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Chairman and Members of the
Development Management
Committee

Your contact: Peter Mannings
Extn: 2174
Date: 12 March 2015

cc. All other recipients of the
Development Management
Committee agenda

Dear Councillor,

DEVELOPMENT MANAGEMENT COMMITTEE – 16 MARCH 2015

Please find attached a supplementary report for the above meeting:

- (A) An urban extension comprising 329 new dwellings (of a range of sizes, types and tenures, including affordable housing), including a site for a one-form-entry primary school; public open and amenity space together with associated landscaping; access, highways (including footpaths and cycleways), and parking; and drainage (including a foul water pumping station), utilities and service infrastructure works. All matters are reserved for later approval except for Phase 1 (130 dwellings) and access for Phase 2 onwards at Hazelend Road and Farnham Road, Bishop's Stortford for Countryside Properties (Pages 3 – 14).

Recommended for Approval.

Please bring these papers with you to the meeting next Monday.

Yours faithfully,

Peter Mannings
Democratic Services Officer
East Herts Council
peter.mannings@eastherts.gov.uk

MEETING : DEVELOPMENT MANAGEMENT COMMITTEE
VENUE : THE MITRE SUITE, BISHOPS STORTFORD
FOOTBALL CLUB, WOODSIDE, DUNMOW ROAD,
BISHOP'S STORTFORD
DATE : MONDAY 16 MARCH 2015
TIME : 7.00 PM

3/13/1501/OP – SUPPLEMENTARY REPORT

An urban extension comprising 329 new dwellings (of a range of sizes, types and tenures, including affordable housing), including:

- a site for a one-form-entry primary school;
- public open and amenity space, together with associated landscaping;
- access, highways (including footpaths and cycleways), and parking; and
- drainage (including a foul water pumping station), utilities and service infrastructure works.

All matters are reserved for later approval except for Phase 1 (130 dwellings) and access for Phase 2 onwards.

RECOMMENDATION:

That, subject to the amendments to the Section 106 contributions detailed in this supplementary report and the amended **Essential Reference Paper ‘A’**, attached, planning permission be granted as recommended in the main Committee Report.

_____ (131501OP.ST)

1.0 Introduction

1.1 Since the report on this application was prepared there has been further negotiation and clarification regarding the following matters:

- a) The Section 106 contributions towards social infrastructure and mitigation, summarised in revised **Essential Reference Paper ‘A’**, attached;
- b) The trigger points for Section 106 and Section 278 payments and works.

1.2 By way of background to the Section 106 heads of terms, this report begins with more information about the viability assessment.

2.0 Viability assessment

2.1 The proposed development has been the subject of a viability review in order to assist the Council and the applicants to negotiate a package of financial contributions towards mitigating the development without setting them at such a level that development would be unlikely to proceed. The process of assessing viability is commercially sensitive and so the report prepared by the Council’s consultants, Level, is confidential. However the Committee will want to be assured that the position reached on viability is sound and represents the best that can

be achieved without preventing the development from being realised.

- 2.2 Level have examined the viability model put forward by the applicants' consultants, Turner Morum, and have queried some of the evidence and assumptions on which the model was based. As a result, there has been a considerable improvement in the amount of money available for Section 106 contributions. Despite this, although the affordable housing on Phase 1, for which full details have been submitted, is fully policy compliant, the overall proportion of affordable housing is less than the Council's policy target of 40% and the requests for other contributions cannot be fully met at this time.
- 2.3 The review of the modelling focussed on two high value inputs in particular – firstly, the cost estimates, both for infrastructure and dwellings, and secondly, the sales values of the dwellings, including affordable housing receipts. To help inform the process, the Council employed specialist cost consultants and local property valuers to assist Level review the figures coming forward from the applicants.
- 2.4 The applicant remodelled the scheme based upon higher property values. Turner Morum then stated that:
- ...the scheme shows a scheme deficit of £222,584 and is therefore technically non-viable. However, I can advise that my clients are prepared to accept the amount of deficit, simply as a commercial decision in order to see the scheme proceed and prevent further delays.*
- 2.5 After allowing for affordable housing at 22.5% across the site, the modelling had realised a Section 106 pool of £7,112,000. However, Countryside are now offering a sum of £7,682,000 which is more than £750,000 higher than their current viability position, (allowing for the deficit in the model of £222,584). In addition to the Section 106 contributions, Countryside have also confirmed that a land area of 1.2ha would be transferred for £1 to the County Council (this would be unfettered) to build a primary school on site.
- 2.6 In such circumstances it would be inadvisable for the Council to pursue the matter further at this time because, taken as a whole, the Section 106 package offered is reasonable, and the proposed viability review towards the end of Phase 1 (**Essential Reference Paper 'A'**, item 1) will be an early opportunity to examine the actual costs incurred, and to capture any current overestimate of costs in the revised modelling. Any increase in the pool of money then available for further Section 106 contributions would be allocated to a list of items of social infrastructure

or mitigation currently obtaining less funding than has been requested, including affordable housing. This is the same approach agreed for ASRs 1-4/SCA and embodied in the Consortium's Section 106 agreement.

3.0 Highways mitigation

3.1 The following paragraphs provide clarification regarding a number of matters in the main report and the HCC consultation response.

3.2 *Rye Street improvement works*. There is currently a contradiction: **Essential Reference Paper 'A'** attached to the main Committee report, item 9 states that the works would be completed before occupation of any dwelling on the site, but the Highways consultation response on page 7 says before the occupation of the 90th dwelling. The works will be implemented pursuant to a s.278 Agreement and the condition that the works will be implemented prior to the 90th occupation represents a practical understanding of the timeframe to design and obtain technical approval for the works together with their implementation. The full cost of the works, the design, payments for Highway Authority costs, the Contractor costs and the statutory undertakers costs will be borne in full by Countryside Properties and the figure of £840,000 represents a guideline estimate of those costs. There will be disruption to Rye Street as a result of the construction of the main roundabout access into ASR 5, which is a major intervention in the highway. It would be beneficial therefore that the timing of the construction of the roundabout coincides with the implementation of the Rye Street improvements so that disruption to local residents and the travelling public is limited to one set of roadworks. Furthermore, Councils are required to assist developers with the phasing of infrastructure works to improve viability.

3.3 *Travel plan*. The total cost of the travel plan and associated bus subsidy in HCC's consultation response is £545,400, broken down as follows:

a) Public transport subsidy	£390,000
b) Travel passes	£95,400
c) Traffic monitoring mitigation	£50,000
d) HCC traffic monitoring cost	£10,000

3.4 In the heads of terms set out in **Essential Reference Paper 'A'**, item 10, the costs total £535,400 made up as follows:

a) Public transport subsidy	£390,000
b) Travel passes	£95,400
c) Travel coordinator, marketing, etc	£50,000

- 3.5 The differences are due to late arriving information and clarification regarding these matters. In para. 3.3(c) the sum of £50,000 is for mitigation if traffic from the site exceeds targets derived from the traffic modelling and it would be used to fund additional travel passes in order to influence residents' choices about travel, or another project that directly influences the decision to use the bus, cycle or walk. The provision mirrors the traffic monitoring provision in the Section 106 agreement for ASRs 1-4/SCA. The monitoring cost reimbursement to HCC of £10,000 in para. 3.3(d) is directly linked.
- 3.6 The sum of £50,000 in para. 3.4(c) for a travel coordinator, marketing and administration is necessary to ensure that the travel planning is adopted by new residents over a five year period, and Countryside have now confirmed that the cost will be absorbed by them without drawing on the Section 106 funding.
- 3.7 HCC has confirmed that the public transport subsidy is the gap between the cost of running the service and an estimate of the likely income from fares. If free passes are taken up there will be a reduction in fare income and the sum of £95,400 is an estimate to compensate the bus company for that. The two sums may not in practice be spent in full, but they are a linked provision. It is therefore recommended that the public transport subsidy is reduced by £10,000 to fund the traffic monitoring item at para. 3.3(d) to keep within the overall sum for highways mitigation in **Essential Reference Paper 'A'** attached to the main Committee report, which has been updated accordingly.

4.0 Other contributions

- 4.1 In the context of the viability assessment it is not possible to fully fund all of the contributions requested by service providers. It is proposed that the main principle to follow is that funding should be focussed on areas where there is a high level of public concern regarding the impact of BSN on local service provision and where there is good evidence of the need for mitigation. That would suggest that priority areas should be highways mitigation, education, and health. However, other services contribute to the overall sustainability of the proposals and are policy requirements on the part of the three local councils and should also receive funding, though not necessarily at the requested level at this time. The heads of terms in **Essential Reference Paper 'A'** attached to the main Committee report have therefore been revised accordingly and are now shown in **Essential Reference Paper 'A'** attached to this report, but again the Committee is reminded that the review of the viability of the development will create the opportunity to top up the Section 106 contributions if the review is favourable.

- 4.2 *Sport, item 20.* Para. 8.4.12 of the main report states that a calculation using the Council's SPD tool kit indicates a sum of £485,265 would be an appropriate contribution to off-site sports facilities to cater for the demand from ASR 5. However, in circumstances where the viability assessment has capped at £7,682,000 the money available for contributions to social infrastructure a reduction of 10% in the sports contribution will bring the table of contributions into balance, with the prospect of topping up the sports contribution at the time of the viability reassessment.
- 4.3 *Health Centre, item 25.* Para. 8.4.3 of the main report and paras. 2.31-2.35 of **Essential Reference Paper 'C1'** attached to the main report, which sets out the consultation replies from the NHS, make the case for a contribution towards the set up costs of the proposed new health centre in one of the neighbourhood centres in BSN. That project is currently in negotiation. The NHS have requested a contribution of £204,373, their calculation being based on the cost of building new floor space for GPs pro rata to the population of the new development, which they estimate to be 790 on the basis of 2.4 persons per household.
- 4.4 However, Countryside have calculated a different sum based on their own more detailed estimate of the numbers of dwellings of different sizes likely to be built across the site, and the Council's table of the occupation level of homes of different sizes. This projects a population of only 663 people at ASR 5 and, again taking into account NHS build costs, they have offered £171,518 towards the health centre. As a more accurate way of assessing the population this could be considered more compliant with Regulation 122 than the broad brush 2.4 pph. It has been used to help calculate the Section 106 education contributions.
- 4.5 In view of the viability constraint on Section 106 funding it is proposed that the Countryside methodology is accepted, with the Section 106 agreement ensuring that the final payment reflects the actual mix of dwellings built on the site.

5.0 Conclusion

- 5.1 This report underlines that the viability assessment of the proposed development has capped the funding available for social infrastructure and other mitigation to a level below what is required to meet policy requirements in full, despite the applicants offering a Section 106 package which is more than £750,000 above their current viability position. It underlines that viability assessment is not a science but an iterative process that arrives at an agreed position regarding the

funding available for Section 106 requirements in a context in which small percentage changes to the sales values and costs actually realised could make a considerable positive or negative difference to the viability of the development.

- 5.2 This means that the Committee must make choices as to where the funding is directed to make the development as sustainable as possible, reflecting the concerns of local people and the evidence about the impact of the development on various service areas. The revised **Essential Reference Paper 'A'** attached to this report is recommended as a way of achieving the correct balance, bearing in mind the future opportunity for a review of the viability of the development based on actual sales receipts and costs.

3/13/1501/OP Section 106 agreement heads of terms

	NON MONETRY OBLIGATIONS	Beneficiary	Report paragraph	Notes
1	<p>Viability review To be conducted prior to the occupation of the xxth dwelling to ensure that mitigation and social infrastructure that is currently underfunded¹ benefits from any uplift in the viability of the development in the light of actual build costs, sales values and other relevant factors.</p>	EHDC	8.1.11	¹ Areas that qualify for additional contributions, including affordable housing, to be identified in the agreement.
2	<p>Affordable housing review To be conducted prior to the occupation of the xxth dwelling to ensure that the affordable housing provision reflects the long terms needs of the District and meets local plan policy.²</p>	EHDC	8.2.5 8.2.9	² The affordable housing review will take into account the outcome of the agreed viability review, and affordable housing shall be not less than 22.5% across the three phases.
3	<p>Affordable housing requirements</p> <p>1 Prior to the commencement of the development of each phase, an Affordable Housing Delivery Plan shall be approved by the Council, to include, inter alia:</p> <ul style="list-style-type: none"> a percentage of affordable housing³ b details of house types c bedroom sizes d tenure split e delivery programme <p>2 No more than 33% of market housing in each phase to be complete before the affordable housing starts to be delivered and affordable housing provision to be completed no later than 80% of the market housing</p> <p>3 Lifetime Homes: minimum of 30%⁴ (May be a condition)</p> <p>4 Wheelchair adaptations to be provided in up to 5% of affordable homes if requested by the Council. (May be a condition)</p>	EHDC	8.2.9 8.2.17	<p>³ The affordable housing delivery plans for phases 2 and 3 will take into account the outcome of the agreed viability review.</p> <p>⁴ Countryside Properties have now confirmed that they should be able to achieve 50% Lifetime Homes, with the other 50% failing only on access to the dwellings by reason of the topography of the site.</p>

4	<p>Market housing requirements To ensure market housing contributes to meeting the needs of an ageing population and disabled people, wheelchair adaptations to be actively marketed at cost to the purchaser</p>	EHDC	8.2.17	
5	<p>Green infrastructure and SuDS management arrangements Taking into account the GI and Biodiversity Management Plan, the arrangements necessary to secure the long term management and maintenance of the SuDS⁵ and open space.</p>	EHDC	8.4.8 8.5.33/36	⁵ Ensuring the long term arrangements for the management and maintenance of SuDS is now a responsibility to be exercised by LPAs in the context of a planning application
6	<p>Primary school site 1 If required by HCC within [xx] years, to transfer an unfettered site of no more than 1.2 ha for the construction of a primary school. 2. Should HCC within [xx] years secure an alternative site for a school and therefore not require the school site to be transferred, HCC will instead request an additional contribution equivalent to the open market value of the school site for residential development or if declined by Countryside the land be transferred to HCC at nil cost for disposal on the open market for residential development.</p>	HCC	8.3.13	
7	<p>Fire hydrants To be provided at no cost to HCC, in accordance with agreed standards and timescales</p>	HCC	8.4.23	
8	<p>Section 106 fund Any unspent or underspend of Section 106 contributions to be returned to a fund for redistribution to areas of social infrastructure and mitigation that are under-funded.⁶</p>	EHDC/HCC	8.1.11	⁶ Refers to specified areas underfunded at the time of granting planning permission by reason of viability constraints.

	MONETARY OBLIGATIONS	Sum £	Beneficiary	Report paragraph	Notes
	These sums are based on the following assumptions: <ul style="list-style-type: none"> • 329 homes • 22.5% affordable housing across the site; 70% affordable rented and 30% shared ownership • Primary school site required 				
	Section 278 off-site highways works				
9	Rye Street improvements; to be completed before occupation of the 90 th dwelling.	840,000 ⁷	HCC	8.6.24	⁷ The actual cost will be met - £840,000 is an estimate only
	Section 106 highways and transportation				
10	Travel plan: <ul style="list-style-type: none"> - public transport subsidy towards service 510 and the new ASRs bus service⁸ - free bus passes⁹ - traffic monitoring mitigation - Traffic monitoring fee 	380,000 95,400 50,000 10,000	HCC	8.6.27/30 and Supplementary report 3.7 8.6.32 Supplementary report, 3.5	⁸ Gap funding the a bus service for up to 8 years ⁹ New residents to receive free travel for 3 months
11	Off-site footway and cycle links between ASR 5 and the town centre, ASRs 1-4 and the rural area.	30,000	HCC	8.6.34	
	Sub total	1,405,400			
	HCC non-highways mitigation				
12	Primary school ¹⁰ construction – the new school to be constructed within or easily accessible to BSN.	2,450,000	HCC	8.3.14	¹⁰ Includes on-site nursery class
13	Secondary school construction – the new secondary school to serve ASRs 1-5.	2,800,000	HCC	8.3.18	
14	The childcare facilities and activities provided within BSN.	48,739	HCC	8.4.16	

15	The youth services for the residents of BSN.	19,051	HCC	8.4.17	
16	Libraries – the project to extend/improve services within Bishop's Stortford	66,196	HCC	8.4.18	
17	Household Waste Recycling Centre	[45,073] ¹¹	HCC	8.4.21	¹¹ Contribution to the cost of the new facility to replace Woodside HWRC – to be held over to the viability review
	Sub total	5,383,986¹² [5,429,059] ¹³			¹² Excluding item 17 ¹³ Including item 17
	EHDC contributions				
18	Household recycling bins within ASR 5	23,856	EHDC	8.4.22	
19	Community buildings – contribution towards facilities within BSN.	94,098	EHDC	8.4.3	
20	Sport: contribution to BS Rugby Club and/or BS Sports Trust for projects to increase capacity and improve facilities for the benefit of residents of BSN ¹²	436,233 ¹⁴	EHDC	8.4.12	¹⁴ c.12% less than the tool kit figure; opportunity to top up with a favourable viability reassessment.
21	Rhodes Museum – a contribution towards the display, interpretation and storage of finds from BSN.	9,000	EHDC	8.5.47	
22	Allotments – contribution towards the allotments to be provided in BSN	22,431	EHDC/TC	8.4.19	
23	Burial space – contribution to BS Town Council for the capacity project	7,478	EHDC/TC	8.4.20	
24	Completion of riverside path and cycleway linking to Sworders Field	118,000	EHDC/TC	8.6.34	
25	Health Centre - contribution to NHS for new centre on ASRs1-4	171,518	EHDC	8.4.3	
26	Monitoring fee per monitored clause	[xxx] ¹⁵	EHDC	-	¹⁵ To be confirmed

	Sub total	892,614			
	TOTAL	7,682,000			
	AVAILABLE	7,682,000¹⁶			¹⁶ The sum available from the first viability assessment
	BALANCE	0			

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