

Application Type: Modification/Discharge of Planning Oblig

Application No: 2/2017/1656/MODPO

Applicant: Clublight Developments Ltd

Case Officer: Mrs Hannah Smith

Recommendation Summary: Approve

Location: Bourton Mill , Factory Hill, Bourton, SP8 5AX

Proposal: Request to discharge Affordable Housing Planning Obligation set out in Schedule 3 /Section 2.0 - 2.17 of Agreement dated 20 May 2016 of Agreement Pursuant Section 106 of the Town & Country Planning Act 1990.

Reason for Committee Decision:

The proposed release from the S.106 obligations in respect of the affordable housing contribution would result in a reduction in the community benefit that was originally approved by members.

Description of Site:

The application site includes the site of the former mill and the neighbouring land that is located immediately to the east of the site.

Bourton is a large, former industrial village located in the north-east part of the district. Since the adoption of the Local Plan Part 1, Bourton continues to be a village that will receive further growth as it has been identified as one of the 18 larger villages. Development in the larger villages will contribute towards meeting locally defined need within the district.

The River Stour flows through the site. The site is located next to the Penselwood - Longleat Hills landscape character area of the Greensand Hills landscape character type of the AONB's landscape character assessment, and on the edge of the AONB.

Planning Policies:

Local Plan:

- Policy 1 - Sustainable Devt.
- Policy 2 - C Spatial Strategy
- Policy 6 - Housing Distribution
- Policy 7 - Delivering Homes
- Policy 8 - Affordable Housing

Planning policy and guidance:

National Planning Policy Framework:

1. Introduction
2. Achieving sustainable development
4. Decision-making
5. Delivering a sufficient supply of homes

Consultations:

Motcombe And Bourton Ward

Consulted on the 5 December 2017, their comments dated 11 December 2017 are as follows:

I note that the developers are seeking to discharge their Affordable Housing Planning Obligation as set out in Schedule 3 /Section 2.0 - 2.17 of Agreement dated 20 May 2016 of Agreement Pursuant Section 106 of the Town & Country Planning Act 1990.

This is an unwelcome development especially since NDDC have already accepted the principle that the Affordable Housing can be provided off-site to assist with the Mill scheme's financial viability.

I therefore request that this matter should be considered by NDDC's Planning Committee to provide members with the opportunity to assess the evidence relating to the Bourton Mill development's financial viability, which has presumably triggered this application.

Bourton PC

Consulted on the 5 December 2017, their comments dated 8 December 2017 are as follows:

Thank you for the opportunity to comment on the Application for Discharge of Planning Obligations relating to the Bourton Mill site.

It is of great concern to Bourton residents that the developer is seeking to renege on the Affordable Housing Planning Obligation, as set out in Schedule 3 /Section 2.0 - 2.17 of Agreement dated 20 May 2016 of Agreement Pursuant Section 106 of the Town & Country Planning Act 1990.

Bourton Parish Council acceded to the developer's wishes that Affordable Housing provision be provided off-site as a gesture towards enhancing the financial viability of this scheme. This latest application, whereby Clublight Development Ltd. is now seeking to omit this element from their obligations is therefore thoroughly unwelcome. On behalf of Bourton residents the members of the Parish Council wish to express their collective concern that the local community might now be denied this much-needed Affordable Housing contribution.

We therefore request that NDDC Planning Officers should not grant this Discharge of Planning Obligation unless financial viability reasons are so compelling that completion of the Bourton Mill development is placed in serious jeopardy.

Representations:

There were no letters of representation.

Relevant Planning History:

Application:	2/2015/1841/VARIA
Proposal:	Application to vary conditions from application number: 2/2012/0066/PLNG dated 27/01/2014
Decision:	Approve
Decision Date:	20.05.2016

Planning Appraisal:

The applicant seeks relief from the obligation to provide an offsite contribution towards affordable housing. The offsite sum is £360,000.

It was originally agreed that the units of affordable housing would be provided on the site. The legal agreement allows for the units to be provided in the form of an offsite contribution in the event that it was not possible to get a Registered Provider on-board. The dam related services charges resulted in issues with the on site delivery of the affordable housing. RP's were not able to foot the cost of the service charges and as a result, there was no interest from the housing associations that were contacted by the applicant.

National planning policy sets out that the viability of development proposals must be considered post determination if viability is flagged as an issue. Obligations for affordable housing cannot be maintained where there is an evidenced viability issue with the schemes delivery.

The LPA has commissioned the DVS to examine the viability of the development. This process involved an assessment of all aspects of the developments viability. The findings of this report are as follows.

Viability Assessment

The viability report deals with each major input into the viability assessment of the scheme and has been undertaken following the DVS's own research into both current sales values and current costs.

Development Value

The scheme has been assessed as an 100% market scheme as the affordable housing contribution is in the form of an offsite contribution.

The values that were submitted were crossed checked by the DVS and they are of the view that the submitted values are not unreasonable.

Gross Development Value (GDV)

Based on a 100% open market scheme a total GDV of £13,165,000 has been used in the viability appraisal.

Development Costs

Due to the nature and extent of abnormal costs on this scheme the Cost Valuation Reconciliation from contractor C Field has been scrutinised by the DVS's QS team.

The QS team report as follows:

C Field have an anticipated out turn value of £9,618,802 exclusive of VAT if applicable. This includes build contingencies and design fees.

This cost includes labour, materials, subcontractors, design fees, utilities, 278 fees, variation costs, prelims and main contractors margin.

This project has been beset with contamination issues on site and numerous variations and prolongation of the construction programme.

The QS team are satisfied that the cost provided is the anticipated out turn value for the Contractor. Therefore the all-inclusive figure to be used is £9,618,802.00 exclusive of VAT on any qualifying activities. This is therefore the adopted build cost total, including fees and contingencies.

As agreed on other similar schemes in the region 1.5% for agent fees and £650 per open market sale for legal fees is included. 1% of GDV for marketing of the open market units has been included as is reasonable in the current market. A developer's profit of 17.5% has been adopted in the appraisal.

Viability assessments are carried out in order to calculate the residual land value that the scheme can afford, in line with current NPPF and NPPG guidance. The Benchmark Land Value (BLV) is based on the existing use value plus a premium to provide a reasonable incentive for land owner to bring the site forward for development.

With regard to the updated NPPF guidance (July 2018) the recommended approach to establishing BLV is by using an "EUV plus" approach, where the plus element is the premium above Existing Use Value (EUV). It is stated in this guidance that the premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land.

As at the date of the assessment this is a partially developed site for which there is a scarcity of comparable sales evidence to assist in establishing the EUV of the site. On this basis it is accepted that an EUV in excess of £2,000,000 would be anticipated.

The appraisal by Burke Hunter Adams indicates that scheme providing 100% Open Market housing with no S106 or affordable housing contributions is not financially viable.

Based on the DVS's research and adopted inputs outlined above, the scheme providing the required s.106 and Affordable Housing contributions, with a developers profit of 17.5% results in an RLV significantly below the EUV, indicating that a scheme with the S106 contributions is not, by industry standard measures, financially viable.

Conclusion:

The scheme providing the required £360,000 offsite Affordable Housing contributions, with a developer's profit of 17.5% is significantly below the EUV, indicating that a scheme with the S106 contributions is not, by industry standard measures, financially viable.

This conclusion is reached with the agreed input of a developer profit of 17.5%. The existing land value, finance costs, development programme, sales and marketing fees, build and abnormal costs and the gross development value have all been agreed with the DVS. The values that have been used are considered to be reasonable.

It is the view of officers that there are insufficient grounds to recommend refusal and to require the offsite affordable housing contribution as the scheme is projected to provide the developer with a profit deemed to be significantly below accepted norms. In view of the forgoing, the affordable housing contribution for the offsite provision of affordable housing, set out in Schedule 3, Section 2.0 - 2.17 of the Agreement dated 20 May 2016, should be discharged.

Recommendation: Approve

Human Rights:

This Recommendation is based on adopted Development Plan policies, the application of which does not prejudice the Human Rights of the applicant or any third party.

Public Sector Equalities Duty (PSED)

As set out in the Equalities Act 2010, all public bodies, in discharging their functions must have “due regard” to this duty. There are 3 main aims:

Removing or minimising disadvantages suffered by people due to their protected characteristics.

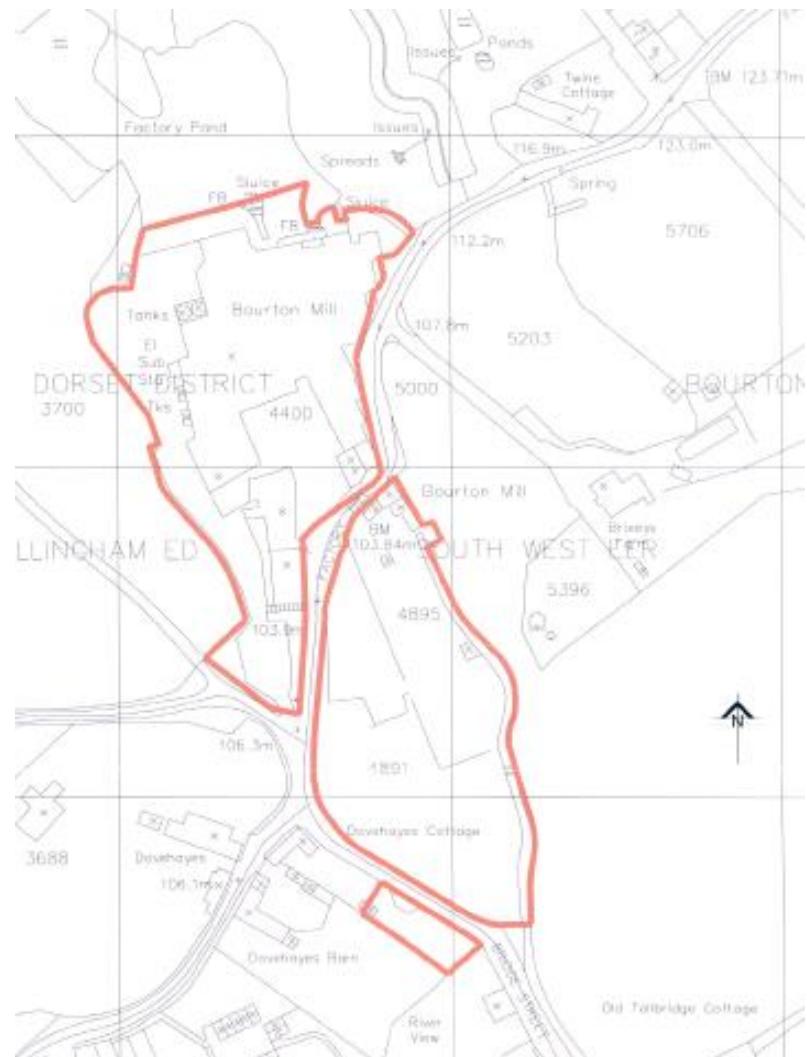
Taking steps to meet the needs of people with certain protected characteristics where these are different from the needs of other people.

Encouraging people with certain protected characteristics to participate in public life or in other activities where participation is disproportionately low.

Whilst there is no absolute requirement to fully remove any disadvantage the Duty is to have “regard to” and remove OR minimise disadvantage and in considering the merits of this planning application the planning authority has taken into consideration the requirements of the PSED.

DECISION:

LOCATION PLAN 2/2017/1656/MODPO



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