

PLANNING COMMITTEE – 6 OCTOBER 2020

Application No:	16/00506/OUTM
Proposal:	Outline planning application for a phased residential development of up to 1,800 dwellings; a mixed use Local Centre of up to 0.75ha to include up to 535sqm of A1 food retail (not exceeding 420sqm) and non-food retail (not exceeding 115sqm), A3 food and drink uses (not exceeding 115sqm), D1 community uses (not exceeding 1,413sqm); sports pavilion up to 252sqm; primary school (2.2ha) with school expansion land (0.8ha); formal and informal open space including sports pitches, pocket parks, structural landscaping / greenspace and drainage infrastructure; principal means of access, internal roads and associated works. All other matters to be reserved.
Location:	Land At Fernwood South Nottinghamshire
Applicant:	Persimmon Homes East Midlands
Registered:	20.04.2016 Target Date: 10.08.2016
	Extension of Time Agreed Until 09.10.2020
Website Link:	https://publicaccess.newark-sherwooddc.gov.uk/online-applications/applicationDetails.do?activeTab=documents&keyVal=O4I6JCLBHP400

Background

Members will recall that this application has been presented on three occasions in the past as detailed below. At the outset it should be stated that on all occasions Members have resolved to approve the application subject to conditions and the sealing of the Section 106 agreement. The decision is yet to be issued due to discussions in relation to the S106 and the purpose of the current report is to present to Members the latest position offered by the applicant.

This report now forms the fourth report which has been presented to Members for this application. The first was on 13th September 2016 with an Officer recommendation of approval. The second, was on 24th July 2018 where Officers outlined the original viability case presented by the applicant as well as outlining the changes which had occurred between 13 September 2016 and 24 July 2018 in respect of Section 106 negotiations and other changes in material planning considerations. The third and most recent occasion was on 5th February 2019 where Officers presented a 'sense check' of their recommendation in the context of the revised NPPF.

The latest position, and the reason for this report, is that the applicant has provided (by email dated 8th July 2020) updated financial appraisals as discussed in further detail below. The focus of the current report will be on the updated viability position and any other material changes since the application was last presented on 5th February 2019. The intention is for this report to be read as an 'update report' in combination with the full assessment presented in February 2019. For ease of reference, the previous committee report has been included as Appendix 1.

Viability Case

The previous negotiated position which Members resolved to support in February 2019 was that the proposal will deliver 13% affordable housing (234 units) broken down as follows:

	Rent	Intermediate	Total
1 bed	24	-	24
2 bed	80	72	152
3 bed	14	40	54
4 bed	4	-	4
Total	122	112	234

Delivery was agreed on the basis of the following trigger points:

- *Affordable Housing Scheme to be submitted prior to the commencement of development of each phase*
- *Construct Affordable Housing in compliance with the approved scheme (each phase will include Affordable units)*
- *No occupation of more than 60% of the individual completed properties constructed on the site within any phase until at least 45% of the Intermediate Housing within any phase has been completed and transferred to an Affordable Housing Provider*
- *No occupation of more than 90% of the individual completed properties within any phase until the remaining 55% of the Intermediate Housing within any phase has been completed and transferred to an Affordable Housing Provider*

Furthermore, the drafting of the Section 106 includes a requirement for the applicant to provide an appraisal review after 33% occupation (594 dwellings) and 66% occupation (1,188 dwellings).

The case now being made (and evidenced by updated appraisals) is that the first review should be delayed until occupation of at least 46.7% of the dwellings (840 units). The basis for this is outlined by the covering letter accompanying the appraisals by Atlas Development Solutions dated 29th June 2020:

“This scheme includes huge infrastructure and abnormal costs – most of which will be incurred in the early years of development. Therefore, profit and a positive residual land value is not achieved until the second half of development. After 33% occupation, the scheme is still massively in deficit and clearly there will be no scope to increase any of the various S106 provisions at this point.”

<i>No. of Units</i>	<i>%</i>	<i>Residual Land Value £</i>
<i>594</i>	<i>33</i>	<i>-£5,064,051</i>
<i>840</i>	<i>46.7</i>	<i>£795,848</i>

The assessment does not provide a specific breakdown of the abnormal costs. The complicated nature of the wider Fernwood development means that certain elements of the highways works are attributed to certain developers whilst others are dictated by timing of overall development (i.e. irrespective of which developer is building). The original viability assessment submitted outlined the associated highways costs (albeit as estimates) and included ‘interim improvement’ works to the A1 / B6326 Great North Road. These works are required prior to the occupation of the 100th dwelling but are also required in the event that the Larkfleet scheme for 350 units builds

100 units first (17/01266/OUTM). Given that Larkfleet are progressing a reserved matters application, it is highly likely that they will have built 100 units before Persimmon and therefore Permission will no longer be required to do those works. The specific works have been estimated to cost circa £184k. In the context of the above figures this amount is relatively insignificant and not considered to fundamentally alter the position presented (as confirmed by discussions with the appointed Independent Consultant referred to below).

As with the previously negotiated position, Officers have taken the opportunity to seek an independent review of the details submitted. The full report has been included at Appendix 2. This acknowledges the unusual scenario being presented but confirms that the review has been taken in the interests of consistency with the original assessment (indeed it is the same independent party who have conducted the review).

The review accepts the general stance of the latest submission in terms of the potential benefits of a later review mechanism:

WLSL concurs with this point in principle when there is a single review point as the ability to have a fair chance of measuring any improved viability is usually at a point when the site has become established from a marketing point of view, values are adjusting upwards and contingency based infrastructure costs become known and are likely to be a lower cost in the appraisal than in one that has contingency added to it.

The consultant has confirmed that the modelling presented (albeit subject to discussions and clarifications throughout) is correct. The summary of the report includes the following statements:

The clear conclusion is that the earlier the trigger point in the scheme the lower the viability outcome due largely to the cashflow implications of early infrastructure delivery and early S106 payments.

As the scheme progresses to the 840 unit trigger the viability has improved from a 1.08% profit residual to an 8.85% residual profit. This is an improvement of £8.3m equating to a plus 7.77% for 246 additional units.

Essentially the report concludes that the later trigger presented (840 units) is more viable (i.e. more likely to lead to an increased affordable housing split for later phases) than the currently drafted 594 units (33%) review. However, it should be noted that even the later first review would be a considerable distance from the threshold which would in reality lead to securing greater affordable housing proportions.

The independent recommendation to the LPA is as follows:

- *It would be recommended that if there is to be a review and it is either a 594 or 840 dwelling trigger the later 840 unit trigger would be the recommended option as the viability is clearly improving over the lifetime of the development.*
- *Secondly if there is the option for the LPA to consider a later trigger point again, beyond 840 units, whilst the number of units remaining is diminishing and therefore the opportunity number of units will be lower, there is likely to be a greater chance of an improved viability outcome that may provide the Council with an enhanced contribution from the Applicant.*

Officers accept the point that an even later review may increase the chance for additional profit for the developer which will in turn increase the opportunity for greater affordable housing proportions but as detailed this must be weighed against the risk that the later the review is, the fewer remaining properties there would be to influence. Officers are therefore minded to accept the trigger point of 840 as presented by the applicant. Particularly given that the S106 would still be drafted with a 2nd later review. Officers have discussed the principle of moving the 2nd trigger (currently drafted at 66% 1,188 units) further back and the applicant is not averse in principle if Members were minded to conclude a later 2nd trigger is also beneficial (albeit in the aforementioned context of potentially leaving fewer units to influence if any review does work in the favour of greater affordable housing).

Changes in Material Planning Considerations

Since the scheme was last presented in February 2019, the LPA have adopted the Amended Core Strategy DPD. However, the overall thrust of the Core Strategy (including the site allocation NAP2C which affects this site) remains as the original version and there are no changes which are considered material to the current determination.

For the avoidance of doubt, the above conclusion has been drawn from consideration of the following updated policies:

Newark and Sherwood Core Strategy DPD (adopted March 2019)

- Spatial Policy 1 Settlement Hierarchy
- Spatial Policy 2 Spatial Distribution of Growth
- Spatial Policy 5 Delivering the Strategy
- Spatial Policy 6 Infrastructure for Growth
- Spatial Policy 7 Sustainable Transport
- Spatial Policy 8 Protecting and Promoting Leisure and Community Facilities
- Core Policy 1 Affordable Housing Provision
- Core Policy 3 Housing Mix, Type, and Density
- Core Policy 6 Shaping our Employment Profile
- Core Policy 8 Retail & Town Centres
- Core Policy 9 Sustainable Design
- Core Policy 10 Climate Change
- Core Policy 12 Biodiversity and Green Infrastructure
- Core Policy 13 Landscape Character
- Core Policy 14 Historic Environment
- Area Policy NAP 2C Land Around Fernwood

It is also notable that since the time of the previous consideration, the housing industry has been impacted by the consequences of the COVID-19 pandemic. The changes sought to the S106 triggers detailed above are presented as putting the applicant in a position to agree the S106 and finally allow the decision to be issued so that a reserved matters application can be progressed as soon as possible (indeed Officers are already engaging with Permission regarding the detail of the scheme due to come forward). Any opportunity to speed up the delivery of house as the economy recovers from the pandemic should clearly be welcomed in line with the national government stance.

Additional Comments

Fernwood Parish Council (received 21st July 2020): Object to proposal.

The reason for the Parish Council's objection is the development will cause traffic problems in Fernwood. The traffic generation from this development will be significant. There is only 1 road in/out of the village and this will cause access issues with even more traffic using this route. It will also cause safety problems on the B6326 for students attending The Suthers School by bike and on foot.

The B6326 (Great North Road) in Fernwood will be overloaded with the other developments that have already been accepted for the village:

17/01266/OUTM Larkfleet development (350 homes)

18/00526/RMAM Barratt David Wilson Homes development (1050 homes)

There is also the proposed service station development which will bring a significant amount of traffic to the village as detailed in the transport assessment in their application:

20/01177/FULM Proposed single petrol filling station forecourt building with associated drive through.

The cumulative effect of all these developments will cause traffic problems for local residents, old and new. The Parish Council believe it is essential to plan another access route before a development as large as this one is considered.

Two additional letters of objection has been received (from the same party) since the scheme was last presented in February 2019. This can be summarized as follows:

- Property will be overlooked by whatever could be developed;
- The increase in traffic will cause more traffic jams at peak times;
- The nearest hospitals for road accidents are over 20 miles away;
- Flooding is a major concern, housing causes water in parts where it would have otherwise been able to drain away;
- The loss of agricultural land locally is progressing with towns becoming connected to villages;
- There needs to be a balance with housing delivery and food production from agricultural land;
- There are more brownfield sites in the District;
- There needs to be proper archeological research.

Whilst these comments are noted, they do not raise any additional concerns which have not already been previously considered in the report (and by Members) included at Appendix 1. In respect specifically to the Parish Council comments, the highways implications of the proposal (including in a cumulative context with the rest of the NAP2C allocation) have been robustly assessed. The referenced application for a petrol filling station is pending consideration and assessment will include any resultant highways implications.

The revised Parish Council comments and the additional neighbor letter therefore does not affect the recommendation of Officers.

Conclusion

The circumstance to which the current application is being presented to Members is rare insofar as the development proposals, in the same quantum, have already been considered by Members on three previous occasions. However, a decision remains to have been issued and thus the application remains pending.

The LPA have sought independent viability advice on the latest position presented. This review is clear that the later trigger point suggested, whilst improving the chances of the LPA securing more affordable housing, in reality will probably make a marginal difference. Nevertheless in the context that the later review is supported in principle, Officers are minded to accept this conclusion and agree with the 1st trigger point being 840 units rather than 594 units.

All other material planning considerations have already been presented to and debated by Members through the previous committee report included at **Appendix 1**.

The recommendation of Officers is therefore that outline planning approval is granted subject to the conditions appended at Appendix 3 and the signing of a S106 agreement to secure the contributions in Appendix 4.

BACKGROUND PAPERS

Application case file.

For further information, please contact Laura Gardner on extension 5907.

All submission documents relating to this planning application can be found on the following website www.newark-sherwooddc.gov.uk.

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Committee Plan - 16/00506/OUTM

