



Northumberland County Council

**Strategic Planning Committee
2 October 2018**

ADDENDUM REPORT

Application No: 17/00499/OUT

Proposal: Outline application for approximately 300 residential dwellings (C3 use) with associated highways (including two new site accesses), infrastructure and landscaping, all matters reserved with the exception of access.

Site Address: Land South West of Park Farm, South Newsham Road, Blyth, Northumberland

Applicant: Plessey Checks farming Ltd c/o Lichfields, The St.Nicholas Building, St.Nicholas Street, Newcastle Upon Tyne NE1 1RF

RECOMMENDATION: THAT MEMBERS BE MINDED TO GRANT PERMISSION AND DELEGATE AUTHORITY TO OFFICERS TO DETERMINE THE APPLICATION SUBJECT TO CONDITIONS AND COMPLETION OF A SECTION 106 AGREEMENT.

1. Introduction

- 1.1 This application was previously considered by Strategic Planning Committee on the 5 September 2017. Members resolved that outline planning permission should be granted subject to resolution of outstanding matters with Highways England, NCC Ecology and NCC Education, conditions and the applicant entering into a Section 106 Agreement regarding 15% affordable housing provision and contributions to cover other infrastructure impacts arising as a consequence of the development comprising an education contribution, outdoor sport contribution, strategic highway mitigation contribution and ecological mitigation.
- 1.2 A copy of the officer report to the 5 September 2017 Strategic Planning Committee is appended to this report by way of background information.
- 1.3 Following further discussion between officers and the applicant regarding the detailed Heads of Terms for the Section 106 Agreement, the applicant has advised that that they would not be able to meet the cost of all of the requested Section 106 contributions as to do so would render the proposed development unviable in economic terms. The application is therefore being referred back to Committee for a decision from Members as to whether or not

they would still wish to support the proposals albeit with a reduced level of Section 106 contributions from those sought by officers.

2. Appraisal

2.1 Following the September 2017 Committee the detail of Section 106 contributions to be sought from the applicant was agreed with relevant consultees as follows:

- a) 15% affordable housing (45 units) with a split of 67% affordable rented (30 units) and 33% intermediate provision (15 units) which could be either shared ownership or discount market value (DMV) sale units. The affordable rented units should comprise 16 x 2 bed houses and 14 x 2 bed bungalows. The intermediate units should comprise 9 x 2 bed DMV houses and 6 x 2 bed shared ownership bungalows.
- b) Education contribution of £1,524,600 for primary, secondary and special educational needs.
- c) Outdoor sport contribution of £150,000 for off-site sports facility improvements in the Blyth area.
- d) Strategic highway mitigation contribution of between £77,841 and £171,250 towards the cost of mitigation works for the A19/A189 Moor Farm roundabout including associated mitigation works on the nearby local highway network. The exact contribution amount would depend on which schemes end up contributing to the overall £500,000 cost of these mitigation works.
- e) £25,500 bus incentive voucher contribution (i.e. £85 per unit) to provide each occupier with a short term bus pass to promote public transport use.
- f) £180,000 contribution towards the cost of coastal ecology mitigation to counteract the impact of increased recreational disturbance (i.e. £600 per unit).

2.2 After consideration of the above Heads of Terms for the Section 106 Agreement, the applicant advised officers that they would not be able to meet the cost of any of these contributions as to do so would render the proposed development unviable in economic terms. In support of their opinion, the applicant provided to officers a Viability Appraisal Report and a further report which provided a more detailed breakdown of scheme costs.

2.3 In response to this, officers commissioned the District Valuer to scrutinise the applicant's Viability Appraisal Report.

2.4 The District Valuer in their report dated 21 March advised that the scheme could afford to fund all of the Section 106 contributions sought by officers with the exception of the education contribution. However, they further stated in their report that the external works and abnormal costs presented by the applicant were high and suggested that consideration should be given to obtaining an independent cost review of these.

2.5 In response to the District Valuer's report, officers commissioned further work from a Chartered Surveyor and a Quantity Surveyor to look at the conclusions of the District Valuer generally and the applicant's external works and abnormal costs in greater detail.

- 2.6 Reports from these surveyors were received on the 25 May. The Quantity Surveyors opinion was that the applicant's external works and abnormal costs would not be as high as claimed. The Chartered Surveyor also considered that the applicant's Benchmark Land Value (BLV) was also on the high side bearing in mind the scale of development proposed and the high external works and abnormal costs. However, they also considered that the level of developer profit suggested by the District Valuer to be on the low side and suggested that an increase in profit would be justified given the scale of development proposed. However, overall, the Chartered Surveyor concluded that the scheme could afford to fund all of the Section 106 contributions sought by officers including the education contribution.
- 2.7 In response to the above, the applicant has supplied further updated evidence from their cost consultants in respect of their external works and abnormal costs and has also provided further evidence in support of their BLV figure. Additional abnormal costs have also arisen. However, they have acknowledged that certain of their external works and abnormal costs could be reduced. In light of all the above and having considered the various reports commissioned by officers referred to above the applicant has now advised that they would be willing to agree to the following Section 106 contributions:
- a) 15% affordable housing (45 units) with a split of 67% affordable rented (30 units) and 33% intermediate provision (15 units) which could be either shared ownership or discount market value (DMV) sale units. The affordable rented units should comprise 16 x 2 bed houses and 14 x 2 bed bungalows. The intermediate units should comprise 9 x 2 bed DMV houses and 6 x 2 bed shared ownership bungalows.
 - b) A further contribution of £1,300,000 in respect of the other Section 106 contributions.
- 2.8 The Highways England holding objection preventing determination of the application, as referred to in the September 2017 committee report has now been removed subject to a Section 106 Agreement being concluded which provides for the contribution they are seeking as detailed above.
- 2.9 The Council's ecologist has advised that it would be unlawful for the Council to grant planning permission if the coastal mitigation contribution were not provided for as they would be required to undertake an Appropriate Assessment under the Habitats Regulations and this would conclude that an adverse effect would arise. They further advise that paragraph 177 of the NPPF states that the presumption in favour of sustainable development does not apply where development requiring appropriate assessment under the Birds or Habitats Directives is being considered, planned or determined.
- 2.10 £351,250 of the £1,300,000 contribution offered by the applicant would potentially be required to fund the strategic highway and ecology contributions sought.
- 2.11 This would leave £948,750 for the education, outdoor sport and bus incentive contributions, which amounts to a shortfall of £751,350 from the contribution

levels sought by officers. The sum of £948,750 could fund all of the non-education Section 106 contributions sought by officers and 51% of the education contribution.

- 2.12 The 15% affordable housing provided for amounts to a subsidy of £2,711,343 and the applicant has also advised that they would be agreeable to this being added to the £1,300,000 for other contributions to provide for an overall sum for Section 106 contributions of £4,011,343. The Council could then allocate such monies as it wished to the various areas of spend highlighted above subject to the full cost of the strategic highway and ecology mitigation contributions being met for the reasons highlighted earlier. Therefore, by way of example, if the Council decided that it wished to fund the entire education contribution sought and all of the other non-affordable housing matters then this could be accomplished by reducing the affordable housing provision down from 15% to around 11%.
- 2.13 NPPF paragraph 57 states that the weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force.
- 2.14 Any viability evidence that would have underpinned the Development Plan which comprises the Blyth Valley District Local Plan 1999 and the Blyth Valley Core Strategy and DPD (both dated 2007), would now be out-of-date, given the length of time that has elapsed since these plans were adopted.
- 2.15 However, overall it is considered appropriate that this site is brought forward for development as it has been allocated for housing development since 1999 under Policy H10 of the Blyth Valley District Local Plan and lies within the settlement boundary of Blyth. Furthermore, the proposals are included in the Council's 5 year housing land supply for 2017-2022 as delivering up to 60 units within that period.
- 2.16 Whilst there is disagreement between the applicant and the Council's Chartered Surveyor regarding the site's Benchmark Land Value (BLV) the District Valuer is in agreement with the applicant's BLV and therefore it is considered that the majority view should prevail.
- 2.17 As stated above, the applicant has reduced certain of their external works and abnormal costs following the further assessment of these costs by the Council's Quantity Surveyor. However, substantial abnormal costs remain, particularly costs related to re-grading of the site to provide for sustainable drainage and address flood risk.
- 2.18 Further evidence in support of the applicant's contention that viability matters are giving rise to delay in bringing this site forward for development is that a previous planning permission (ref: 12/00250/OUT) granted in February 2014 for 275 dwellings on this site did not progress and expired due to a lack of interest from housebuilders. This was despite the Section 106 contributions secured under this previous scheme (comprising 15% affordable housing but a further contribution of only £86,575 for off-site sport and on-site sustainable

drainage inspection) being considerably less than those now being offered, albeit bearing in mind that the current scheme is for 25 more dwellings.

- 2.19 Bearing in mind all of the above, it is considered overall that there has been detailed scrutiny of the applicant's proposed development values and development costs by both the District Valuer and an additional chartered surveyor and quantity surveyor. The applicant has reduced certain of their costs following such scrutiny but substantial abnormal costs remain.

3. Conclusion

- 3.1 It is therefore considered by officers that in this instance the Section 106 contributions package offered by the applicant should be accepted. As stated above, this package would total just over £4 million in value and the Council would have flexibility within the agreed Heads of Terms to determine how such monies were expended.

- 3.2 Planning conditions would remain as per the officer report to Strategic Planning Committee in September 2017, although a further condition would need to be added to reflect highways matters as follows:

39. None of the dwellings hereby permitted shall be occupied unless and until off-site highway mitigation works at the junction of the A1061 with the A192 have been undertaken in accordance with details submitted to and approved in writing by the Local Planning Authority. Thereafter such mitigation works shall remain in place at all times.

Reason: In the interests of highway safety in accordance with the NPPF.

- 3.3 Discussions are also ongoing with the Council's ecologist regarding the wording of further conditions related to on-site ecology mitigation covering the following matters - native species landscaping including the retention of a marshy grassland area, external lighting control, amphibian method statement, bat and bird box scheme, boundary tree/hedge protection and mammal protection/hedgehog gaps in fencing. An update on this will be provided at Committee.

4. Recommendation

That Members delegate authority to officers to grant planning permission subject to the conditions previously agreed and the additional condition highlighted earlier in this report and the applicant entering into a Section 106 Agreement which provides for contributions totalling £4,011,343 to fund the strategic highway and ecology mitigation measures as detailed and for flexibility to allow the Council to expend the remainder of the contributions on affordable housing, education, outdoor sport and/or bus incentive measures in whatever proportions they so choose.

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Appendix:

Previous report to Strategic Planning Committee 5 September 2017

Date of Report: 14.09.2018

Background Papers: Planning application file(s) 17/00499/OUT