

**PLANNING COMMITTEE**

**24<sup>TH</sup> MAY 2018**

**REPORT OF THE DEVELOPMENT MANAGER OF STRATEGIC PLANNING AND  
REGULATORY SERVICES**

**UPDATE REPORT 16/00157/OUT: RESIDENTIAL DEVELOPMENT OF UP TO 25  
DWELLINGS; LAND ADJACENT THE WOODLANDS, STATION ROAD, OLD DALBY.**

**1. Introduction**

- 1.1 The purpose of this report is to provide an update to the Committee in respect of the above planning application and to set out viability issues as presented by the applicant.
- 1.2 The purpose of this report is to provide details of the changes in circumstances relevant to the Section 106 Agreement that have taken place since the Committee's consideration of the application in January 2017, and to consider whether sufficient information has been presented to remove the Affordable Housing element of the Section 106 Agreement.**

**2. Background**

- 2.1 Members will recall that the planning application was considered at the meeting of 12<sup>th</sup> January 2017 and was approved, subject to the completion of a S106 Agreement to provide 6 affordable dwellings and various conditions.
- 2.2 The Section 106 document states "Affordable Dwellings" means those Dwellings within the development comprising Affordable Housing being a maximum of six (6) of the total Dwellings to be constructed on the Site to be provided as part of the Development unless otherwise agreed with the Borough Council (acting reasonably) and "Affordable Dwelling" shall be constructed accordingly.
- 2.3 "Affordable Housing" has the meaning given to it in Annex 2 of the National Planning Policy Framework dated March 2012 or any successor provisions which may be introduced from time to time including for the avoidance of doubt changes in policy or legislative changes.

- 2.4 S106 Agreements can be varied at any time through agreement of the parties. PPG advises that Local authorities should ensure that the combined total impact of s106 requests does not threaten the viability of the sites.

### **3. Update**

- 3.1 The decision in September 2017 took account of the provision of affordable housing as part of the proposal and required this by Section 106 Agreement.
- 3.2 The request for removal of the affordable housing element to the Section 106 Agreement has been supported by a Viability Appraisal Report, Old Dalby Cost and Value Schedule, Abnormal Budget Cost Estimate, Ecology Cost Analysis and Demolition quote.
- 3.3 The Viability Assessment has been undertaken in the context of the requirements of the NPPF in respect of the imposition of planning obligations in a manner which maintains the economic viability of development. The assessment has also drawn on best practice advice contained in the Local Housing Delivery Group's 'Viability Testing Local Plans' June 2012 and the RICS guide 'Financial Viability in Planning' August 2012.
- 3.4 The study sought to assess the ability of the proposed development to make infrastructure or affordable housing contributions. The overall value of the completed development has been assessed and compared with the total costs, the appraisal has made an allowance for a reasonable return to the Landowner and a reasonable return to the Developer as required by the NPPF.
- 3.5 The submitted report contains a number of abnormal construction costs associated with the development of this site, itemised as follows, with a total estimated cost of £551,000, the applicant has obtained and submitted quotations for these works.
- 3.6 Acoustic Fencing – Estimated Cost £81,000

Acoustic fencing has been included to the full length of the southern and eastern boundaries to the site with a notional allowance for working around site features. The cost is based on a quote from Jackson Fencing for the supply and installation of the fencing specified in the Architects report.

Road Alterations – Estimated Cost £64,000

This cost excludes any costs for the formation of the turning head into the site itself. An amount of £10,000 has been included for a new wearing course to the full width of the existing main carriageway for a length of 60m. There is no indication on the drawing of any requirement to divert or otherwise alter any services or the like. Should such a requirement arise this will result in additional costs.

Ground Remediation – Estimated Cost £152,000

The costs are based on the disposal of 600m<sup>3</sup> of "Hazardous" waste. The assessment of the potential quantity of material to be disposed of is based on a statistical

assessment by GEA Ltd of the soil samples carried out to date. Further site investigation will be required to confirm real quantities. It is assumed that there will be no requirement to import clean soil to replace the contaminated material removed as there will be sufficient clean material from excavation elsewhere on the site to replace that removed.

#### Flood and Storm Water Attenuation – Estimated Cost £168,000

The cost of this element is largely driven by the costs of the oversize pipes and manholes, some of which are relatively deep, running from the detention basin to the site boundary. The costs of providing the same run using 225 pipework and proportionately smaller manholes have been deducted from the overall cost.

It is assumed that there will be no requirement for any specialist earthwork support systems as a consequence of unusually poor ground conditions and that the deep excavations required for some of the manhole/pipes will not be effected by groundwater due to a high water table. Should this not be the case there could be significant additional costs.

#### Ecological Works - £45,020

These include Phase 1 Habitat and protected Species Assessment, Bat and Reptile Surveys, Reptile Fencing and translocation, Bat Development Licence, onsite Bat Mitigation and Monitoring.

#### Demolition and Site Clearance - £41,250

Includes asbestos survey, stripping out, demolition, site trip, removal of all waste and materials.

- 3.7 The appraisal also makes an allowance for £190,000 for Section 106 infrastructure contributions based on advice received from Hofton Homes. The Appraisal calculates the level of Affordable Housing that is viably achievable and shows that even with 0% delivery, the development demonstrates negative viability of -£516,000. The appraisal therefore illustrates that even before affordable housing discounts are applied, the costs of the overall development compared to the projected value do not allow for a reasonable development profit or return for the landowner.

The additional impact of 25% Affordable Housing Provision is illustrated by the Viability Appraisal as submitted. The appraisal shows increased negative viability of -£933,000.

The primary reasons that Affordable Housing deliver is not viable in this location are the abnormal site development costs of £551,000 and the Section 106 infrastructure contributions of £190,000.

## **4. Recommendations**

**4.1 It is recommended that a Deed of Variation is granted to allow the removal of the Affordable Housing requirement from the Section 106 Agreement.**

**Background documents:**

- Report to the meeting of Planning Committee 12<sup>th</sup> January 2017
- Minutes of the meeting of 12<sup>th</sup> January 2017