

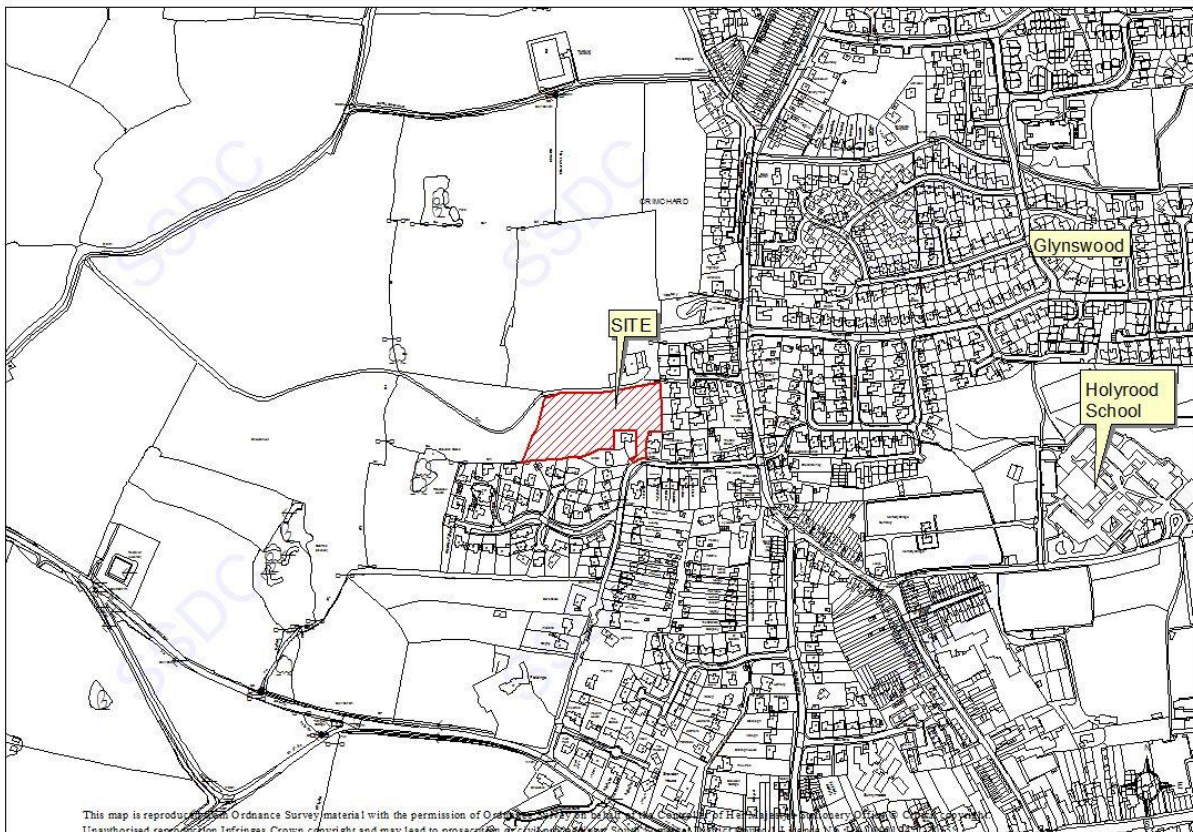
## Officer Report On Planning Application: 15/03349/DPO

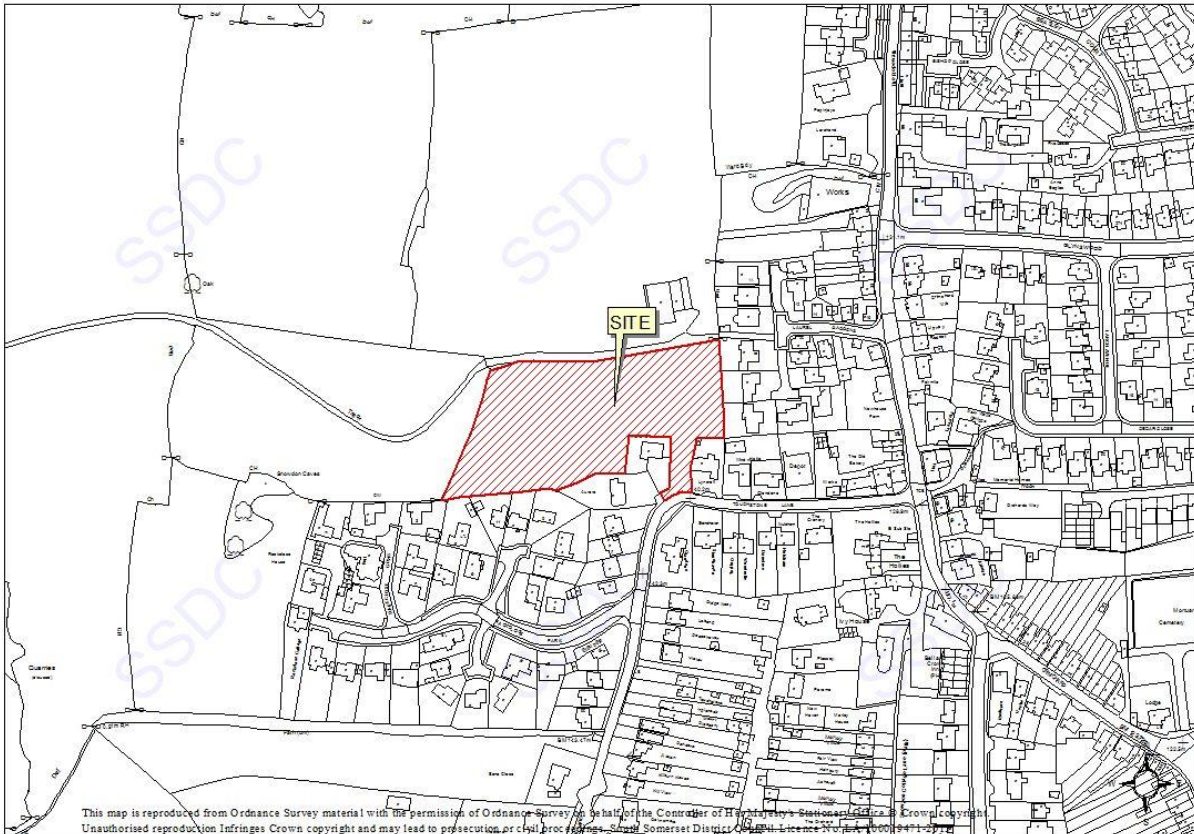
<b>Proposal:</b>	Application to remove affordable housing obligation from S106 agreement dated 18th March 2015 between South Somerset District Council and Rosemary Jane Pring and Rosaling Claire Rayland and Summerfield SD3 Limited. (GR 331599/109073)
<b>Site Address:</b>	Land Off Touchstone Lane Chard
<b>Parish:</b>	Chard
<b>COMBE (CHARD) Ward (SSDC Member)</b>	Cllr A Broom
<b>Recommending Case Officer:</b>	Andrew Gunn Tel: (01935) 462192 Email: andrew.gunn@southsomerset.gov.uk
<b>Target date:</b>	4th September 2015
<b>Applicant:</b>	Summerfield Homes (SW) Ltd
<b>Agent: (no agent if blank)</b>	Lydia Grainger WYG Hawkridge House, Cheslston Business Park, Wellington, Somerset, TA21 8YA
<b>Application Type:</b>	Non PS1 and PS2 return applications

### REASON(S) FOR REFERRAL TO COMMITTEE

This application is referred to Committee as the proposal seeks to reduce the number of affordable homes which were considered by Members when approving the original application (13/01942/FUL).

### SITE DESCRIPTION AND PROPOSAL





The site is located on the far western side of Chard, off Touchstone Lane. It extends to 0.98 hectares. The site slopes significantly from west to east and is bounded on its southern and eastern sides by residential properties. An agricultural access exists to the north which serves an agricultural building and land. A further agricultural access point exists to the south east onto Touchstone Lane.

The original planning approval granted consent for the erection of 24 dwellings, 8 of which were affordable homes. This application seeks consent to omit the 8 affordable homes agreed as part of the section 106 obligation. The other obligations totalling £104,849.58 towards off site facilities will remain in place.

The application is supported by a viability appraisal which has been assessed by the District Valuer. A copy of the confidential DV report has been sent out to members under separate cover. If Members wish to discuss the confidential report, the Committee will need to pass a resolution to go into Confidential Session.

## **HISTORY**

Application No: 13/01942/FUL - Demolish existing buildings and the erection of 24 no. dwellings with associated works to include formation of new access (Approved).

## **POLICY**

Section 38(6) of the Planning and Compulsory Purchase Act 2004 repeats the duty imposed under S54A of the Town and Country Planning Act 1990 and requires that decision must be made in accordance with relevant Development Plan Documents unless material considerations indicate otherwise,

## Relevant Development Plan Documents

South Somerset Local Plan (adopted April 2006)

SD1 - Sustainable Development

SS1 - Settlement Strategy

EQ2 - General Development

HG3 - Affordable Housing

National Planning Policy Framework (NPPF)

Core Planning Principles

Chapter 4 - Promoting sustainable transport

Chapter 6 - Delivering a wide choice of high quality homes

Chapter 7 - Requiring good design

Chapter 11 - Conserving and enhancing the natural environment.

## CONSULTATIONS

**Town Council:** Recommend refusal on the grounds of the loss of affordable housing, dependent on the District Valuer's viability report.

Officer comment: It is understood from discussions with the Ward member that the Town Council would accept the recommendation of the District Valuer.

## CONSIDERATIONS

The sole issue in this case is whether or not the provision of 8 affordable homes as part of the development would make the scheme unviable. The application is made under section 106BA of the Town and Country Planning Act 1990. This was inserted by the 'Growth and Infrastructure Act 2013' and provided a new application procedure to review affordable housing obligations on the grounds of viability. There is an associated appeal procedure under a new section 106BC.

The appropriate viability test is whether the evidence indicates that the current cost of building out and selling the entire site (at today's prices in the current market), is sufficient to enable a willing developer to make a competitive return.

Government advice suggests that local planning authorities may wish to consider making time-limited modifications whereby, if the development is not completed within a specified time (generally 3 years), the original affordable housing obligation will apply to those parts of the scheme which have not been commenced. Developers would therefore be incentivised to build out as much of their scheme as possible within 3 years. There is provision for a further section 106BA application to modify the obligation.

The applicant's appraisal has set out the various quantified inputs ie 1) revenue generated from the dwellings 2) Land acquisition costs 3) Construction costs 4) professional fees 5) Disposal costs 6) Finance 7) Profit and 8) Land Value. The appraisal outlines that the site is not viable with the current level of 8 affordable units to be provided on site. The residual value of the site is insufficient to deliver a competitive return to both the landowner and the developer. The assessment considered how the viability of the scheme may be improved if the affordable housing is reduced to a point whereby the developer and landowner could secure a competitive return. This assessment concluded that the scheme is not viable unless the affordable housing element is reduced to nil.

The District Valuer was instructed to carry out an appraisal of the applicant's viability

appraisal. The DV's conclusion is that the scheme is not viable with 8 affordable homes but a small surplus would be achieved with 4 affordable units, split as 1 intermediate and 3 social rented units. The DV makes the point that given the S106 was fairly recent and market conditions have not materially changed in the intervening time, the scheme was not financially viable at the time the S106 was agreed. However, no time limit is imposed by the government in terms of when an applicant can apply to vary the affordable housing provision nor was there any indication that there may be a viability issue at the time the S106 was signed. In this case, Summerfield have stated that there are additional ground costs as a result of site investigations undertaken following the grant of planning permission. Therefore, the costs associated with development of the site have risen since the approval.

The DV was in general agreement with all of the applicant's costings apart from the level of developer profit. The DV advises that 17.5% profit on open market and 6% on affordable units is reasonable whereas the developer is seeking 20% and 6% respectively. Therefore, based on the DV's recommendation, the Council could not support the application to reduce the affordable housing provision to nil.

Further information was then submitted by the applicant to the DV in light of Yarlinton reappraising their offer to the developer. Affordable housing providers are reviewing their offers to developers following the announcement during the last Budget that the level of rent will be decreased by 1% each year over the next 4 years. As a result, the DV reassessed the case and concluded that the scheme would be viable with 3 rented units. Again, the Council would not support the loss of all 8 affordable units.

Following a meeting with the applicant to discuss this issue, the developer made it clear that they did not want to pursue an appeal. Summerfield proposed to retain 3 of the approved affordable units as low cost homes. This will enable 3 affordable units to be provided on site, in addition to the market housing. The DV has reassessed the case on this basis and concludes that a modest surplus is shown. The viability position therefore supports the proposition of 3 low cost units. On this basis, it is considered that the Section 106 Agreement is modified for 3 low cost homes, and be time limited for 3 years.

## **RECOMMENDATION**

Agree to vary the Section 106 Agreement to reduce the provision of affordable housing on site from 8 units to 3 low cost homes. This variation shall be time limited for a period of 3 years from the date of the decision.

01. It has been satisfactorily demonstrated that the requirement for 8 affordable homes as part of this development would unreasonably affect the viability of the approved scheme in the current market. Moreover, it has been demonstrated that the provision of 3 low cost homes would provide a small surplus and the s106 shall be varied accordingly.

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