

Agenda item:

Decision maker: Planning Committee

Subject: 156,158 and land to rear of 154-172 Southampton Road
Portsmouth

Report by: Claire Upton-Brown, City Development Manager

Ward affected: Paulsgrove

Key decision (over £250k):

1. Purpose of report

To amend Minute 147 of the meeting of this Committee on 4th December 2013 in relation to the uplift in the provision of affordable accommodation as part of the proposed development.

2. Recommendations

That point 1 of the resolution to grant outline permission is amended as follows;-

Delegated authority be granted to the City Development Manager to complete a Section 106 Agreement that secures:

- 1) The provision of three units of Affordable accommodation [plot nos, 24, 25 and 26] ready for occupation by no later than the completion of fifteen open market dwellings.
- 2) The review of the viability assessment at 18 months from the date of the outline permission if no fewer than 10 houses have reached shell and core stage
- 3) In the event of further appraisal being required and demonstrating that there is an improvement in viability, in that some increase in Residual Land Value above that set out in the appraisal of the original provision of affordable accommodation proposed in the planning application is shown to have occurred in the period between the original appraisal and the development period to the shell and core stage, then a financial contribution to the provision of affordable housing reflecting the value of such an improvement shall be required
- 4) The payment of a project management fee of £1000.
- 5) A Skills and Employment Training Plan.

3. Background

A planning application was considered by the Planning Committee at its meeting in December 2013. The application, for the construction of 32 no. 2- and 2½-storey houses and single-storey car ports; access road from Southampton Road (after demolition of No. 158 Southampton Road) with associated car parking and landscaping works (principles of access, layout and scale to be considered) was recommended by Officers for conditional outline permission subject to the completion of a legal agreement.

In resolving to grant conditional outline permission this Committee had regard to a viability appraisal that had been independently assessed, and the Committee accepted the provision of three affordable dwellings as part of the proposed development, although that was lower than the number of affordable dwellings that would be compliant with policy.

Where a developer proposes a lower provision than that normally required by policy PCS19, the associated legal agreement normally would make provision for the submission of a further viability appraisal should the development, or part of it, permitted by the outline permission not reach "shell and core" stage by a specified time. This is to incentivise the developer to proceed with the development rather than bank the permission (including a reduced affordable housing commitment) until the market has improved the development viability. Should that further viability appraisal demonstrate an uplift in residual land value and increased profitability, the agreement should be framed in such a way as to require an uplift in the provision of affordable housing by way of a financial contribution, to "recapture" from the improved viability the contribution to provision of affordable housing which has otherwise been foregone.

4. Reasons for recommendations

In this case the resolution of the Committee on 4th December 2013 required "a commensurate uplift in the provision of affordable accommodation in the event that the viability has improved in the intervening period."

It is highly likely that the developer would sell individual plots off-plan and this wording would lead to practical difficulties in securing additional dwellings on-site for affordable housing in the event that shell and core is not reached on at least ten of the houses within the specified time frame, so that a reappraisal was necessary at that stage. It is therefore considered necessary to amend the wording of that part of the resolution in relation to any uplift in the provision of affordable housing, so that the additional contribution (if any) to provision of affordable housing would be by a financial sum equivalent to the improved residual land value.

Having identified a potential difficulty in securing additional on-site affordable housing, and in the interests of maintaining a consistent approach to this issue, it is proposed to amend Minute 147 of the Planning Committee to enable any required uplift in the provision of affordable housing that can be demonstrated through the submission of a viability assessment to be secured by way of a financial contribution.

5. Equality impact assessment (EIA)

None.

6. Legal Services Comment

The terms of the agreement have to reflect properly the terms of the Committee's resolution giving authority to grant permission subject to particular requirements. In the event that it becomes necessary to enforce the terms of an agreement, the support of the court could not be assured unless the terms of the agreement were sufficiently clear and precise.

Where provision of affordable housing is considered, it would be unlikely that a financial uplift in viability could be reflected precisely in a specific number of affordable homes, or that such homes could, at that stage, be included in on-site provision. It would be more reasonable, at that stage, to require a financial contribution specifically equivalent to the uplift in the residual land value: such a specific sum could be evidenced as properly required in the event that the court was relied on to enforce the agreement provisions through an injunction.

[In assessing viability, the developer's profit is a constant, and the improved viability would be reflected in an improvement to the residual land value]

7. Head of finance's comments

The report is for information only.

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Signed by:

Appendices:

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Planning application file 13/00371/OUT	Planning Services
Minute 147 of the Planning Committee of 4 th December 2013	Democratic Services