

LATE REPRESENTATIONS FOR COMMITTEE

Committee Date: 24th March 2022

App No: SL/2021/0161

Site Address: Land at Viver Green, Viver Lane, Hincaster, MILNTHORPE, LA7 7NA.

INTRODUCTION

The proposal is for the variation of a S106 agreement relating to a reserved matters approval (reference SL/2015/0497) and an outline approval (reference SL/2013/0594). One aspect of the application is to remove the obligations relating to affordable housing attached to an outline planning permission for residential development of the site and the other to discharge of the obligations in respect of a subsequent reserved matters application. The proposal is in effect to remove the affordable housing on-site and to provide no off-site financial contribution to affordable housing.

The application was deferred from the February committee in order to seek an update from the Councils independent consultant from Lambert Smith Hampton (LSH). Furthermore, incorporated within the update was a response to member's questions which were submitted to LSH and are discussed in detail below.

NEIGHBOURS REPRESENTATION

The Council have recently received a letter from a resident who lives in one of the occupied dwellings on the development. His letter is set out in full.

I understand that the S106 Variation is before Planning Committee this week. I wonder if I can add my wife's and my support to the proposal for the following reasons -

- 1. We moved into our property at 6 Viver Green in June 2018. We were attracted by the plans to build a new community alongside the village of Hincaster with 22 dwellings in lovely countryside.*
- 2. Only 8 houses have been occupied (we were the last to move in) and there are 14 others either partially built or yet to commenced. The whole site is an eyesore giving us concerns as to both security and attractiveness of our own homes on what should be a flagship development for the region.*

3. The access road up to our house and the site is incomplete with inadequate lighting, raised manhole covers and uneven surfaces and pavements. Furthermore we are given to understand that the current drainage system may be inadequate which gives rise to Environmental and Health and Safety concerns for the residents.

4. It is understandable that development costs have risen and that the failure of Egg Homes has impacted on the viability of the development of the site for the land owner/lender.

In summary we have lived on this derelict site for nearly 4 years and as the Planning Office states this blights our homes. When we receive visitors we are embarrassed at the state of the site. We therefore urge the Planning Committee to approve the application to allow the applicants to proceed and develop the rest of the site for the benefit of the whole Community.

OFFICERS COMMENTS.

Officers received the following questions, which are in italics and with LSH comments following.

Can the sale values and cost values be approximately brought up to date, using recent sales and new builds in the South Lakeland area.

I have done this within the addendum. The Viability gap is shortened very slightly on account of the increased revenues but increased costs ensure that there is still a negative land value at 17.5% Profit Margin.

If permission is given, is it understood, and costed, that Tretonia will ensure remediation of all the defects found in the properties already built? If not, who will bear these costs?

This question is not for LSH, however officers have asked the applicant for comment and their response is as follows:

The phase 1 properties (1, 2, 3, 4, 5, 6, 21 & 22) are already occupied and I believe the residents have now sorted out the issues they had.

The part built properties 7, 8, 9 and 12; will clearly need to be rectified in order to finish them to a standard acceptable to a building warranty provider and to meet building regulation. These remedial works will be carried out by the main contractor appointed to finish the project. Unfortunately due to the passage of time and the fact that these properties have now stood empty and open to the elements for so long, I imagine that there will be a lot more remedial works than originally anticipated, that is why it is imperative that we can resolve this situation with the s106 otherwise the project just won't be viable to continue with.

There are issues around the drainage which also serves phase 1, this will need to be dealt with and rectified, and we will undertake this work.

The Bailey report indicates no identified need for rented affordable housing in the area. Can we have an indication of the number of families on the Cumbria Choice waiting list within 10 miles of the properties?

Officers have requested a response from the Housing team, their response is as follows:

The Housing Team don't have the facility to access this 10 mile radius information (10 mile radius seems to be everything in SLDC area except that which is beyond Grange and Windermere.) But they can provide the CBL figures as at December 2021 as to the demand for homes in all the SLDC areas, divided into areas with social housing and size of homes and needs and want. The 'Needs' is what applicants are entitled to under the allocation policy and the 'want' figures are what applicants would prefer. Hincaster doesn't appear on the list because it is likely that there are no social properties in that village.

The nearest settlement is Milnthorpe and 63 people are in need with 39 wanting a dwelling in the settlement. Most of them require bungalow/flats/maisonettes with 12 requiring a dwelling.

Can the profit % please be calculated if for example 5 affordable properties are constructed.

A second appraisal has been undertaken on this basis and at £0 land value demonstrates a profit level of 11.44% on GDV.

Can we have the same approximate calculation assuming a more standard build of house – i.e. less sophistication? (what would the profit margin be if the land was used for regular house development).

It is hard to quantify a reduction in 'sophistication' for appraisal purposes. For the 3rd appraisal, we have removed the 5% premium on BCIS base build costs that we had initially allowed for to account for the increased spec associated with these units. However, it is not possible to do this without also addressing GDVs – and as a result we have reduced unit GDV's by £10/ft across the entirety of the site. On this basis and at £0 land value the appraisal demonstrates a profit level of 13.38%.

In the LSH appendix there an allowance for two contingencies and abnormal costs. Can these be explained in more detail?

The inclusion of 2 contingencies was an error in the presentation of the report (although only the difference between the two figures will have been included in the total costs). The abnormal costs have been provided by the applicant within the cost plan. LSH has used a % rate as it is not 100% clear which costs within the cost plan are considered abnormal. However our total costs are markedly similar to the developers and therefore we would assume that these costs equate to a similar amount when extracted from the cost plan.

CONCLUSION

The conclusions from the LSH report are as follows:

LSH has provided SLDC with an addendum to the viability review dated February 2021, and has updated market sensitive figures.

LSH has provided SLDC with two further appraisal scenarios, firstly one that demonstrates 5no. affordable units on site, and secondly one that demonstrates a reduced specification of the build.

Both of these appraisals result in a worse performing scheme than the open market high specification scheme that the developer has presented.

Whilst there has been an increase in sales values in the area over the intervening 12 months, there has also been an increase in costs, both related to labour and materials. Using BCIS data LSH has demonstrated that the value growth does not outstrip the rise in build costs to a level that results in the development being profitable enough to viably provide affordable housing.

Therefore, LSH conclusions remain constant with the report undertaken in February 2021 – and are reiterated below.

In conclusion, LSH would advise South Lakeland District Council that the subject development at Viver Green is unlikely to be delivered if affordable housing contributions are levied on the development.

The development is currently unviable using standard industry inputs including CIL at 2021 indexed rates – however it is LSH's view that a developer might proceed with the development at risk of an underperformance on profit, as the scheme is not likely to make a loss.

LSH has been involved with a number of sites in the North West where a developer has decided to accept a profit level below that of what is considered industry standard.

Ultimately, the decision to proceed at a less than industry standard profit (17.5% on GDV) could be agreed between the council and the developer.

RECOMMENDATION

Officers with LSH assistance have concluded that the development of the site is unviable and therefore the recommendation is to approve the application, the variation of the S106 agreements, resulting in the provision of no affordable housing on-site and no off-site financial contribution for affordable housing.