framework as indicated above and also in the context of an identified housing land delivery shortfall. If a scheme is unviable it will not proceed and there will be no contribution to the supply of housing in a location where there is an insufficient supply. This is a material consideration.

The RECOMMENDATION on this application is now amended to read as follows

A).That the Head of Planning has delegated authority to explore with the party who has undertaken the appraisal certain assumptions within it and

- 1) providing he is satisfied that the development cannot at present reasonably provide any financial public open space contribution toward and up to that required by policy (£14,799), and**
- 2) subject to the prior completion of a planning obligation, within a period to be set by the Head of Planning, securing a reappraisal of the viability of the scheme, in the event of there being no substantial commencement of the development within 12 months of the grant of planning permission, and the making of such a contribution should that appraisal demonstrate it is financially viable**

the application be granted, subject to the prior completion of a planning obligation securing a reappraisal of the viability of the scheme, in the event of there being no substantial commencement of the development within 12 months of the grant of planning permission, and the making of such a contribution should that appraisal demonstrate it is financially viable

PERMIT subject to conditions relating to:-

- 1. Time limit.**
- 2. Plans.**
- 3. Materials.**
- 4. Cycle parking and storage.**
- 5. Parking and turning area provision.**

B) Should the Head of Planning not conclude the development cannot at present reasonably provide any financial public open space contribution toward and up to that required by policy (£14,799), the application be refused for the reason indicated in the Main agenda report

C) Should the period referred to in recommendation (A) above (for completion of the planning obligation) expire without such obligation having been secured that the Head of Planning have delegated authority to refuse the application on the grounds that it fails to secure an appropriate reappraisal/payment in the event of changed circumstances; or if he considers it appropriate to extend the period