

Northern Planning Committee

Update

Date: Wednesday, 17th June, 2020

Time: 10.00 am

Venue: Virtual Meeting

The information on the following pages was received following publication of the committee agenda.

Planning Update (Pages 3 - 6)

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APPLICATION NO: 18/4540M

**LOCATION: KINGS SCHOOL, WESTMINSTER ROAD,
MACCLESFIELD, CHESHIRE, SK10 1DA**

PROPOSAL: Erection of Retirement Living Housing (Category II type accommodation) and erection of Extra Care Retirement Accommodation for Older People (Use Class C2), with associated communal facilities, landscaping and car parking.

CONSULTATIONS (External to Planning)

NHS Eastern Cheshire Clinical Commissioning Group (CCG) - The NHS has confirmed that in this instance, they would not be seeking any mitigation in the form of commuted sums from this development. They offer no objection.

OFFICER ASSESSMENT

Viability

The application is supported by a Financial Viability Appraisal, which has subsequently been updated by an Addendum. As confirmed in the committee report the Council has had this independently appraised. As reported on page 51 of the Agenda Reports Pack:

“This review has concluded that the scheme will not be able to deliver any affordable housing and / or other commuted sum payments whilst remaining a viable development opportunity. This has been fully appraised and agreed by the Council’s independent advisor and as such it is confirmed that the development cannot bear the cost associated with providing a fully policy compliant level of affordable housing provision nor can it pay any commuted sums required to mitigate some of the impacts, for example, healthcare or public open space contributions.”

The committee report identifies that further negotiation would take place with the applicant’s agent in terms of whether the scheme could secure any contribution towards necessary planning obligations, including off-site affordable housing. The applicant’s agent has maintained the position that an assumed profit margin of 20% of Gross Development Value (“GDV”) is reasonable.

National Planning Practice Guidance advises that a minimum profit level of between 15-20% of GDV is the industry accepted standard which reflects the minimum enhancement a developer would reasonably expect to achieve in order to bring a site forward depending on the level of risk. The applicant has provided the following key justification for seeking a return at the upper end of industry accepted standard;

- The proposal is for specialist retirement accommodation which is in a single phase - no ability to phase or stop/start – once started each flatted development has to be completed before occupation by the older person's community.
- The site is Brownfield and there is the cost associated with demolition
- Significant capital outlay: land purchase; planning permission; construction of the entire development before revenue receipt / any return on investment.
- Added to significant capital outlay is the period of time the capital is employed, i.e. longer cash-flow profile over the land purchase, planning permission, construction and sales period than general market housing.
- Premium sales values are expected above the general needs housing market thus adding risk because of the requirement to accommodate:
- Added specification for specialist form of housing
- Added levels of building and site security, including intruder alarm systems and emergency assistance alarm/help-line available to each unit.
- Restricted Market – over 55's age as opposed to general needs market housing available to all-comers.
- No Help-to-Buy, i.e. No financial market support/intervention
- Retirement Housing Sector Developers and their Shareholders & Lenders require adequate financial returns to carry the typical higher capital outlay and timing risks associated with specialist retirement housing.

Some of these points can be challenged, for example the additional costs of developing brownfield land and providing specialist accommodation are factored into the costs of the viability assessment. Similarly, although there is a restricted market the applicant has evidenced a clear need for the development in Macclesfield and therefore this should help to reduce the risk of investment, particularly noting the recent success of other schemes by the applicant in Cheshire East. However, the independent advisor commissioned by the Council has acknowledged that 20% of GDV is justified in this case particularly noting the factors of large capital outlay for the scheme and the current market instability.

If a figure of 15% of GDV for profit was used this would generate a surplus in the viability calculations of approximately £100,000 toward planning obligations. Therefore, based on the independently scrutinised viability assessment, even if the lower end of profit margin established in practice guidance was used, the scheme would only generate circa £100,000 towards s106 contributions

Following negotiations, whilst no agreement has been reached with the applicant's agent on a reduced profit margin below 20% for the purposes of viability, in the interests of commercial expediency the applicant has offered £100,000 towards s106 contributions. Based on the viability assessment undertaken it is considered that is acceptable in principle and there could be no basis for seeking any further contributions. The allocation of the contribution and compliance with CIL Regulations is set out below:

Health care

Since publication of the Agenda Reports Pack, a consultation response has been received from the NHS confirming that in this case, they would not be seeking any financial contributions from this scheme to mitigate any healthcare impacts. Accordingly, such contributions could not be reasonably secured. Given the type of accommodation, the scheme would not generate any demand for school places and so nor are any education contributions required. With respect to open spaces, there would be a requirement to provide amenity greenspace and recreation open space.

Open Space

The aim of providing open space and recreational facilities is to support active lifestyles and sustainable communities for all ages. As the minimum age resident in this development is only 55, there is as much need to consider their needs in terms of access to decent and varied open space opportunities as for any other age bracket. With respect to amenity greenspace, on site amenity open space for the development is provided to the north of the site and would measure approximately 1100 square metres. At a rate of 20sqm per dwelling of the 31 retirement living apartments, the required amount would equate to 620 square metres. As such, ample on site provision would be provided and no financial contributions towards amenity green space would be sought. With regard to Recreation and Outdoor Sport (ROS), in line with Policy SC2 of the Local Plan and the playing Pitch Strategy, contributions of £500 per 1 / 2 bed apartment are required in lieu of onsite provision. This would amount to a total of a financial contribution of £15,500. As such, part the £100k secured from the developer could address this requirement.

Affordable Housing

Turning to the balance of £85,000, this would be directed toward affordable housing. In this case, owing to the nature of the accommodation for older persons, any affordable housing would be secured by way of commuted sum rather than delivered on site. The Council's Housing Strategy & Needs Manager has not at this time been able to calculate the required amount as this depends on valuations being submitted to Registered Providers. In any event, the amount of £85,000 would not cover the cost of offsetting 9 affordable units (6 rented units and 3 as intermediate). Nonetheless, the amount would make a contribution towards it.

S106 Heads of Terms

The heads of terms recommended at page 60 of the Agenda Reports Pack is amended to include the provision of £100,00 as follows:

1. **Age restriction of occupation of flats (55 years plus or spouse thereof)**
2. **Affordable Housing comprising of:** a commuted sum of £85,000 towards off-site provision
3. **Public Open Space comprising of:**
 - Recreation Open Space - £15,500

The provision toward affordable housing and public open space is required by planning, necessary, fair and reasonable.

RECOMMENDATION

APPROVE subject to conditions and the completion of a s106 legal agreement