



Gloucester City Council

PLANNING COMMITTEE

Meeting: Tuesday, 12th April 2016 at 6.00 pm
in Civic Suite, North Warehouse, The Docks, Gloucester, GL1 2EP

ADDENDUM

4.	<p>LATE MATERIAL (PAGES 5 - 28)</p> <p>Please note that any late material relating to the applications detailed below will be published on the Council's website as a supplement in the late afternoon of the day of the meeting.</p>
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Yours sincerely

Jon McGinty
Managing Director

NOTES

Disclosable Pecuniary Interests

The duties to register, disclose and not to participate in respect of any matter in which a member has a Disclosable Pecuniary Interest are set out in Chapter 7 of the Localism Act 2011.

Disclosable pecuniary interests are defined in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 as follows –

<u>Interest</u>	<u>Prescribed description</u>
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the Council) made or provided within the previous 12 months (up to and including the date of notification of the interest) in respect of any expenses incurred by you carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between you, your spouse or civil partner or person with whom you are living as a spouse or civil partner (or a body in which you or they have a beneficial interest) and the Council (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged
Land	Any beneficial interest in land which is within the Council's area. For this purpose "land" includes an easement, servitude, interest or right in or over land which does not carry with it a right for you, your spouse, civil partner or person with whom you are living as a spouse or civil partner (alone or jointly with another) to occupy the land or to receive income.
Licences	Any licence (alone or jointly with others) to occupy land in the Council's area for a month or longer.
Corporate tenancies	Any tenancy where (to your knowledge) – (a) the landlord is the Council; and (b) the tenant is a body in which you, your spouse or civil partner or a person you are living with as a spouse or civil partner has a beneficial interest
Securities	Any beneficial interest in securities of a body where – (a) that body (to your knowledge) has a place of business or land in the Council's area and

- (b) either –
- i. The total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or
 - ii. If the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, your spouse or civil partner or person with whom you are living as a spouse or civil partner has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

For this purpose, “securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

NOTE: the requirements in respect of the registration and disclosure of Disclosable Pecuniary Interests and withdrawing from participating in respect of any matter where you have a Disclosable Pecuniary Interest apply to your interests and those of your spouse or civil partner or person with whom you are living as a spouse or civil partner where you are aware of their interest.

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For further details and enquiries about this meeting please contact Tanya Davies, 01452 396125, tanya.davies@gloucester.gov.uk.

For general enquiries about Gloucester City Council’s meetings please contact Democratic Services, 01452 396126, democratic.services@gloucester.gov.uk.

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- You should proceed calmly; do not run and do not use the lifts;
- Do not stop to collect personal belongings;
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LATE MATERIAL (APPLICATIONS FOR DETERMINATION)

PLANNING COMMITTEE: 12 APRIL 2016

ITEM 5 14/01063/OUT LAND AT WINNYCROFT LANE

Updated Information.

Since the publication of the committee papers the independent review of financial viability for the application, has now been completed. The review has examined the figures and assumptions made by the applicant's viability adviser (Turner Morum) and the Councils viability adviser (Lionel Shelly). The review has also looked in detail in a few key areas where there were particular questions/uncertainty. A copy of the review is attached in full and Mark Felgate (Parkwood) will be attending the meeting to deal with any questions that Members may have.

In summary the recommendation by Parkwood is that *"the Council accepts the offer of 10% affordable housing on the basis of 75% affordable rent and 25% intermediate/shared ownership and that a review mechanism is included"*.

In my previous reports the required S106 costs associated with the development came to a figure of £3.3 million. However the review has identified that this figure did not include any sums towards the future maintenance of the open space and play areas. At outline stage it is difficult to work out that exact figure required for this however an approximate figure of £915,800 has been calculated. The following table therefore sets down the total costs that would be required for S106 contributions, based on the following figures

Education	£2,694,821
Library	£82,320
Highways works	* £191,697
Travel plan	£86,280
Travel plan monitoring	£10,000
Community building	£260,268
Legal and monitoring costs	£17,400
Maintenance sums for open space	£915,860
Total	£4,258,646

***This may reduce by £41,632 depending on the potential development and timing of the adjoining Mini Winney site.**

For clarity it should be noted that the reference to the S106 costs within the Parkwood review refer to a different figure as some of the above costs (highways, travel plan and the community building) are included within “direct costs” rather than specifically detailed as “S106 costs”.

This application has a Committee resolution to grant planning permission subject to the provision of 20% affordable housing. An independent review has been undertaken concluding that 10% affordable housing is viable. Whilst this is much below the policy requirement of up to 40%, it must be considered together with all the other S106 costs arising from the development which amount to in excess of £4.2 million. The review demonstrates with the £4.2 million financial requirements, any level of affordable housing over and above 10% would render the development unviable.

On the basis of the review by an independent expert, I therefore advise Members that we must accept the evidence that has been presented to us and I therefore recommend that planning permission is granted with a requirement for the provision of a minimum of 10% affordable housing. Additionally I do still propose that a future review of the viability must be undertaken once the development is ongoing. This should be undertaken upon the completion of 140 dwellings and a subsequent review undertaken at a period of 3 years from the occupation of the 140th dwelling. At this 3 year period, the assessment should apply to all the remaining unoccupied dwellings (built and unbuilt) at that time. This further review will ensure that the actual costs and profits associated with the development are applied and any difference with those currently detailed, are fully accounted for and the level of affordable housing amended to reflect the actual level of viability.

Amended recommendation

That subject to the completion of a section 106 agreement to secure the requested planning obligations together with the provision of a minimum of 10% affordable housing (and a review mechanism for the re-assessment of the viability of the scheme), that outline planning permission be granted subject to detailed conditions covering the issues detailed below, (and any further conditions considered necessary) and that delegated powers be granted to the Development Control Manager to prepare the detailed wording of the conditions and S106 agreement. The review mechanism referred to will be undertaken upon the completion of 140 dwellings and a subsequent review undertaken at a period of 3 years from the occupation of the 140th dwelling. At this 3 year period, the assessment shall apply to all the remaining unoccupied dwellings (built and unbuilt) at that time.

Conditions to be attached will include the following, with any others considered necessary. It will also be appropriate for some of the conditions to be dealt with on a phased basis.

Standard outline conditions

Reserved matters applications requiring all details except means of access to the site.

Approval of plans submitted

Submission of phasing plan with agreement for some conditions to be dealt with on a phased basis.

Full drainage details including full details of any pumping station

Detailed plans of ponds with levels and sections

Provision of buffer to watercourse

Restriction on hours of construction work and deliveries to and from the site.

Provision of car parking for site operatives within the site.

Details of storage of materials and temporary buildings during construction.

Secure fencing to the construction site.

Measures to protect trees during construction works.

No removal/felling of landscape features during the bird nesting season.

Details of proposals to strengthen and improve hedgerows to be retained and proposals for new tree and hedge planting.

Protection of new landscaping for 5 years.

Ecological method statement and management plan including updated survey information in relation to bats and badgers.

Details of existing and proposed levels across the site

Details of noise mitigation proposals (including noise bund and fencing) prior to commencement of works, measures in place prior to occupation and sample testing prior to occupation.

Submission of programme of further archaeological work,

Submission of site investigative report and measures to deal with any contamination found and any remediation work undertaken prior to occupation, with sample testing and details of long term monitoring.

Conditions as recommended by Highway Authority – (there is some overlap with conditions referred to above so these will be amalgamated).

No works shall commence on site until details of the pedestrian crossing improvements along Matson Avenue at Gatmeres Road, Munsley Grove, Hill Hay Road, St Peter's Road, Red Well Road and Winsley Road shall be submitted to and approved in writing by the Local Planning Authority and implemented in accordance with the approved details prior to first occupation of the site.

Reason:- To ensure that [the opportunities for sustainable transport modes have been taken up in accordance with paragraph 32 of the National Planning Policy Framework

No works shall commence on site until details of capacity improvements to the signalised junction of Norbury Avenue/Painswick Road have been submitted to and approved in writing by the Local Planning Authority and implemented in accordance with the approved details prior to first occupation of the site

Reason: To ensure that cost effective improvements are undertaken to the transport network that mitigate the significant impacts of the development in accordance with paragraph 32 of the National Planning Policy Framework.

Prior to the occupation of the dwellings a bus shelter (to include seating and lighting) shall be erected at the existing stop along Matson Avenue located between the junction of Gatmeres Road and Caledonian Road on the south western bound direction in accordance with details to be submitted to and agreed in writing by the Local Planning Authority.

Reason: To ensure that the development is designed to provide access to high quality public transport facilities in accordance with paragraph 35 of the Framework.

Details of the layout and access, (hereinafter called "the reserved matters") shall be submitted to and approved in writing by the local planning authority before any development begins and the development shall be carried out in accordance with the approved plans. No dwelling on the development shall be occupied until the carriageway(s) (including surface water drainage/disposal, vehicular turning head(s) and street lighting) providing access from the nearest public Highway to that dwelling have been completed to at least binder course level and the footway(s) to surface course level.

Reason: To minimise hazards and inconvenience for users of the development by ensuring that there is a safe and suitable means of access for all people in accordance with Paragraph 32 of the Framework.

No development shall be commenced until details of the proposed arrangements for future management and maintenance of the proposed streets within the development have been submitted to and approved in writing by the local planning authority. The streets shall thereafter be maintained in accordance with the approved management and maintenance details until such time as either a dedication agreement has been entered into or a private management and maintenance company has been established.

Reason: To ensure that safe and suitable access is achieved and maintained for all people as required by paragraph 32 of the Framework

No development shall commence on site until a scheme has been submitted to, and agreed in writing by the Council, for the provision of fire hydrants (served by mains water supply) and no dwelling shall be occupied until the hydrant serving that property has been provided to the satisfaction of the Council.

Reason: To ensure adequate water infrastructure provision is made on site for the local fire service to tackle any property fire in accordance with Paragraphs 32 and 35 of the Framework.

Prior to the occupation of the development hereby permitted, the vehicular access shall be laid out and constructed broadly in accordance with the submitted plan drawing nos. 21099_08_020_01B and 21099_08_020_02B, and shall be maintained for the duration of the development.

Reason: To reduce potential highway impact by ensuring the access is suitably laid out and constructed to provide safe and suitable access in accordance with Paragraph 32 of the Framework.

The details to be submitted for the approval of reserved matters shall include vehicular parking and turning and loading/unloading facilities within the site, and the building(s) hereby permitted shall not be occupied until those facilities have been provided in accordance with the approved plans and shall be maintained available for those purposes for the duration of the development.

Reason:- To reduce potential highway impact by ensuring that adequate parking and manoeuvring facilities are available within the site, in the interests of highway safety.

No development shall take place, including any works of demolition, until a Construction Method Statement has been submitted to, and approved in writing by, the local planning authority. The approved Statement shall be adhered to throughout the construction period. The Statement shall:

- i. specify the type and number of vehicles;
- ii. provide for the parking of vehicles of site operatives and visitors;
- iii. provide for the loading and unloading of plant and materials;

iv. provide for the storage of plant and materials used in constructing the development;

v. provide for wheel washing facilities;

vi. specify the intended hours of construction operations;

vii. measures to control the emission of dust and dirt during construction

Reason: To reduce the potential impact on the public highway and accommodate the efficient delivery of goods and supplies in accordance paragraph 35 of the National Planning Policy Framework.

NOTES:

The proposed development will involve works to be carried out on the public highway and the Applicant/Developer is required to enter into a legally binding Highway Works Agreement (including an appropriate bond) with the County Council before commencing those works.

The proposed development will require a Travel Plan as part of the transport mitigation package (together with a Monitoring Fee and Default Payment) and the Applicant/Developer is required to enter into a legally binding Planning Obligation Agreement with the County Council to secure the Travel Plan.

The site is traversed by a public right of way and this permission does not authorise additional use by motor vehicles, or obstruction, or diversion.

The developer will be expected to meet the full costs of supplying and installing the fire hydrants and associated infrastructure.

The applicant is advised that to discharge condition 7 above that the local planning authority requires a copy of a completed dedication agreement between the applicant and the local highway authority or the constitution and details of a Private Management and Maintenance Company confirming funding, management and maintenance regimes. maintain a strong sense of place to create attractive and comfortable places to live, work and visit as required by paragraph 58 of the Framework.

The developer will be expected to meet the full costs of supplying and installing the fire hydrants and associated infrastructure.

ITEM 6 AREA 4B3 FRAMEWORK PLAN 4, FORMER RAF QUEDGELEY

Updated Information

The applicant has submitted amended plans to address the concerns raised particularly in relation to parking, the area of shared surface and disability units. This information was received yesterday and due to officer time today, it has not been possible to examine these plans in detail. Additionally there has been insufficient time for the Urban Designer and the Highway Authority to comment upon the changes.

Amended Recommendation

That subject to the satisfactory resolution of the outstanding matters in relation to affordable housing, the area of shared surface and appropriate parking provision that delegated powers be granted to the Development Control Manager to determine the application

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Gloucester City Council

**Further review of Winneycroft
Lane**

Draft Report

Draft
April 2016

1.0 Introduction

1.1 Gloucester Council have commissioned Parkwood to undertake a further review of the viability work undertaken to support the decision making process for Application 14/01063/OUT, Winneycroft Lane.

1.2 The aim of the report is to provide independent advice to help inform members in their decision making. The report builds upon the advice already received by the Council from Peter Brett Associates and seeks to clarify a number of issues raised in that report as well as those raised by the Council and the applicant.

1.3 The report covers the following key areas:

- Values
- S106 costs
- Opening up and development costs
- Dwelling mix
- Reappraisal

2.0 Values

- 2.1 There is a small difference between the values used in the Turner Morum report and the Lionel Shelly Report. Turner Morum have also expressed a concern that the values they have used are considered at the top end of what could be achieved and if their other cost assumptions are being tested then so should the value assumptions.
- 2.2 In response the Council have requested further evidence on values to support the figures used in the appraisals. There are a number of ways to provide this information. This includes a market report produced by a local estate agent, a review of new build properties currently on the market and a review of Land Registry transactions for new build properties. Given the time constraints for this work, there has not been time to commission a separate market report, therefore a review of current advertised properties and Land Registry has been undertaken. To put this in context it is noted that the following have been used for the appraisals:

Table 2.1 Values used in the appraisal

Dwelling type	Turner Morum			Lionel Shelly		
	Unit value	Size (sqm)	£ p sqm	Unit value	Size (sqm)	£ p sqm
2 bed terrace house	£172,200	76.2	£2,260	£175,100	76.2	£2,298
3 bed terrace house	£189,000	83.6	£2,260	£190,500	81.3	£2,343
3 bed semi house	£199,500	88.3	£2,260	£197,750	88.3	£2,240
3 bed detached house	£204,750	90.6	£2,260	£199,875	101.8	£1,964
4 bed+ detached house	£273,000	120.8	£2,260	£266,500	110.2	£2,598
4 bed + detached house	£346,500	153.3	£2,260	£350,250		
	£213,792	94.6	£2,260	£217,729	95.5	£2,280

- 2.3 As Table 2.1 sets out the values used in the latest reports average £2,260 per sqm / £210 per sqf (Turner Morum) and £2,280 per sqm / £212 per sqf (Lionel Shelley).
- 2.4 To test the appropriateness of these values both advertised new build properties and data from Land Registry has been considered. The closest new build developments to Winneycroft Lane, currently on the market are located at Robinswood Farm, Brockworth and Quedgeley and Hucclecote. However

the site at Robinsworth is not considered as comparable as it is not representative of the type of development likely to come forward at Winneycroft (it is only 7 dwellings) .The table below sets out the prices these are advertised at:

Table 2.2 Current advertised new build properties April 2016

Developer and location	Dwelling type	Unit value	Size (sqm)	£ p sqm	£ p sqm (5% discount allowance)*	£ p sqf (5% discount allowance)*
Persimmon - Kings Mead, Quedgeley	3 bedroom terrace house	£194,995	96	£2,031	£1,930	£179
Taylor Wimpey - Kings Copse, Quedgeley	3 bed terrace house	£225,000	100	£2,250	£2,138	£199
	3 bed semi	£240,000	112.5	£2,133	£2,027	£188
	3 bed terrace	£218,000	100	£2,180	£2,071	£193
	3 bed terrace	£210,000	80	£2,625	£2,494	£232
Bovis Homes - Imperial Place, Brockworth	3 bed terrace house	£229,995	80	£2,875	£2,731	£254
	3 bed semi house	£246,995	111	£2,225	£2,114	£197
	4 bed semi house	£248,995	111	£2,243	£2,131	£198
	3 bed terrace	£257,995	90	£2,867	£2,723	£253
Barratt – Mayfield Place, Hucclecote	3 bed semi	£249,995	100	£2,500	£2,375	£221
		£230,219	98	£2,381	£2,273	£211

* Price advertised is not necessarily the price sold therefore a conservative approach is taken by applying a 5% discount to the advertised price

- 2.5 As can be seen, with the discount applied these values are in between those used within both the Turner Morum and Lionel Shelley appraisals. Whilst they are similar, the relatively small sample and limited development types means caution should still be applied in using these figures.
- 2.6 As a further test of values, Land Registry has also been analysed. The data in Table 2.3 is taken from the last two years of transactions for new build properties in Gloucester.

Table 2.3 Land Registry data Feb 2014 – Feb 2016

Dwelling type	Average unit value	Average size (sqm)	Number of transactions	£ p sqm	£ p sqm (2.5% discount allowance)*	£ p sqf (2.5% discount allowance)*
Flat	£134,000	56	6	£2,393	£2,333	£217
Terrace	£190,000	77	30	£2,468	£2,406	£224
Semi	£196,000	96	31	£2,042	£1,991	£185
Detached	£292,000	121	32	£2,413	£2,353	£219
All	£222,000	87.5	99	£2,329	£2,271	£211

*Land registry data does not allow for 'extras' that are often included as an incentive to buy, e.g carpets, white goods etc), therefore a 2.5% discount is applied

- 2.7 As with the advertised new homes an adjustment has been made to figures. This adjustment takes into account that a housebuilder will often add incentives that would normally cost the purchaser such as carpets and white goods. Again there is a note of caution using these figures as Land Registry does not supply floorspace data so average sizes typical of the property types have to be used. However the data does show that the figure of £2,271 per sqm / £211 per sqf is a marginally higher figure than used by Turner Morum in their latest appraisal.
- 2.8 Therefore based on the evidence from Land Registry and advertised new homes, it is considered that £211 psqf is an appropriate figure to use for the appraisals. It should be noted that if a viability review clause is added to the S106 then these values can be revised and based on actual sales for the first phase of the development.

3.0 106 costs and phasing

S106 costs

3.1 A schedule of financial contributions was prepared to inform the decision making. The schedule sets out total contributions of £3,336,673. Turner Morum have used a higher figure within their appraisals, a point questioned by PBA in their report. In response Turner Morum have set out their understanding of contributions as follows:

Table 3.1 S106 contributions within schedule

S106 category	S106 item	S106 contribution
Education		£2,694,821
	Pre-school	£343,745
	Primary	£1,227,660
	Secondary	£1,123,416
Community		£342,588
	Libraries	£82,320
	Community building	£260,268
Highways and travel		£287,977
	Travel plan	£96,280
	Corncroft/Painswick Road junction works	£104,079
	Norbury Road junction works	£87,618
Legal costs and monitoring		£17,400
Total		£3,342,786

3.2 Turner Morum acknowledge that there is a difference of £6,113 between what was agreed in the schedule and what has been used in their appraisal – this is because EC Harris, the applicants cost consultant consider the junction works at Norbury Road to be slightly higher.

3.3 It should also be noted that three of the items within the proposed S106 are now accounted for within the direct works as they will be delivered by the developer – these include the Corncroft and Norbury Road improvements

and the Community Centre. The revised S106 figure would be **£2,890,821**. However, by agreeing to this it does have a knock on effect within the appraisal where a number of the calculations are derived as percentages of the construction cost, which will exclude S106 items. Therefore other than the very minor difference there is agreement in respect to this element of the contributions. However it is questioned as to the justification for both the education and library costs, which seem high for type of development.

- 3.4 Whilst there are figures provided for most items within the schedule there is a gap in respect to open space maintenance. The schedule suggests that open space maintenance will be undertaken by a management company. Normal practice is that these management costs are passed on to the owner of the dwellings via an annual management charge. There is no evidence that the addition of a management charge suppresses values of properties, therefore on this basis they should not be included within the appraisal.
- 3.5 However, Turner Morum's understanding is that the Council will want to adopt the open space and therefore they have suggested the following sums to be included within the appraisal:

S106 item	S106 contribution
Public open space commuted sum	£866,980
Play space commuted sum	£287,500
Play facilities	£50,000
Total	£1,204,480

- 3.6 The Council have confirmed that their understanding of these figures is that they allow for 20 years maintenance, whereas the council would only require 15 years if they were to adopt the open space. This would mean the total costs would reduce to **£915,860**. However it should be noted that at this stage the figure is an estimate as until the detailed plans are agreed, it is not possible to identify a specific figure. The total revised S106 sought by the Council will therefore be in the region of **£3,806,681**.
- 3.7 Whilst this will have a marginal effect on viability the bigger issue is whether to include these figures at all within the appraisal.

Section 106 phasing

- 3.8 The S106 schedule also sets out phasing for the S106 contributions. It is clear from this that the education contributions are required prior to first completions on the development. It is not known what the reasoning is for this and it is questioned as to the justification from the County Council in seeking these payments at this stage, especially as there is a viability issue. By requiring all the education contributions up front it puts significant pressure on the cashflow and ultimately negatively effects the development as there is a

need to finance these upfront payments prior to any return from dwelling sales.

- 3.9 As it stands Turner Morum have followed the schedule and included the education costs up front within their cashflow. It is recommended that this is revisited and the payment schedule amended to spread this cost through the development cycle rather than upfront.

4.0 Opening up and development costs

- 4.1 The PBA report sets out the difference between Turner Morum and Lionel Shelley in respect to these types of costs. Since that report there has been some changes to the Turner Morum / EC Harris approach – however whilst this has narrowed the gap, there are still clear differences between the two reports.
- 4.2 The Turner Morum assessment is backed by a cost review prepared by EC Harris. Lionel Shelley's appraisal is backed by work undertaken by Currie & Brown. It is apparent that neither cost consultant has been in contact with each other, so there is potential for misunderstanding in approach from both parties.
- 4.3 The costs outlined by each cost consultant are as follows:

	EC Harris	Currie & Brown
Direct works	£5,873,225	£5,417,495
Section 106	£4,095,301	£ 4,095,301 – no comment
Overheads and prelims	£323,999	£270,875
Professional and local authority fees	£1,784,958	£1,408,228
Abnormals	£3,003,144	£3,003,144 – no comment
Total	£15,080,627	£14,195,043*
Difference	+ £885,584	

*Please note that as some of Currie and Brown figures are based on %, these may be subject to change if overall construction costs vary

- 4.4 As there has been no engagement between the two cost consultants it is advised that a conservative approach is taken and that the higher costs are used for the purposes of testing. Furthermore as it is intended to include a review mechanism within the S106, this could include revising the development costs with the benefit of actual costs being available for the first phase of the development. At this point if costs have been over estimated the Council will have recourse to seek other contributions, where these have been reduced from policy requirements as a result of the schemes current viability. Of course it should be noted that costs can also go up and potentially lead to a further reduction in development contributions.
- 4.5 In terms of phasing it is noted that Turner Morum have included a large percentage of these costs up front (50% of the direct works, fees and abnormal within the first year at around £5m) on the basis that they will be providing serviced plots, added to this is the upfront education costs,

previously discussed. Finally the complete cost of the land is also included in year 1 at just over £5m. This combination means that total finance costs are relatively high because of the upfront loading. It does not seem reasonable for all these costs to be loaded at the beginning of the project, especially as no allowance has been made for the sale of land to the developer.

5.0 Dwelling mix

- 5.1 The Council have requested further advice on the dwelling mix, especially in relation to affordable housing and flatted development.
- 5.2 In respect of affordable housing it considered that the assessment should utilise the HMA and the approach set out in the JCS Plan viability report (January 2016). That report recommends the use of the JCS wide mix for affordable housing which is 75% Affordable Rent and 25% Intermediate/Shared Ownership.
- 5.3 Whilst it is acknowledged that Starter Homes may replace some of the affordable housing elements in the future, for the purposes of determining any application now they should not be included as the legislation and regulations are not yet in place.
- 5.4 In respect of flatted development it is agreed with Turner Morum that in this location flatted development would not be of benefit in terms of viability, even when taking into account potential cost savings in respect of education contributions. If through detailed matters there are reasons to include more flatted development then the impact of this can be considered at the review stage in respect of the impact on viability.
- 5.5 It has been noted that in looking into more detail on the development mixes that the approach taken by Turner Morum seems to have changed between the latest appraisals submitted and those previously considered. The average size has changed from 97.9 sqm to 94.6 sqm. Whilst a seemingly small difference, this has had the effect of reducing the market dwelling development value from £83.7 to £80.8m, a near £3m reduction.
- 5.6 It would appear that a change to the mix in the dwellings has caused the change as all other inputs (i.e. dwelling sizes and price per sqm) are unchanged. It is unclear as to why Turner Morum has changed their approach. The table below shows the change:

Table 5.1 Dwelling mix

	Latest appraisal	Previous appraisal
2 bed terrace house	20	30
3 bed terrace house	24	38
3 bed semi house	205	116
3 bed detached house	63	95
4 bed detached house	50	76
5 bed detached house	15	23
Total	378	378

Average size	94.6	97.9
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5.7 If this is simplified and compared in percentage terms with Lionel Shelley's appraisal then the comparison is as follows:

Table 5.2 Dwelling mix comparison

	Latest appraisal	Previous appraisal	Lionel Shelley
2 bed house	5%	8%	8%
3 bed house	77%	66%	67%
4+ bed house	17%	26%	25%

5.8 The main difference comes with the number of three dwelling properties and whilst it is accepted that in this location 3 bed dwelling will be popular a figure of just over three quarters does seem very high. Therefore for the purposes of testing it is recommended that this figure is reduced back to what was originally proposed. If the detailed permissions significantly change the mix then this can be reassessed during the review process.

6.0 Further viability testing

- 6.1 To be consistent the further testing will use the same viability model that informed the PBA report. The further testing reflects the finding of this report and uses the following key assumptions in respect to the scenarios tested:

Table 6.1 Key assumptions

Input	Base scenario	Notes
Development costs		
S106 costs	£3,806,681	Section 106 costs as set out by Turner Morum and schedule with slight adjustment to commuted sum payment to reflect a 15 yr rather than 20yr requirement
S106 phasing		Assumed that District Council will seek agreement from County Council to spread education payment rather than up front as indicated in schedule and applied within Turner Morum appraisal
Direct infrastructure costs	£5,873,225	Latest EC Harris costs applied. Costs have been spread across first 5 years.
Abnormal	£3,003,144	Latest EC Harris costs applied. Costs have been spread across first 5 years.
Overheads, prelims and local authority/ professional fees	£2,108,957	Latest EC Harris costs applied. Costs have been spread across first 5 years.
Market housing assumptions		
Market housing values	As previously at £2273 per sqm / £211	Value based on advertised New Home prices (adjusted) and Land Registry (adjusted) – Value is between Turner Morum and Lionel Shelley estimates
Market housing mix	8% 2 bed, 66% 3 bed, 26% 4+ bed and an average blended size of 97.9 sqm	Reverted to Turner Morum's previous development mix

Garages	95 single garages at £5k each and 99 double garages at £7.5k each	Reverted to Turner Morum's garage numbers and type
Affordable housing assumptions		
Affordable housing %	10%	
Affordable housing mix	25% SO 75% AR at an average size of 75.6 sqm	Proportion is as set out in JCS Plan viability study and JCS HMA for JCS wide requirements. Size calculated using same property sizes set out in Turner Morum appraisal
Affordable housing value	65% of market value for SO and 55% of market value for AR	Values are same as set out in the JCS Plan Viability Study
Other inputs		
Gross and net	20.3h and 10.72	Same as Turner Morum
Contingency		Consistent with Turner Morum no additional contingency has been included. However it should be noted that abnormal and direct costs all have contingency built into their figures of between 7.5% and 10%.
Construction costs, finance and professional fees		These are all at the same rates as used by Turner Morum.

6.2 The results of the base scenario are set out in table 6.2. The results show that at 10% affordable housing the site is deliverable but viability is still marginal. This assumes a benchmark land value of around £100,000 per gross acre. Turner Morum has suggested that land owner expectation is higher than the £100,000 allowed for in their appraisal. This suggests that to achieve a higher residual value the profit expectation (currently around £17m) would have to be reduced. For example to achieve a residual equivalent to £150,000 per gross acres (or around £700,000 per net hectare), the blended profit would reduce from 19.3% to 16.5% (GDV).

Table 6.2 Base scenario results

Scenario	Dwellings	AH	Residual £ph	Benchmark £ph	Headroom £ph	Viable
1. Base scenario	420	10%	£501,871	£495,072	£6,799	Marginal

- 6.3 If members were minded to seek higher contributions for affordable housing then other costs will need to be reduced. This could in part be profit as suggested above, but this does risk the development coming forward if this is also being reduced to pay for the land. Changing when contributions are to be paid is another way of improving cashflow and viability. However the above results have already spread the contributions through the development cycle. The other area that could be looked at would be to change the balance between S106 infrastructure contributions and affordable housing i.e. reducing the S106 infrastructure payments to increase the affordable housing.
- 6.4 As previously discussed there may be an opportunity to reduce the S106 to remove the obligation towards open space maintenance. If this were removed as shown in Table 6.3 the headroom would be just over £87,000 per net hectare. Also shown is what impact this could have on affordable housing if the money was used to fund affordable housing instead of the open space commuted sum.

Table 6.3 Alternative S106 contributions

Scenario	Dwellings	AH	Residual £pnh	Benchmark £pnh	Headroom £pnh	Viable
2. Reduced S106 – no maintenance payment	420	10%	£582,133	£495,072	£87,061	Yes
3. Reduced S106 – no maintenance payment, increased affordable housing	420	14%	£501,787	£495,072	£6,715	Marginal

- 6.5 It should be noted that whilst the affordable housing could be increased to 14% on the basis of in the reduction to the infrastructure requirement of the S106, this approach would still result in marginal viability as discussed previously.

7.0 Recommendation

- 7.1 As with any appraisal process there are a variety of approaches and variables that can change the outcome.
- 7.2 In this report it has been demonstrated that the mix of the development will have an effect on the viability outcome. Therefore if this outline application is approved the Council should work carefully with the developers of the site to ensure that the mix meets market requirements to maximise returns as well as local needs identified in the SHMA. A balance will need to be struck as the site is marginal in terms of its delivery as small changes can have a big impact.
- 7.3 The cashflow is also important. In particular the results assume that the City Council will undertake further negotiation with the County Council in respect to when those payments are scheduled. If they do remain an upfront payment then the viability should be revisited.
- 7.4 As shown in the report a reduction in the infrastructure elements of the S106 will either allow for greater margin in respect of the development and less risk of non delivery or potentially a small increase in affordable housing.
- 7.5 It is recommended that a viability review is included as suggested in the committee report. This will allow consideration of the actual build and site preparation costs, land deals and any changes to house prices. Also by this point the mix of the development will also be established.
- 7.6 Therefore it is recommended that the Council accepts the offer of 10% affordable housing on the basis of 75% affordable rent and 25% Intermediate/Shared Ownership and that a review mechanism is included.