Planning Committee Agenda

Members of the Planning Committee:

Cllr J M Ward (Chairman)
Cllr K Vincent (Vice-Chairman)
Cllr A D Adams
Cllr S C Beadle
Cllr N J Brennan
Cllr J F Fisher
Cllr R R Foulger
Cllr C Karimi-Ghovanlou
Cllr K Leggett
Cllr S M Prutton
Cllr S Riley

Date & Time:

Wednesday 21 December 2022
9:30 am

Place:

Council Chamber, Thorpe Lodge, 1 Yarmouth Road, Thorpe St Andrew, Norwich, NR7 0DU

Contact:

Dawn Matthews tel (01603) 430404
Email: committee.bdc@southnorfolkandbroadland.gov.uk
Website: www.southnorfolkandbroadland.gov.uk

PUBLIC ATTENDANCE:

This meeting will be live streamed for public viewing via the following link: Broadland YouTube Channel

You may register to speak by emailing us at committee.bdc@southnorfolkandbroadland.gov.uk no later than 5pm on Friday 16 December 2022

Large print version can be made available

If you have any special requirements in order to attend this meeting, please let us know in advance.

IN TRAN communication for all

AGENDA

1. **To receive declarations of interest from members;**
   (guidance and flow chart attached – page 3)

2. **To report apologies for absence and to identify substitute members;**

3. **To confirm the minutes of the meeting held on 30 November 2022;**
   (minutes attached – page 5)

4. **Matters arising from the minutes;**

5. **Applications for planning permission to be considered by the Committee in the order shown on the attached schedule** (schedule attached – page 9)

6. **Planning Appeals (for information);** (table attached – page 24)

DECLARATIONS OF INTEREST AT MEETINGS

When declaring an interest at a meeting Members are asked to indicate whether their interest in the matter is pecuniary, or if the matter relates to, or affects a pecuniary interest they have, or if it is another type of interest. Members are required to identify the nature of the interest and the agenda item to which it relates. In the case of other interests, the member may speak and vote. If it is a pecuniary interest, the member must withdraw from the meeting when it is discussed. If it affects or relates to a pecuniary interest the member has, they have the right to make representations to the meeting as a member of the public but must then withdraw from the meeting. Members are also requested when appropriate to make any declarations under the Code of Practice on Planning and Judicial matters.

<table>
<tr><td>Have you declared the interest in the register of interests as a pecuniary interest? If Yes, you will need to withdraw from the room when it is discussed.</td></tr>
<tr><td>Does the interest directly:
1. affect yours, or your spouse / partner’s financial position?
2. relate to the determining of any approval, consent, licence, permission or registration in relation to you or your spouse / partner?
3. Relate to a contract you, or your spouse / partner have with the Council
4. Affect land you or your spouse / partner own
5. Affect a company that you or your partner own, or have a shareholding in

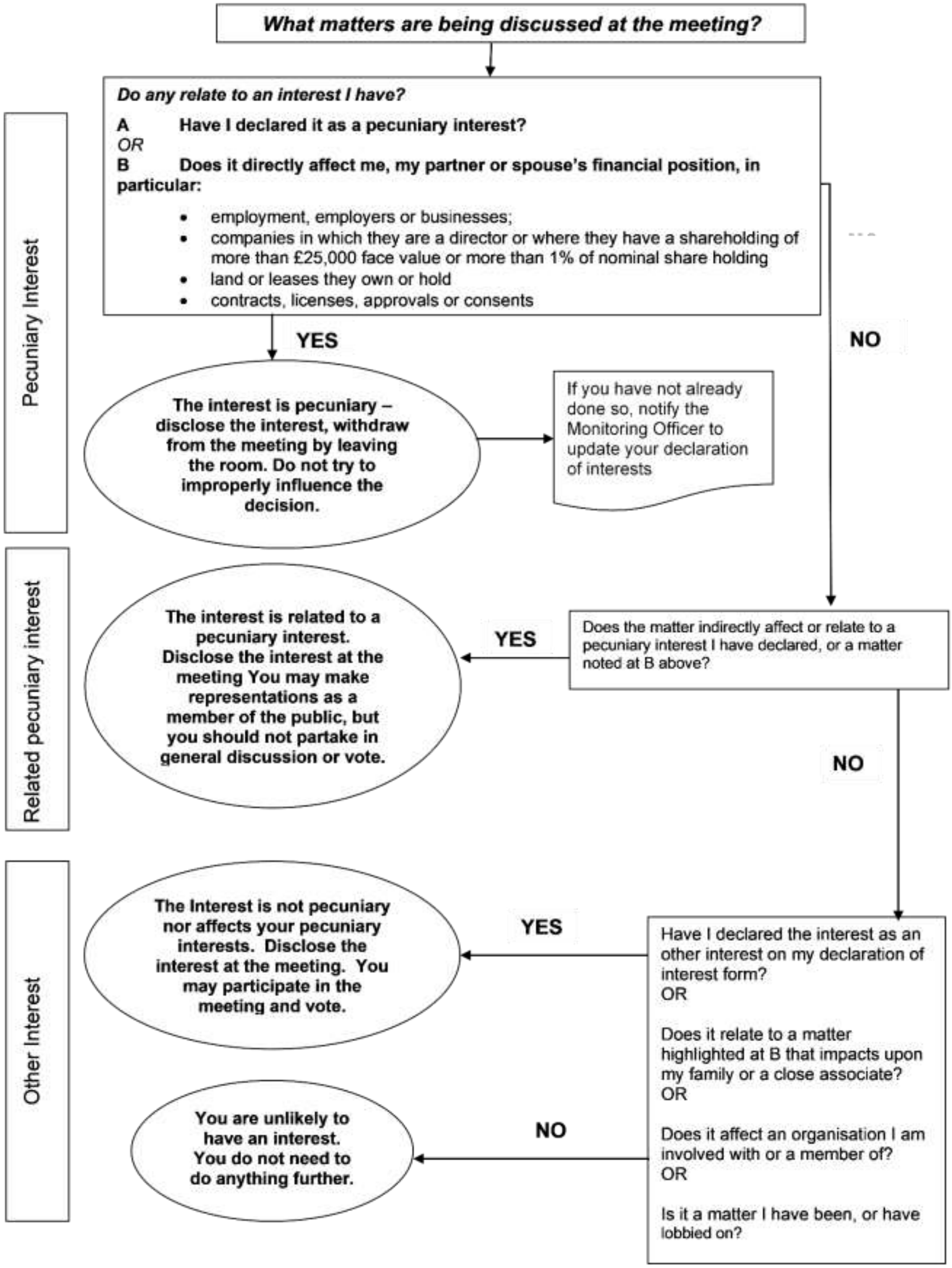
If the answer is “yes” to any of the above, it is likely to be pecuniary.

Please refer to the guidance given on declaring pecuniary interests in the register of interest forms. If you have a pecuniary interest, you will need to inform the meeting and then withdraw from the room when it is discussed. If it has not been previously declared, you will also need to notify the Monitoring Officer within 28 days.</td></tr>
<tr><td>Does the interest indirectly affect or relate any pecuniary interest you have already declared, or an interest you have identified at 1-5 above?

If yes, you need to inform the meeting. When it is discussed, you will have the right to make representations to the meeting as a member of the public, but you should not partake in general discussion or vote.</td></tr>
<tr><td>Is the interest not related to any of the above? If so, it is likely to be an other interest. You will need to declare the interest, but may participate in discussion and voting on the item.</td></tr>
<tr><td>Have you made any statements or undertaken any actions that would indicate that you have a closed mind on a matter under discussion? If so, you may be predetermined on the issue; you will need to inform the meeting, and when it is discussed, you will have the right to make representations to the meeting as a member of the public, but must then withdraw from the meeting.</td></tr>
</table>

FOR GUIDANCE REFER TO THE FLOWCHART OVERLEAF.
PLEASE REFER ANY QUERIES TO THE MONITORING OFFICER IN THE FIRST INSTANCE

DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF



PLANNING COMMITTEE

Minutes of a meeting of the Planning Committee of Broadland District Council, held on 30 November 2022 at 9:30 am at the Council Offices.

Committee Members Present:	Councillors: J Ward (Chairman), A Adams, S Beadle, N Brennan, R Foulger, C Karimi-Ghovanlou, K Kelly (for K Leggett), S Prutton and K Vincent
Officers in Attendance:	The Assistant Director Planning (HM), the Planning Officer (EY), the Planning Officer (AP) and the Democratic Services Officer (DM)

37 DECLARATIONS OF INTEREST

Application	Parish	Councillor	Declaration
20221511	Honingham	All	Other interest – application was from Broadland District Council

38 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors K Leggett and J Fisher.

39 MINUTES

The minutes of the meeting held on 2 November 2022 were confirmed as a correct record and signed by the Chairman.

40 MATTERS ARISING

No matters were raised.

41 PLANNING APPLICATIONS

The Committee considered the reports circulated with the agenda, which were presented by the officers.

Members noted that application no 20220488 Land near carpark, Buxton Mill, The Street, Lamas NR10 5AF had been deferred before the meeting.

No members of the public addressed the Committee.

The Committee made the decisions indicated in the attached appendix, conditions of approval or reasons for refusal of planning permission as determined by the Committee being in summary form only and subject to the final determination of the Director of Place.

42 PLANNING APPEALS

The Committee noted the appeals lodged.

(The meeting concluded at 9:50 am)

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Chairman

NOTE: Conditions of approval or reasons for refusal of planning permission as determined by the Committee are in summary form only and subject to the Director of Place's final determination.

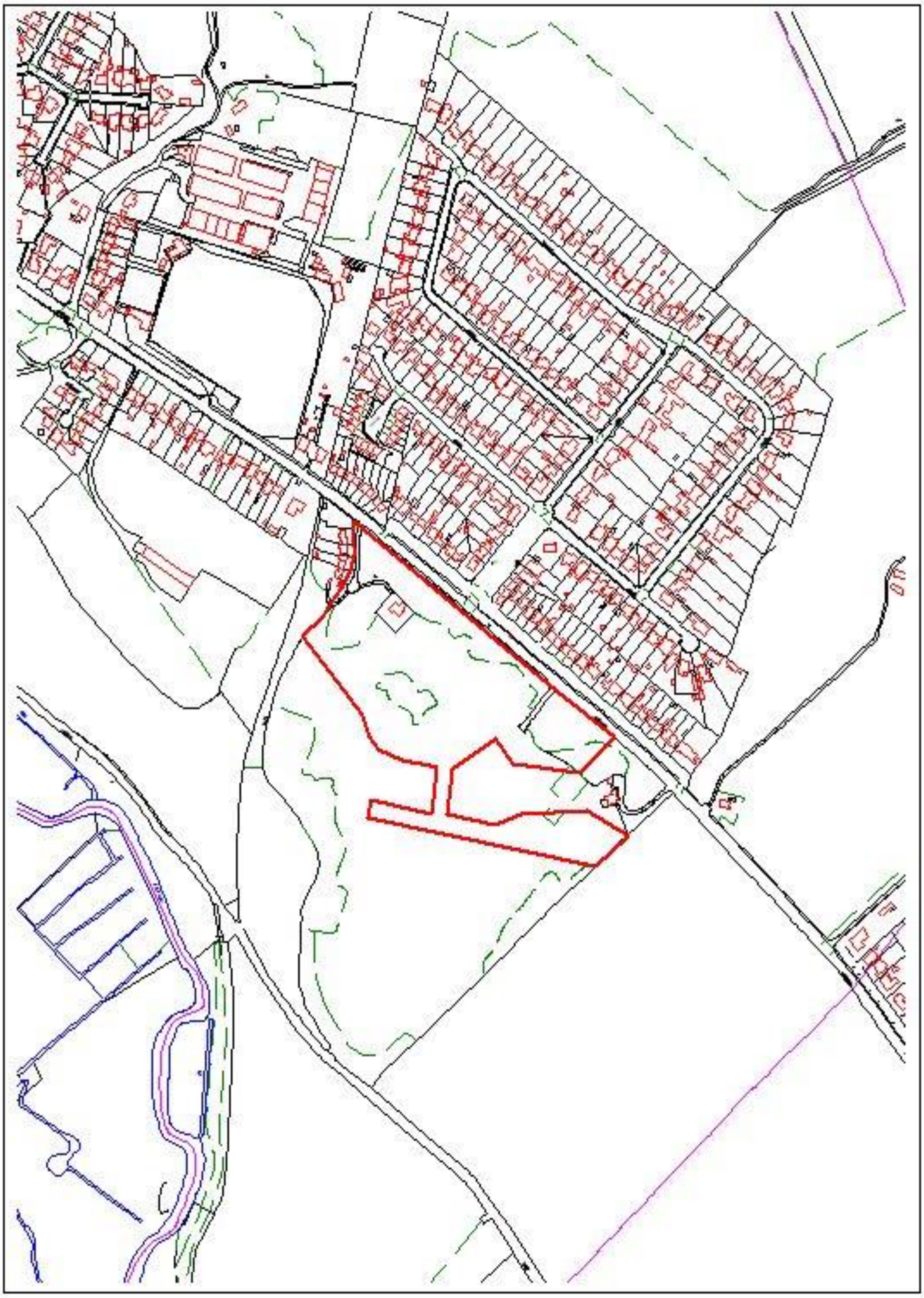
1	**Appl. No**	**:**	**20220488**
	Parish	**:**	**BUXTON WITH LAMMAS**
	Applicant's Name	:	Mark Wilkinson
	Site Address	:	Land near Car Park, Buxton Mill, The Street, Lamas, NR10 5AF
	Proposal	:	Change of use for storage of plastic canoes - laying on their side on the ground.
	Decision	:	APPLICATION DEFERRED BEFORE THE MEETING

2	**Appl. No**	**:**	**20220802**
	Parish	**:**	**FRETTENHAM**
	Applicant's Name	:	Mr P Roberts
	Site Address	:	Glenone House, 23 School Road, Frettenham, NR12 7LL
	Proposal	:	Subdivision of existing garden. Erection of new dwelling and garage and erection of new garage to existing dwelling. Creation of new vehicle access.
	Decision	:	Members voted (unanimously) to authorise the Assistant Director of Planning to approve subject to Nutrient Neutrality mitigation and a Unilateral Undertaking being entered into that secures contributions towards GIRAMS, and subject to the following conditions 1. 3 year time limit 2. Development shall be carried out in accordance with approved plans as amended and documents 3. Full details of boundary treatments and access gates to be submitted to and approved by LPA. The front boundary to be no higher than 1 metre and retained as such. 4. The bathroom window in the south elevation shall be formed with obscure glazing. No further openings shall be added at first floor in this elevation. 5. Remove pd 6. Vehicular access to be constructed as shown 7. No obstruction of access within 5 metres of highway and any gates to be hung to open inwards 8. Access and on-site parking to be laid out in accordance with plans:

3	**Appl. No**	**:**	**20221511**
	Parish	**:**	**HONINGHAM**
	Applicant's Name	:	Miss Emily Larter
	Site Address	:	Broadland Food Innovation Centre, Enterprise Way, Honingham, NR9 5FX
	Proposal	:	1 x building logo, 1 x funding plaque, 1 x post mounted totem sign, 2 x directional signs with branding
	Decision	:	Members voted (unanimously) to Approve with conditions. 1 Time Limit – Advertisement 2 In accordance with submitted drawings 3-7 Standard Advertisement Conditions: - Be kept clean and tidy - Be kept in a safe condition - Have permission of the site owner - Not obscure or hinder transport signs - Be removed carefully where so required by the planning authority.

	Application No	Location	Officer Recommendation	Page No
1	20220739	Former David Rice Hospital, Drayton, Norfolk NR8 6BN	**APPROVE** variation of S106	11
2	20221684	Former Lingwood First School, Chapel Road, Lingwood, Norfolk, NR13 4NX	**APPROVE** variation of S106	18

Application 1



Broadland District Council Community at heart	Application No: 20220739 Former David Rice Hospital, Drayton, NR8 6BN	Scale: 1:5000 Date: 8-Dec-22	N
	Reproduced by permission of Ordnance Survey on behalf of HMSO. © Crown copyright and database right 2011. Ordnance Survey Licence number 100022319.		

1. Application No: 20220739
Parish: DRAYTON

Applicant's Name: BH Drayton 2020 Ltd
Site Address: Former David Rice Hospital, Drayton, NR8 6BN
Proposal: To modify planning obligations under Section 106a of Variation of Condition 3 20212012 of 20201990 for Outline planning on 20170196

Reason for reporting to Committee

The application is being referred to Committee at the discretion of the Assistant Director (Planning).

Recommendation summary:

Approve the variation of the S106 to remove the requirement for affordable housing units and include a review mechanism within the S106.

1 Proposal and site context

1.1 The application seeks the variation of the S106 agreement related to planning application 20212012. Application 20212012 is a variation of condition consent. The original outline permission on the site is 20170196. This secured the outline planning permission for 29 houses including 10 affordable dwellings on land at the former David Rice Hospital in Drayton.

1.2 The site has subsequently been granted reserved matters planning permission which secured the details of the 29 dwellings including the 10 affordable units (application reference 20201185)

1.3 The 10 affordable housing units granted on the original applications equated to 34.5% affordable homes on the scheme. This was a policy compliant scheme.

1.4 As part of the applicant's submission they have submitted a viability assessment which has reviewed the viability and recommended that the scheme is not viable with any affordable housing. The Council has instructed an independent viability consultant, CP Viability, to review the findings of the applicant's viability assessment. All of the viability assessments, including the Council's independent viability assessment can be viewed on the Council's website.

1.5 This application does not seek to make any amendments to house sizes or design.

2 Relevant planning history

2.1 20170196: Erection of 29 dwellings and associated access (including 10 affordable dwellings (outline) (revised proposal). Outline Approval 20 July 2018

2.2 20201990: Variation of condition 4 following grant of permission

2.3 20170196: Approved plans and documents. Outline Approval 1 April 2021

2.4 20211790: Non-material amendment of 20170196 to allow description of development to be revised to read: 'The erection of 29 dwellings and associated access (outline) (revised proposal)'. Agreed 22 October 2021

2.5 20212012: Variation of condition 3 of 20201990 to introduce a phasing plan for CIL payment purposes. Approved 11 March 2022

2.6 20201185: Reserved Matters Application following Outline Planning Permission 20212012 for 29 Dwellings and Discharge of Condition 27 (footpaths). Approved 11 March 2022

3 Planning Policies

3.1 National Planning Policy Framework (NPPF)
NPPF 02 : Achieving sustainable development
NPPF 04 : Decision-making
NPPF 05 : Delivering a sufficient supply of homes

3.2 Joint Core Strategy (JCS)
Policy 4 : Housing delivery

3.3 Development Management Development Plan Document (DM DPD) 2015
No policies are considered to be specifically relevant to this application

3.4 Site Allocations Development Plan Document 2016
No relevant policies or allocations

3.5 Drayton Neighbourhood Plan 2016
No relevant policies

4 Consultations

4.1 Drayton Parish Council

Unanimous with a strong objection to the application.

4.2 District Councillors

To be reported if appropriate.

4.3 Housing Enabling Officer

No comments received

4.4 Other Representations

Five neighbour representations received objecting to the removal of affordable housing and setting out the following issues:

- Object to the removal of affordable housing on the site. The JCS policy requirement was known when the site was purchased. Question how the site can no longer be viable.
- Concern about the level of consultation which has taken place on the application, including lack of a site notice for the application
- Affordable housing is essential to provide a healthy mix of housing options which is sorely lacking in this area.
- Concern that trees have been cut down before full planning approval was granted and now the affordable homes are being removed.

5 Assessment

Key Considerations

5.1 The key considerations in the determination of this application are:

- The principle
- Viability

Principle

5.2 A Section 106 planning obligation may be changed (Deed of Modification) or discharged in two ways:

1) Within five years of the date of the completion of the obligation, at any time, by agreement between the local planning authority and the person or persons against whom the obligation is enforceable.
2) After five years beginning with the date the obligation was legally completed (or a later date specified in the obligation itself).

5.3 The Section 106 for application 20170196 was signed on 10 July 2018. As the agreement is less than five years old, it may only be varied by agreement with the Local Planning Authority. The applicant has sought to vary the application due the viability of the scheme.

5.4 Policy 4 of the Joint Core Strategy relates to affordable housing. This sets out that the proportion of affordable housing sought may be reduced and the balance of tenures amended where it can be demonstrated that site characteristics, including infrastructure provision, together with the requirement for affordable housing would render the site unviable in prevailing market conditions.

5.5 Having regard to both the Town and Country Planning Act and the adopted JCS, the principle of viewing the affordable housing obligation can therefore be seen as acceptable at this stage as by agreement with the Council.

Viability

5.6 A viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return. The national Planning Practice Guidance sets out the principles for how viability assessment should be undertaken, including the use of standardised inputs, and also acceptable levels of developer returns. This is the level of return a developer will need to bring the site forward.

5.7 As part of the application, the applicants have submitted a viability assessment which has reviewed the viability and recommended that the scheme is not viable with any affordable housing.

5.8 The Council instructed an independent viability consultant CP Viability to review the findings of the applicant’s viability assessment. The report from CP Viability has been carried out in accordance with the National Planning Practice Guidance. It has looked at comparable property prices within the area and in specific detail at the build costs of the project. By virtue of the approved dwelling design, the proposal does include a high build cost. The Council has supported the design of the dwellings as part of the reserved matters approval. CP Viability had raised concerns with the build costs proposed which are higher than the standardised input from BCIS. In this instance following discussion with CP Viability, the Council has also instructed an independent Quantity Surveyor to review build costs on the project.

5.9 The independent Quantity Surveyor Allman Woodcock has reviewed and confirmed build costs for the project. The build costs identified by Allman Woodcock, when compared with those put forward by the applicant, are marginally higher. They are however significantly higher than the BCIS costs.

5.10 On the basis of the build costs that have been provided by the Council's independent surveyor, the viability appraisal has been re-run by CP Viability. This has looked at looked at the viability of the scheme with no affordable housing. This shows that the site is not viable with any affordable housing, generating a land value below the benchmark land value. On this basis the site cannot be seen as viable if affordable housing is included, and it is therefore recommended that in order to deliver the residential development on the site the affordable housing requirement is removed. Notwithstanding this, it is recommended that a clawback mechanism is included within the S106. This would allow for a re-examination of the scheme should market conditions improve and the scheme was to be more viable than expected. Subject to the inclusion of the review mechanism the proposal is considered to accord with the requirements of JCS Policy 4.

Other Issues

5.11 Within the representations received from members of the public, concerns have been raised in relation to the level of publicity of this application. As the proposal is to vary the S106 agreement, it is not covered by the consultation requirements of a standard planning application. Notwithstanding this, the Council has sought to consult with the parish council and the ward member.

5.12 Nutrient neutrality: In accordance with the Conservation of Species and Habitats Regulations 2017 (as amended), this application has been assessed against the conservation objectives for the protected habitats of the River Wensum Special Area of Conservation (SAC) and the Broads SAC and Ramsar site concerning nutrient pollution. These Habitat Regulations require Local Planning Authorities to ensure that new development does not cause adverse impacts to the integrity of protected habitats prior to granting planning permission. This site is located within the catchment area of the Broads SAC as identified by Natural England and as such the impact of the of the development must be assessed. However, the application does not propose the creation of additional overnight accommodation beyond that which has already been permitted at outline stage. The application can, with regard nutrient neutrality, therefore be safely determined with regards the Conservation of Species Habitats Regulations 2017 (as amended).

5.13 Under Section 143 of the Localism Act the Council is required to consider the impact on local finances. This can be a material consideration but in the instance of this application the other material planning considerations detailed above are of greater significance.

5.14 This application is liable for Community Infrastructure Levy (CIL). This particular application will only affect the CIL payable in that a reduction in the affordable housing on the site will increase the amount of CIL that is liable.

5.15 This application is not liable for Green Infrastructure Recreational Avoidance Mitigation Strategy (GIRAMS).

Conclusion

5.16 The viability information submitted by the applicant and independently reviewed by the Council's consultants show that the provision of affordable housing units on the scheme is not considered to be deliverable. On the basis the independent viability evidence, the proposal is considered to accord with the requirements of JCS Policy 4.

Recommendation: Approve the variation of S106 to remove affordable housing contribution and include a review mechanism within the S106.

Contact Officer, Sarah Everard
Telephone Number 01508 533674
E-mail sarah.everard@southnorfolkandbroadland.gov.uk

Application 2

Broadland District Council
Community at heart

Application No: 20221684

Former Lingwood First School, Chapel Road, Lingwood, NR13 4NX

Scale: 1:1250

Date: 8-Dec-22

N

2. Application No: 20221684
Parish: BURLINGHAM (Lingwood)

Applicant's Name: Torrington Properties
Site Address: Former Lingwood First School, Chapel Road, Lingwood, NR13 4NX
Proposal: Application for deed of variation of Section 106 Agreement under planning permission ref 20190278

Reason for reporting to committee

The application is being referred to Committee at the discretion of the Assistant Director (Planning).

Recommendation summary:

Approve the variation of the S106 to allow for a reduction of affordable housing from 28% to 9% (this amounts to a reduction from 6 to 2 units) and include a review mechanism within the S106.

1 Proposal and site context

1.1 The application seeks the variation of the S106 agreement related to planning application 20190278. This original outline permission for residential development of the former school site with access was approved with all other matters (layout, scale, appearance and materials) reserved.

1.2 An application has been granted for reserved matters planning permission (20201611) based on a scheme of 22 units, comprising 16 market houses and 6 affordable homes.

1.3 The affordable housing granted on the original applications equated to 28% affordable homes on the scheme, as secured through the S106 legal Agreement. This was a policy compliant scheme. Based on the indicative layout submitted, the 9% offer amounts to the provision of 2 units, rather than the 6 originally calculated at 28% as part of the reserved matters approval.

1.4 As part of the applicant's submission they have submitted a viability assessment which has reviewed the viability and recommended that the scheme is not viable with the 6 affordable housing units. Although it is stated by the applicant that a *"viability argument can be made to justify 0% affordable housing, an offer of two shared ownership units (9%) is proposed"* the Council has therefore instructed an independent viability consultant (CP Viability) to review the findings of the applicant's viability assessment. All of the viability assessments, including the Council's independent viability assessment can be viewed on the Council's website.

1.5 This application does not seek to make any amendments to house sizes or design.

2 Relevant planning history

2.1 20201611: Reserved matters application with full details of appearance, landscaping, layout and scale of development for 22 residential units together with associated highway works from outline application 20190278. Approved 4 February 2022.

2.2 20190278: Residential Development Including Demolition of School and Associated Buildings. Approved 15 October 2019.

2.3 20140979: Redevelopment of the site for residential development and retention of the existing nursery building for community use. Approved 22 April 2015.

3 Planning Policies

3.1 National Planning Policy Framework (NPPF)
NPPF 02 : Achieving sustainable development
NPPF 04 : Decision-making
NPPF 05 : Delivering a sufficient supply of homes

3.2 Joint Core Strategy (JCS)
Policy 4 : Housing delivery

3.3 Development Management Development Plan Document (DM DPD) 2015
No policies are considered to be specifically relevant to this application

3.4 Site Allocations Development Plan Document 2016
No policies are considered to be specifically relevant to this application

3.5 Neighbourhood Plan

A Neighbourhood Plan for Lingwood and Burlingham is being prepared by a local steering group since a neighbourhood plan area was adopted in September 2021. However no draft plan has yet been submitted for public consultation purposes.

4 Consultations

4.1 Lingwood & Burlingham Parish Council

Unanimous with a strong objection to the application.

4.2 District Councillor

To be reported if appropriate.

4.3 Housing Enabling Officer

Review by Council's independent assessor CP Viability noted. Prefer for delivery of rented affordable housing rather than shared ownership housing.

4.4 <u>Other Representations</u>

Comments have been received from one neighbouring resident stating the following:

- House prices are beyond the reach of most young adults;
- Low cost housing is essential to allow these [such] people to stay near families and friends should they wish to;
- Developer should not get to increase profit at cost of local people.

5 <u>Assessment</u>

Key Considerations

5.1 The key considerations in the determination of this application are:

- The principle
- Viability

Principle

5.2 A Section 106 planning obligation may be changed (Deed of Modification) or discharged in two ways:

1) Within five years of the date of the completion of the obligation, at any time, by agreement between the local planning authority and the person or persons against whom the obligation is enforceable.
2) After five years beginning with the date the obligation was legally completed (or a later date specified in the obligation itself).

5.3 The Section 106 for application 20190278 was signed on 16th October 2019. As the agreement is less than five years old, it may only be varied by agreement with the Local Planning Authority. The applicant has sought to vary the application due the viability of the scheme.

5.4 Policy 4 of the Joint Core Strategy relates to affordable housing. This sets out that the proportion of affordable housing sought may be reduced and the balance of tenures amended where it can be demonstrated that site characteristics, including infrastructure provision, together with the requirement for affordable housing would render the site unviable in prevailing market conditions.

5.5 Having regard to both the Town and Country Planning Act and the adopted JCS, the principle of viewing the affordable housing obligation can therefore be seen as acceptable at this stage as by agreement with the Council.

Viability

5.6 A viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return. The national Planning Practice Guidance sets out the principles for how viability assessment should be undertaken, including the use of standardised inputs, and also acceptable levels of developer returns. This is the level of return a developer will need to bring the site forward.

5.7 As part of the application, the applicants have submitted a viability assessment which has reviewed the viability and recommended that the scheme is not viable with the full quota of affordable housing at 28% which amounts to 6 units. They do however consider that 2 (shared-ownership) units (9%) can be offered. Units 14 and 15 (both of which are 3 bedroom 5 person houses at 97.36m^2) have been put forward.

5.8 The Council instructed an independent viability consultant CP Viability to review the findings of the applicant's viability assessment. The report from CP Viability has been carried out in accordance with the National Planning Practice Guidance. It has looked at comparable property prices within the area and in specific detail at the build costs of the project. The appraisal review by CP Viability for the site suggests that providing 6 affordable housing units would return a negative land value of -£485,772 (significantly below the benchmark land value of £177,263).

5.9 CP Viability has also run a calculation based on the two shared ownership affordable units, which together with the remaining S106 contribution (£66,110 for open space purposes) and CIL payment (£160,223) which has returned a residual land value of £125,367. This is noted to be slightly below the benchmark land value (£177,263) therefore the scheme with the two shared ownership units will be *marginally* viable and therefore the reduction to / offer of 2 shared ownership units is reasonable. The preference of the Housing Enabling Officer to have rented rather than shared ownership units is noted however this would further reduce the viability which as stated is only marginally viable. Therefore the two shared ownership units are considered a reasonable offer in these circumstances.

5.10 CP Viability has confirmed that the viability pressure on the 2019 scheme has increased since the S106 Agreement was signed, which is anticipated to be due to sharp increases in build cost inflation.

5.11 By virtue of the approved dwelling designs, it is also appreciated that the proposal includes a high build cost, which the applicants have calculated at £172.52 per square foot (with a 3.85% contingency). This has returned a profit level of 20.16% on revenue for the developer. Planning Practice Guidance suggests a profit return range of between 15% and 20% is appropriate and reasonable.

5.12 The Council supported the design of the dwellings as part of the reserved matters approval. CP Viability however has based its calculations on a lower cost build rate at £150.45 per square foot with a 3% contingency; this instead provides a 17.02% profit return which is still considered to be within reasonable market expectations but would be more consistent with other viability reviews undertaken by CP Viability on behalf of the Council in the last 18 to 24 months.

5.13 The independent assessment by CP Viability therefore advises the Council that the provision of two shared ownership affordable dwellings is marginally viable and could be reasonably accepted. Notwithstanding this, it is recommended that a typical clawback mechanism is included within the S106. This would allow for a re-examination of the scheme should market conditions improve and the scheme be more viable than expected. Subject to the inclusion of the review mechanism the proposal is considered to accord with the requirements of JCS Policy 4.

Other Issues

5.14 Nutrient neutrality: In accordance with the Conservation of Species and Habitats Regulations 2017 (as amended), this application has been assessed against the conservation objectives for the protected habitats of the River Wensum Special Area of Conservation (SAC) and the Broads SAC and Ramsar site concerning nutrient pollution. These Habitat Regulations require Local Planning Authorities to ensure that new development does not cause adverse impacts to the integrity of protected habitats prior to granting planning permission. This site is located within the catchment area of the Broads SAC as identified by Natural England and as such the impact of the of the development must be assessed. However, the application does not propose the creation of additional overnight accommodation beyond that which has already been permitted at outline stage. The application can, with regard nutrient neutrality, therefore be safely determined with regards the Conservation of Species Habitats Regulations 2017 (as amended).

5.15 Under Section 143 of the Localism Act the Council is required to consider the impact on local finances. This can be a material consideration but in the instance of this application the other material planning considerations detailed above are of greater significance.

5.16 This application is liable for Community Infrastructure Levy (CIL). This particular application will only affect the CIL payable in that a reduction in the affordable housing on the site will increase the amount of CIL that is liable.

5.17 This application is not liable for Green Infrastructure Recreational Avoidance Mitigation Strategy (GIRAMS) (the outline application being determined prior to its introduction in 2021).

Conclusion

5.18 The viability information submitted by the applicant and independently reviewed by the Council's consultants show that the provision of affordable housing units on the scheme is not considered to be deliverable. On the basis the independent viability evidence, the proposal is considered to accord with the requirements of JCS Policy 4.

Recommendation: Approve the variation of S106 to reduce affordable housing contribution (to 2 units, shared ownership) and include a review mechanism within the S106.

Contact Officer,	Richard Smith
Telephone Number	01508 533800
E-mail	richard.smith@southnorfolkandbroadland.gov.uk

Planning Appeals: 18 November 2022 to 9 December 2022

Appeal decisions received:

Ref	Site	Proposal	Decision maker	Officer recommendation	Appeal decision
20211745	Land off Wood Dalling Road, Reepham, NR10 4RZ	Erection of 7 No single storey dwellings with site access (Outline)	Delegated	Outline Refusal	Dismissed

Appeals Lodged - None

Ref	Site	Proposal	Decision Maker	Officer Recommendation

PLANNING COMMITTEE

21 December 2022

Final Papers

Attached is the Supplementary Schedule showing those representations received since the Agenda was published and other relevant information.

Please note that the letter attached at page 28 has been provided by external sources and we cannot guarantee tit is fully accessible.

DEMOCRATIC SERVICES

Broadland District Council
Thorpe Lodge, 1 Yarmouth Road, Norwich, NR7 0DU
Tel: 01603 430404
Email: committee.services@southnorfolkand broadland.gov.uk

SUPPLEMENTARY SCHEDULE OF APPLICATIONS TO BE CONSIDERED

Plan No	Application No	Location	Update	Page Nos
1	20220739	Former David Rice Hospital, Drayton, Norfolk NR8 6BN		**11**
2	20221684	Former Lingwood First School, Chapel Road, Lingwood	Section 5.9 of the Committee Report CP Viability have informed the Council (16/12/22) that their original (30.11.22) report (at Section 5) had originally incorrectly referred to the 2 affordable units to be shared ownership (i.e. 60% market value) whereas their calculations had been based on affordable rented (i.e. 45% market value). CP's updated appraisal report (16.12.22 - also attached) at para. 5.2 now correctly refers to their calculations with the 2 affordable units as rented giving the residual land value of £125,367. This is noted to be just below the 'Benchmark Land Value' (BLV) of £177,623 derived for this development. CP further note that if the units were 1 shared ownership and 1 rented, this would equate to around £185,000 (i.e. just above BLV) and if 2 shared ownership units were secured this would increase to around £220,000. In discussion with the applicants, as to whether 1 of the units could be offered as a rented unit (further to previous comments from the Housing Enabling Officer) they confirm: - *Whilst supportive of the principle of the compromise, the concern is that it is potentially very difficult to get an offer from a Registered Provider for a single unit, due to issues relating to management.* - *We think it be better to have the two shared ownership units, with any*	**18**

			surplus returning to the Council via the clawback mechanism. The surplus, when combined with any other surplus received by the Council, can hopefully help deliver affordable housing within the District. - *Notwithstanding the foregoing, they request that with the reduction of affordable units to 2, the tenure split could be agreed as part of the Affordable Housing Scheme, allowing them to fully investigate the potential of such a compromise (1 shared, 1 rented) in more detail.* No further comments at this stage have been received from the Housing Enabling Officer but the above suggestion that exact tenure split be agreed as part of the reduction to 2 units is considered a reasonable and pragmatic one.	

Independent Viability Experts

FAO Mr Richard Smith
Principal Planning Officer
South Norfolk & Broadland District Council

Sent by email only

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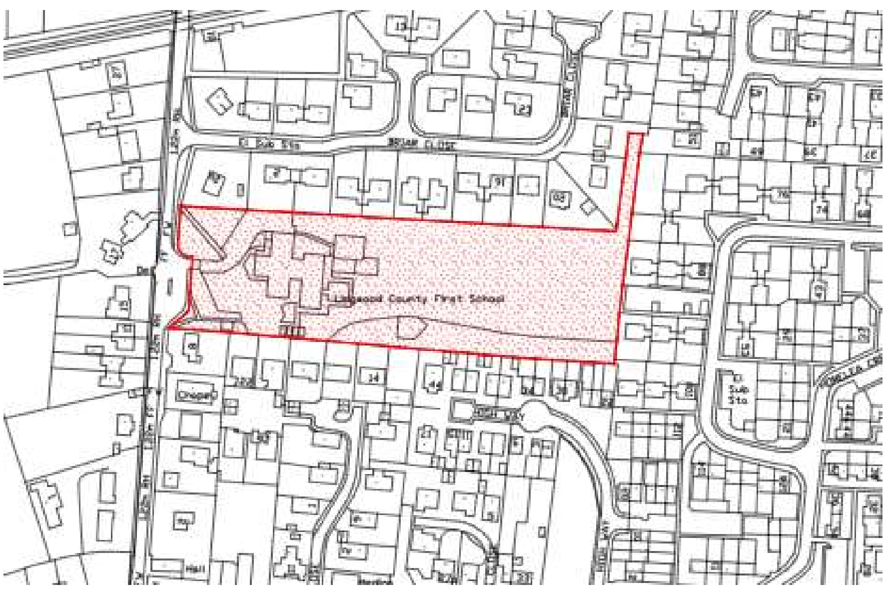
Our ref: DN-0762
Your ref: 20221684
Date: 30th November 2022

Dear Mr Smith

PROPERTY ADDRESS: **Former Lingwood First School Chapel Road Lingwood NR13 4NX**
INSTRUCTING BODY: **Broadlands District Council**
APPLICANT COMPANY: **Torrington Properties**



Further to your instruction dated 16th November 2022 we are pleased to report as follows:

1. Property Overview

1.1. The property is located on the south western part of the village of Lingwood, approximately 8 miles east of Norwich and 12 miles west of Great Yarmouth. There is a range of village amenities including a post office, pub, village hall and train station. Main road access to the area is via the A47 trunk road, a major east/west route linking the east coast to the East Midlands, the A47 is located around 1.6 miles to the north of the site. The nearest rail connection is in Lingwood, less than 650m to the north, with services on the Greater Anglia Network.

1.2. More specifically, the site is situated immediately to the east of Chapel Road, one of the main roads of the village running north to south, just to the west of the village. The site is bounded to the north by the curtilages of dwellings fronting Briar Close. It adjoins other dwellings fronting Alison Close and High Way to the south and to the west by dwellings on Homelea Close. Boundaries are formed of a dense tree lines to the south, where a group Tree Protection order is in place. Further established trees are dotted around the eastern and northern boundaries and railing set back from the road front the boundary with Chapel Road. The immediate area is characterised mainly by a mixture of dwellings of different ages and styles, most being of good quality. A convenience shop and Takeaway food store are located circa 100m to the south of the site.

1.3. We understand that the subject site was formerly a school. However, all buildings have now been demolished. The single storey school buildings were located to the western portion of the land with a concrete playground and car parking to the west of the buildings and fronting Chapel Road. To the east of the site the remainder of the land comprised rough grass and wooded areas. Access is via a single point of entry, centrally on Chapel Road.

1.4. The site is primarily rectangular in shape, with a protrusion on the north eastern corner and it is essentially flat. According to the latest satellite image from Google Maps, it now appears to comprise scrubby grassland for the most part including where the buildings were cleared.

1.5. According to the Savills "Financial Viability Assessment" ("FVA") dated 6th September 2022 submitted on behalf of the applicant company, the site extends to 1.30 Ha (3.21 acres), on a gross basis.

1.6. The subject site benefits from an existing planning permission (ref **20190278**) for "*Residential Development Including Demolition of School & Associated Buildings*". As part of this permission the applicant entered into a Section 106 Agreement signed and dated 16th October 2019. This this requires a 28% Affordable Housing provision (i.e. 6 affordable houses), split as 33% intermediate housing and 67% affordable rent. There is also a requirement for a green infrastructure contribution and an off-site open space contribution.

1.7. The current application under ref: **20221684** is:

> "*Application for Deed of Variation to Section 106 Agreements under planning permission ref 20190278*".

1.8. The applicant is now proposing a reduction to 2 affordable units (9%).

1.9. The scheme envisages the development of 22 dwellings provided as detached bungalows, semi-detached chalets, terraces, semi-detached detached house types. Based on the schedule of accommodation provided to us in Savill's FVA, the scheme comprises the following:

Type	Beds	Units	sq ft	Total sq ft
Detached Bungalow	3	5	1,023	5,115
Semi Chalet	3	8	1,156	9,248
Terrace	2	3	873	2,619
Semi	3	2	1,047	2,094
Semi	3	2	1,075	2,150
Detached	3	2	1,338	2,676
Total				**23,902**

2. Scope of Assessment and General Assumptions

2.1. Savills have submitted their FVA report dated 6th September 2022 on behalf of the applicant company in which they consider multiple scenarios. Two additional scenarios have also been submitted by Caldes Quantity Surveyors dated 18th October 2022. For the purposes of our review, we have focused on Savills scenario 9.09% Affordable housing and Higher GDV (dated 6th September 2022).

2.2. We have been instructed by Broadland District Council to review the viability assessment submitted with a view to advising the Council as to the level of affordable housing and policy contributions that the scheme can viably support.

2.3. In accordance with the RICS Financial viability in planning: conduct and reporting 1st Edition (May 2019) we can confirm that in completing this instruction CP Viability Ltd have acted with objectivity, impartiality, without interference and with reference to all appropriate available sources of information.

2.4. In accordance with the RICS Financial viability in planning: conduct and reporting 1st Edition (May 2019) we can confirm that prior to accepting this instruction we undertook a conflict of interest check. It is stressed that as an organisation we only provide independent viability reviews upon the instruction of Local Authorities and therefore can guarantee that we have not provided viability advice on behalf of the applicant for this scheme. Within this context and having undertaken a review we are unaware of any conflict of interest that prevents CP Viability from undertaking this instruction. If, at a later date, a conflict is identified we will notify all parties to discuss how this should be managed.

2.5. In accordance with the RICS Financial viability in planning: conduct and reporting 1st Edition (May 2019) we can confirm that the fee agreed to undertake this review is a fixed rate (covering the elements set out in our fee quote / terms of engagement) and is not performance related or a contingent fee.

2.6. In accordance with the RICS Financial viability in planning: conduct and reporting 1st Edition (May 2019) we can confirm that CP Viability Ltd is not currently providing ongoing advice to Broadland District Council in area-wide financial viability assessments to help formulate policy.

2.7. As stated within the RICS Financial viability in planning: conduct and reporting 1st Edition (May 2019) it is now a mandatory requirement to provide sensitivity analysis of the viability results. This is to demonstrate to the applicant and decision maker the impact that changes to inputs have on the viability outcome and also to help the assessor reach an informed conclusion. We have subsequently undertaken sensitivity testing as part of this review.

2.8. We have assessed the viability of the scheme as at 30th November 2022.

2.9. This assessment does not provide a critique of the proposed development design (i.e., we have not commented on the efficiency of design, density etc). Our role is limited to testing the viability of the proposals as detailed in the relevant planning application.

2.10. We have relied on the information provided to us by the Council and the applicant company and in particular information publicly available through the planning portal website. We have not met either of the Instructing Body or the applicant company and subsequently have not partaken in any negotiations regarding the scheme.

2.11. In accordance with the RICS "Assessing viability in planning under the National Planning Policy Framework 2019 for England (Guidance Note 1st Edition, March 2021), our appraisal assumes a hypothetical landowner and a hypothetical developer. The intention of a viability assessment is therefore to identify the approach a 'typical' or 'average' developer / landowner would take to delivering the site for development. A viability assessment does not therefore seek to reflect the specific circumstances of any particular body (whether landowner or developer).

2.12. In undertaking our appraisals, we have utilised the ARGUS Developer toolkit. This is an industry approved cash-flow model, designed specifically for residual appraisals.

2.13. This report reflects the independent views of CP Viability, based on the research undertaken, the evidence identified and the experience of the analysing surveyor.

3. Savills appraisal – summary

3.1. On behalf of the applicant company, Savills submitted their "Financial Viability Assessment" report dated 6th September 2022. In it, they consider multiple appraisal scenarios.

3.2. Savills state that "…it is evident that the scheme cannot support affordable housing at 28%...an offer of two shared ownership units (9%) is proposed."

3.3. For the purposes of this summary section we have focused our own review, analysis and appraisal on Savills Scenario of 9.09% and Higher GDV. To summarise Savills assumptions, we have categorised the costs provided under common sections of a viability appraisal. For example, all costs to build a plot (including a contractor's margin or developer's overhead) have been allocated as "Plot costs". This categorisation approach allows us to undertake a comparison with other schemes.

Gross Development Value (Revenue)

Type	No.	Av £ per sq ft	Total
Market value housing	20	£329	£7,175,000
Affordable housing (all tenures)	2	£160	£336,000
Total	**22**		**£7,511,000**

Gross Development Cost (Outgoings)

Type	Notes	Total
Plot construction	£172.52 per sq ft (23,902sq ft GIA)	£4,123,532
External works	30.01% of build costs	£1,237,578
Contingency	3.85% of build costs	£206,177
Professional fees	6.27% of build costs	£336,216
Abnormal works	Various (£50,370 per acre)	£161,803
Planning policy contributions	Off site / POS	£66,110
CIL		£176,186
Sales & marketing	1.53% of GDV	£109,688
Sales legal fees	20@ £1,877.75 per dwelling	£37,555
Finance	6% debit	£95,310
Developer profit	20.16% MV	£1,446,619
Total		**£7,996,774**

3.4. Based on the Savills appraisal, the scheme generates a negative residual land value of (minus) -£485,772. This is significantly below Savills' separately assessed benchmark land value of £177,263 and therefore demonstrates an unviable outcome. However, and notwithstanding this outcome, Savills suggest that the applicant is able to offer 2 onsite affordable dwellings.

4. CP Viability's appraisal

Gross Development Value (Revenue)

4.1. For our viability scenario model, we have based our assessment of value of the completed dwellings on the mix detailed above in 1.9.

4.2. In their appraisal, Savills have adopted £329.01 as the average price per sq ft across all house types.

4.3. We have not been provided with an accompanying report by Savills explaining how this average allowance has been arrived at.

4.4. For the purposes of our own review, we have initially examined new build sales since January 2020 in the 'NR13' postcode area (in which the subject site is located). The closest scheme identified is at Oakland Mews in Strumpshaw, a village around 0.3 miles south west of the subject site. Please note, we have only shown sales deemed to be broadly comparable to that proposed at the subject scheme:

Oakland Mews, Strumpshaw

	Address		Pcode	Sq ft	£ psf	Price	Date	Type
1	WILLIAM BLACK WAY	STRUMPSHAW	NR13 4FQ	1,410	£333	£470,000	28/01/2021	Detached
3	WILLIAM BLACK WAY	STRUMPSHAW	NR13 4FQ	1,410	£280	£395,000	08/10/2020	Detached
				1,410				
10	OAKLAND MEWS	STRUMPSHAW	NR13 4FP	1,453	£308	£447,500	21/02/2020	Det Bung
4	OAKLAND MEWS	STRUMPSHAW	NR13 4FP	1,485	£300	£445,000	01/12/2020	Det Bung
				1,469				

4.5. However, it is stressed that sales prices have changed significantly since 2020 and 2021, as shown through the following inflation sources:

- UK House Price Index shows an average price in July 2020 in Broadlands (roughly the mid-point in time) at £270,676. The latest rate (as at Sep 2022) shows an average dwelling price of £344,791. This reflects an increase of around 27%.

- The Nationwide House Price Index currently shows the latest values as at Quarter 3 2022, which for 3 William Black Way is shown to be £470,587 (an increase of 19.14% from Quarter 4 2020).

4.6. If a say 20% uplift is applied to the £280 per sq ft achieved for 3 Black William Way, this gives a current value of £336 per sq ft. This is therefore slightly above Savills average allowance of £329 per sq ft. If 20% is applied to the £333 per sq ft achieved for 1 William Black Way, this would increase the overall value to £400 per sq ft.

4.7. As for other new build evidence, we also note sales of new build housing at Herongate in Blofield, around 2.5 miles to the north west of the subject site. We have identified the following relevant sales:

	Address		Pcode	Sq ft	£ psf		Price	Date	Type
6	WILLIAM BROWN DRIVE	BLOFIELD	NR13 4TY	786	£	305	£239,995	03/04/2020	Terraced
8	WILLIAM BROWN DRIVE	BLOFIELD	NR13 4TY	786	£	312	£245,000	01/07/2020	Terraced
10	WILLIAM BROWN DRIVE	BLOFIELD	NR13 4TY	786	£	312	£245,000	28/08/2020	Terraced
				786	**£**	**310**			
16	CHARLES MARLER WAY	BLOFIELD	NR13 4TN	1,249	£	240	£300,000	25/11/2020	Terraced
22	CHARLES MARLER WAY	BLOFIELD	NR13 4TN	1,249	£	236	£295,000	26/02/2021	Terraced
				1,249	**£**	**238**			
7	WILLIAM GREEN WAY	BLOFIELD	NR13 4TZ	1,313	£	282	£370,000	26/03/2021	Detached

4.8. This shows that slightly smaller terraced dwellings (to those proposed at the subject scheme) achieved around £310 per sq ft in mid 2020. Applying a 20% uplift this would equate to a value in today's market of £372 per sq ft. This is therefore significant increase on Savills' adopted average of £329.01 per sq ft.

4.9. However, we accept that the new build sample is small and furthermore generic indicators of sales price inflation have their limitations.

4.10. Furthermore, we are also conscious of current market conditions. Over recent weeks the residential market has experienced a significant adjustment. The Bank of England base rate has recently been increased to 3%, compared to 0.5% at the start of 2022. The knock-on effect of this is that mortgage providers have significantly increased the cost of mortgage products, with rates pushing out towards 5% and beyond in some cases (compared to sub 2.5% as at Jan 22). The sharp increase in monthly repayments, combined with the ongoing cost of living / energy crisis, has meant a greater pressure on affordability.

4.11. By way of an example as to the impact this has on affordability, for a sale price of £450,000, with a 20% deposit this would mean a mortgage of £360,000. In the summer 2022 mortgages were available at around 2.5%. Assuming a 25 year fixed repayment mortgage product, this equates to a monthly repayment of £1,628. As at the time of writing, mortgages have increased to around 5%. On the same criteria this would means a mortgage repayment of £2,129 per calendar month, a circa 30% increase in the monthly payment. Furthermore, additional rises in interest rates are expected in the coming weeks in an attempt to temper inflation. If mortgage rates increase to say 6%, the monthly repayment would be £2,459. This level of increase in mortgage costs will significantly impact on purchaser affordability, which in turn will reduce demand. The 'knock-on' effect is a reduction in property prices.

4.12. In light of these market conditions, and whilst these are nothing but early predictions, some commentators are predicting that values could fall by circa 5% to 15% in 2023. This, it is stressed, is yet unproven, however it does highlight current market sentiment.

4.13. From a valuation perspective, there is subsequently significant uncertainty as to how values will perform going forward. Current signs are that values will start to fall (as asking prices are reduced to try and drive sales). **We would stress, though, that this has yet to manifest itself through clear transactional data, although we are noticing some asking prices being reduced across the marketplace.**

4.14. In light of the current market uncertainty and acknowledging the small sample size of new build evidence identified, we have subsequently also considered 'second-hand' sales to get a sense of values within the village. Please note, for a new build we would expect a premium uplift of at least 10% when compared to an equivalent 'second hand' property. We have considered sales during the last 12 months or so within a ¼ mile radius of the subject site, as well as current asking prices, and note the following:

- 1b Chapel Road, Strumpshaw.
- 4 bed detached, constructed around 2017.
- 1,496 sq ft.
- Sold Mar 2022 for £408,000 (£273 psf).
- For a 4 bed detached (albeit smaller at 1,338 sq ft) Savills allow £329 psf. This is an uplift of around 20%.

- 8 Memorial Way, Lingwood.
- 2 storey 4 bed detached dwelling.
- Built around 2015.
- 1,550 sq ft.
- Sold in Mar 22 for £400,000 (£258 per sq ft).
- For a 4 bed detached (albeit smaller at 1,338 sq ft) Savills allow £329 psf. This is an uplift of around 27%.

- 2 Poppy Close, Lingwood.
- 2 storey detached dwelling.
- Built around 2015.
- 1,378 sq ft.
- Sold in Dec 21 for £360,000 (£304 per sq ft).
- For a 4 bed detached (1,338 sq ft) Savills allow £329 psf. This is an uplift of around 26%.

- 19 Memorial Way, Lingwood.
- 2 storey 4 bed detached dwelling.
- Built around 2015.
- 1,378 sq ft.
- Sold in Dec 21 for £370,000 (£269 per sq ft).
- For a 4 bed detached (albeit smaller at 1,338 sq ft) Savills allow £329 psf. This is an uplift of around 22.5%.

- 36 St Edmunds Road, Lingwood.
- Modern construction.
- 3 bed 2.5 storey semi-detached.
- 1,076 sq ft.
- Sold in Jan 22 for £259,000 (£241 psf).
- For a 3 bed semi (1,075 sq ft) Savills allow £329 psf. This is an uplift of around 37%.

- 28 High Way, Lingwood.
- Relatively modern construction.
- 2 storey semi-detached.
- 775 sq ft.
- Sold in Dec 21 for £252,000 (£325 psf).
- For a 2 bed terrace (873 sq ft) Savills allow £329 psf. This is an uplift of around 1%.

- 27a Norwich Rd, Lingwood.
- Relatively modern construction.
- Detached bungalow.
- 958 sq ft.
- Sold in Mar 22 for £337,500 (£352 psf).
- For a 3 bed bungalow (1,023 sq ft) Savills allow £329 psf. This is a reduction of around 7%.

- Buckenham Rd, Lingwood.
- 3 bed detached chalet.
- Size unknown.
- Asking price £400,000.
- At the subject site a semi-detached shows a value of around £380,000.

- Norwich Rd, Lingwood.
- 4 bed detached.
- 1,132 sq ft
- Asking price £350,000.
- At the subject site a similar size semi-detached shows a value of around £350,000.

- High Way, Lingwood.
- 3 bed semi.
- 1,021 sq ft
- Asking price £300,000 (£294 psf).
- At the subject site a similar size semi-detached shows a value of around £345,000

4.15. For the majority of the above, Savills average value is comfortably in excess of the value achieved / asking price. The only exception is the detached bungalow example. However, even if we followed the above evidence and applied an uplifted rate to the bungalow units, it would be necessary to apply a reduced rate below £329 per sq ft for most of the other dwelling types.

4.16. On balance, having considered the evidence, we conclude that there is no strong, tangible evidence to justify a departure from the values used by Savills in their appraisal. We are of the view that their average allowance is reasonable given the nature of the scheme and for a new build product in this location. We have subsequently adopted the same in our appraisal.

4.17. As for the affordable housing transfer prices, we have assumed a 45% of market value for rented affordable units and 60% for shared ownership.

Build costs

4.18. Savills' adopted construction costs can be summarised as follows:

-	Plot construction	£4,123,532 (£172.52 per sq ft)
-	Externals	£1,237,578 (30.01% of above costs)
-	Contingency	3.85% of above costs
-	Abnormals	£161,803 (£50,370 per net acre)
	Total	**£5,729,090**

4.19. We have not been provided with any further detail as to how Savills have arrived at their adopted values.

4.20. However, the applicant has provided an "Interim Stage4 Report" prepared by Currie and Brown dated 19th July 2022. The key details of this report are as follows:

- Currie & brown indicate that a "…competitive marketing exercise was undertaken…the work was designed and specified to a very high standard to give the maximum opportunity to market the dwellings at the best price".

- The costs displayed date from early June 2022.

- Currie & Brown undertook a pre-tendering assessment of costs and this is then compared to the costs identified through the marketing exercise.

- The total pre-tendering exercise cost estimate was £6,613,124 for the scheme. The marketing exercise totalled £5,660,732. Savills allowance is therefore slightly above the figures identified in the marketing exercise.

4.21. However, we note that a proportion of the costs identified through the marketing exercise by Currie & Brown relate to professional fees (which are accounted for elsewhere in the viability appraisal). These total £126,997. For the purposes of analysis, and to avoid 'double counting', it is necessary to strip out these costs in this particular section. This therefore reduces the overall market costs to £5,533,735.

4.22. Furthermore, for a scheme of this nature, we consider it appropriate to sense check the costs against the Build Cost Information Service ("BCIS") figures, which is regularly used in the industry to identify build costs when testing viability. Please note, the BCIS includes contractors' margin and preliminaries, but excludes garages, externals, contingency and abnormals, which therefore all have to be separately allowed for if the BCIS rates are applied.

4.23. In analyzing the Currie & Brown Stage 4 market costs we have subsequently looked to identify a plot cost which can be compared to the BCIS rate (i.e. plot build cost, plus prelims and overhead / contractor profit). We have also looked to identify what we regard as 'standard' or typical external costs, garages, as well as abnormal costs. We would summarize the Currie & Brown Stage 4 costs as follows:

- Plot construction (including prelims & OHP)	£4,085,215
- Garages	£106,061
- Externals	£1,237,578
- Abnormals	£161,803

4.24. The plot costs are equivalent to an average of £170.92 per sq ft when measured against the proposed scheme gross aggregate internal areas. It is also clear that Savills arrive at their externals and abnormals based on this Stage 4 exercise.

4.25. As indicated above, for the purposes of this scheme, we consider it appropriate to ‘sense check’ the figures against the BCIS rates. We note the following:

- Median estate housing detached £1,571 per sq m (£145.95 per sq ft)
- Median estate housing semi £1,323 per sq m (£122.91 per sq ft)
- Median estate housing single storey £1,527 per sq m (£141.86 per sq ft)

4.26. The median BCIS figures are therefore significantly below the Savills adopted allowance.

4.27. However, as indicated in the Stage 4 report, it has been assumed here that the scheme would be completed to a “very high” specification. This is deemed to be reflective of the corresponding sales values adopted. To reflect this type of product the median allowance is not therefore deemed to be sufficient. Instead, the upper quartile is a better measure and we note the following rates:

- Upper quartile detached £1,883 per sq m (£174.93 per sq ft)
- Upper quartile semi £1,533 per sq m (£142.42 per sq ft)
- Upper quartile single storey £1,754 per sq m (£162.95 per sq ft)

4.28. If the above rates are applied to the subject scheme the overall average build cost equates to £150.45 per sq ft, which equates to £3,596,131.

4.29. The Stage 4 figures provided therefore, in our view, appear to be above expectations, even allowing for an uplift in specification. For the purposes of our review, we have subsequently applied the BCIS rates above (albeit shown in the appraisal as an average figure of £150.45 per sq ft).

4.30. The garages allowance is £106,061. According to the site plan there are 9 single garages and 4 double garages. For this number of garages the allowance is deemed to be reasonable and has been accepted in our report.

4.31. In this particular case, we have assumed that the external costs and abnormal figures provided as appropriate for this particular scheme. However, we would stress that to some degree the impact of abnormal / site specific infrastructure costs can be offset in the land price (at least when determining viability). The Planning Practice Guidance ('PPG') on viability makes it clear that abnormal costs must be factored into the assessment of land value, with the implication being the higher the abnormal costs the greater the downward pressure on land value.

4.32. In practical terms, it is not the case that if abnormal / site specific infrastructure costs go up by £100,000 per acre the land value will always decrease by £100,000 per acre, as the land value still has to be at a sufficient level to incentivise a landowner to release the site for development. For example, if a site has an existing use value as an agricultural field at £10,000 per acre and, after abnormal / site specific infrastructure costs are deducted, a residential scheme can only deliver a land value of £15,000 per acre then this would not represent a sufficient incentive for a landowner to release the site for development. There still has to be some sort of suitable premium above the existing use value. However, it is reasonable that the burden of the higher abnormal / site specific infrastructure costs on a development should not fall solely on the Council through a reduction in their planning policies. The principle that the land value must bear the most significant proportion of any abnormal / site specific infrastructure costs is a sound one.

4.33. In short, changes in abnormal / site specific infrastructure costs are of course significant. However, when assessing viability, they should be balanced against the benchmark land value (which can serve to dampen the effect of abnormal / site specific infrastructure costs on the overall viability outcome).

4.34. In light of this, for the purposes of our review we have adopted abnormal / site specific infrastructure costs totalling £1,399,381 (in line with the Stage 4 market tested costs), as discussed above, on the basis that these costs are appropriately reflected in the corresponding benchmark land value.

4.35. Finally, with regards to contingency, the guidance is clear that an allowance can be made in a viability appraisal, however this needs to be balanced against the need to deliver planning policies. As a contingency may never ultimately be a cost which is realised it is important that this is not overstated simply for the purposes of a viability argument. In our view, a 3% contingency allowance achieves the appropriate balance between covering a developer's risk and ensuring this does not unfairly impact on the scheme's ability to provide planning policies.

Professional fees

4.36. Savills' adopted professional fees total £336,216, which is equivalent to 6.81% of our adjusted build costs.

4.37. By way of evidence, we have reviewed viability appraisals submitted to us by applicants in relation to similar type and scale developments. Since Jan 2021, across the wider Norfolk / Lincolnshire region we have undertaken 6 viability assessments of mixed housing ranging from 15 to 30 dwellings. The average professional fees put forward by applicants in their appraisals equates to just over 7% when measured against the standard plot construction and externals only and not the abnormals.

4.38. Having considered this evidence, we are of the view that Savills' professional fees allowance is therefore reasonable and has been accepted in our appraisal.

Planning policy

4.39. As stated above in Section 1, the scheme is currently subject to a Section 106 agreement which requires a 28% Affordable Housing provision (i.e. 6 affordable houses), split as 33% intermediate housing and 67% affordable rent. There is also a requirement for a green infrastructure contribution and an off-site open space contribution. This is included in Savills' appraisal as £26,770 (POS) and £39,340 (off site contribution). We have assumed the same in our appraisal.

4.40. Savills include a CIL payment of £176,186. We note the subject property is located in CIL Charge Zone B. This currently attracts a CIL rate of £74.11 per sq m (as set out on the Council's website). The CIL rate only applies to market value dwellings and garages (and not affordable dwellings). Assuming an average size of 8 sq m for the single garages and 16 sq m for the double garages, with the market value dwellings this gives a total area of 2,162 sq m (assuming 2 affordable dwellings, as proposed by the applicant). With a rate of £74.11 per sq m this equates to a CIL payment of £160,223.

Marketing / legal costs

4.41. Savills' marketing / disposal cost is equivalent to 1.53% of the market value revenue generated from the scheme, plus £1,878 per unit for legals.

4.42. Having referred to other similar sized schemes (as discussed above in para 4.37) the marketing / disposal fee is deemed reasonable. However, we have adjusted the legals to £900 per dwelling.

Finance

4.43. Savills have adopted a debit interest rate of 6%. In light of recent increases in the Bank of England base rate we consider this to be slightly below expectations. An increase to 7% is deemed appropriate.

4.44. To calculate the finance, we have inputted our appraisal data into ARGUS Developer, an industry approved discounted cash flow model.

Developer's profit

4.45. Savills have included a developer profit equivalent to circa 20% on revenue.

4.46. For a scheme of this size and nature we believe it is appropriate to apply a profit margin expressed as a percentage of the revenue (net of incentives).

4.47. In our experience, and for a scheme of this size, profit margins fluctuate depending on the nature of the scheme and the type of developer implementing the project. However, and only as a broad guide, we tend to see profit margins in the region of 15% to 20% of revenue for market value dwellings. This is supported by the Planning Practice Guidance on viability ('PPG'), which refers to a range of 15% to 20% on revenue. Whilst this range is referred to in the context of plan wide viability testing it is considered to provide a reasonable indication of profit for individual cases

4.48. The guidance indicates that it is reasonable to apply a lower profit margin to affordable units. This is because these are typically sold in 'bulk' with deals agreed before construction takes place, therefore developers perceive them as low risk. We typically see profit margins around 6% on revenue for affordable units.

4.49. It is stressed that a developer's profit requirement is ultimately a reflection of risk. For perceived higher risk developments, a developer may require a higher profit in order to provide a suitable incentive in order to take on that risk. For a perceived lower risk project, a developer may be content to accept a lower profit on the basis that the potential revenue is deemed to be more secure. In our experience, the fluctuation in the profit requirement can reflect a number of factors including:

- Development scale: a large, multi-phased development typically requires a significant level of upfront infrastructure costs and an extended period of time before sales can be achieved. The risk associated with making this type of upfront investment, over an extended period of time, is considered to be higher than say a small development, where little infrastructure is required and also the payback is relatively quick. For this reason, larger scale developments may typically require a higher profit closer to 20% on revenue. A smaller scale development may be regarded as a lower risk (in comparison) therefore profit requirements push closer towards 15% on revenue.

- Land type: a relatively flat, greenfield site with no obvious abnormal costs would be regarded as less of a risk than a brownfield development, previously occupied for an industrial use and with abnormal costs unknown. A developer is likely to be content with a lower profit for the greenfield site, reflecting that this is perceived to be less of a risk than the brownfield opportunity.

- Value area: a high value area may be perceived to be less of a risk than a lower value area, as the sales revenue is more likely to be able to offset unknown costs identified during the construction phase compared to a site in lower value area.

4.50. As the subject site is a relatively small-scale development and is in what we consider to be a good value area, this is likely to be perceived as being a lower risk project by developers and therefore this should put a downward pressure on the required developer profit.

4.51. We have reviewed the profit allowances adopted for other schemes discussed above in para 4.37. We note that 5 out of the 6 cases adopt a 17.5% developer profit (on the market value units), whilst 1 considers 18%.

4.52. In this particular case, for a scheme of this scale, we would expect the profit to be at the lower end of the identified range, for the reasons discussed above. However, this should be tempered by current market conditions, which we accept are currently uncertain. On balance, we deem a profit equivalent to 17.5% on market value revenue and 6% affordable housing revenue to be a reasonable return for a developer to implement this project.

Benchmark Land Value

4.53. The Benchmark Land Value ("BLV") attempts to identify the minimum price that a hypothetical landowner would accept in the prevalent market conditions to release the land for development. Whilst a relatively straight forward concept in reality this is open to interpretation and is generally one of the most debated elements of a viability appraisal. It is also often confused with market value, however the guidance stresses that this is a distinct concept and therefore is different to market value assessments.

4.54. The standard approach is to run an initial appraisal based on all of the above fixed inputs to arrive at a site value for the site. In accordance with the RICS guidance, this residual site value can then be compared to the "benchmark land value" (which is the minimum price that a hypothetical landowner would accept and a hypothetical developer would pay for the scheme to be delivered). If the residual site value is above this "benchmark" then the scheme is viable. If the residual site value falls below this figure, then the scheme is deemed to be unviable.

4.55. Viability assessors are provided some guidance through the National Planning Policy Framework ('NPPF') and Planning Practice Guidance ('PPG'), as published on 24th July 2018. One area which the PPG deals with is in relation to assessing BLV, stating the following:

4.55.1. To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land.

4.55.2. The EUV should disregard any hope value.

4.55.3. Benchmark land value should reflect the implications of abnormal costs, site specific infrastructure costs and professional site fees.

4.55.4. Benchmark land value should be informed by market evidence including current uses, costs and values wherever possible.

4.55.5. Where recent market evidence is used to inform assessment of benchmark land value this evidence should be based on developments which are compliant with policies, including affordable housing. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.

4.55.6. Under no circumstances will the price paid for land be a relevant justification for failing to accord with the relevant policies in the plan.

4.55.7. Alternative Use Value of the land may be informative in establishing benchmark land value. However, these should be limited to those uses which have an existing implementable permission for that use. Valuation based on AUV includes the premium to the landowner. If evidence of AUV is being considered the premium to the landowner must not be double counted.

4.56. In other words, the Council should not subsidise (through a loss of planning policy contributions) any overbid made when acquiring the site. Any overbid (or indeed underbid) for a site should therefore be disregarded when considering the BLV. As part of the process of reviewing viability it is down to the assessor to determine whether a price paid is an appropriate figure (or not) to use as a BLV.

4.57. In their assessment, Savills appear to adopt a benchmark land value of £177,263. This reflects a rate of £55,182 per acre. No further detail is provided.

4.58. Based on other schemes we have appraised across the wider region this is considered to be a relatively modest allowance. We do not therefore consider that this figure has been overstated for the purposes of a viability argument and deem it reasonable to use this as the benchmark land value. We have subsequently also based our appraisal on a benchmark land value of £177,263.

5. Appraisal results and conclusions

5.1. We have initially run a full policy compliant scheme (6 on-site affordable houses plus S106 contributions at £66,110 and CIL). However, this returns a residual land value below the benchmark land value and is therefore deemed to be unviable.

5.2. We have subsequently adjusted the scheme to show the applicant's proposed offer of 2 affordable units, however we have applied these as affordable rented rather than shared ownership, plus the S106 contributions (£66,110) and the CIL (£160,223). Please see attached our appraisal. This returns a residual land value of £125,367. Whilst still below the benchmark land value of £177,623, this can be regarded as being marginally viable.

5.3. As per the requirements of the guidance, we have also run sensitivity testing, as follows:

	Sales: Rate /ft²				
Construction: Rate /ft²	-5.000%	-2.500%	0.000%	+2.500%	+5.000%
	312.56 /ft²	320.78 /ft²	329.01 /ft²	337.23 /ft²	345.46 /ft²
-5.000%	(£30,760)	(£164,424)	(£298,089)	(£431,754)	(£565,419)
142.93 /ft²	17.020%	17.020%	17.020%	17.020%	17.020%
-2.500%	£56,157	(£78,063)	(£211,728)	(£345,393)	(£479,058)
146.69 /ft²	17.020%	17.020%	17.020%	17.020%	17.020%
0.000%	£143,786	£8,381	(£125,367)	(£259,032)	(£392,697)
150.45 /ft²	17.020%	17.020%	17.020%	17.020%	17.020%
+2.500%	£231,986	£95,733	(£39,006)	(£172,671)	(£306,336)
154.21 /ft²	17.020%	17.020%	17.020%	17.020%	17.020%
+5.000%	£320,739	£183,651	£47,828	(£86,310)	(£219,975)
157.97 /ft²	17.020%	17.020%	17.020%	17.020%	17.020%

5.4. This shows the impact on the residual land value if sales values were to increase / decrease at 2.5% intervals and likewise if construction costs were to increase / decrease at 2.5% intervals. By way of explanation, if sales values were to fall by 2.5% and construction costs remain the same the residual land value would by £8,381. As this is below the benchmark land value of £177,263 this would be deemed to be unviable.

5.5. In summary, we concur with the applicant that the scheme is unable to viably support the full planning policies. Furthermore, we agree that 2 affordable dwellings can be provided. However, we find that affordable rented units could be deemed suitably viable here, rather than shared ownership, plus the S106 contributions (£66,110) and the CIL payment.

5.6. For illustrative purposes, this outcome is despite the following differences between the respective appraisals:

Input	Savills appraisal	CPV appraisal
Plot construction	£172.52 per sq ft	£150.45 per sq ft
Contingency	3.85% of build cost	3% of build cost
Profit	20.16% on revenue	17.02% on revenue

5.7. This suggests that, at the current time at least, the viability pressure on the scheme has increased since the S106 agreement was originally signed in 2019, which we anticipate is due to recent sharp increases in build cost inflation.

5.8. Nevertheless, it is stressed that the Council is under no contractual obligation to modify the existing S106 agreement. Any adjustment to the policy requirements as set out in this document is entirely at the discretion of the Council. Regardless of whether the scheme is therefore technically viable or not, the Council can insist that the policies are delivered as previously agreed.

5.9. We would also stress that the guidance indicates that the Council's role is not to underpin a developer's profit by reducing planning policies. If, during a development, the level of return achievable reduces below initial expectations then this is the normal function of risk and it is not the responsibility of the Council to improve that level of profit.

5.10. Our conclusions remain valid for 6 months beyond the date of this report. If the implementation of the scheme is delayed beyond this then market conditions may have changed sufficiently for our conclusions on viability to be adjusted. Under this scenario we would strongly recommend the scheme is re-appraised.

Yours sincerely

[redacted]

David Newham MRICS
Director
CP Viability Ltd