

Agenda item 4

For Decision – Response to Saxonvale additional documents submitted 24.09.20 – Ref No 2019/1180/OTS

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Summary

Additional documents have been submitted for the Saxonvale Planning application Ref No 2019/1180/OTS. These documents include a Financial Viability Assessment on behalf of Acorn Property Group, the applicant's suggested heads of terms for the section 106 agreement and a plan of the live work units.

Application description

Outline application for planning permission with some matters reserved for the retention of the 'Western Warehouse' and attached infill building, demolition of other existing buildings and mixed-use development for residential dwellings (C3) including flexible live/work accommodation, residential care accommodation (C2) and mixed workspace/retail/cafe/restaurant/bar/public/house/community/cultural/leisure uses (B1, A1, A3, A4, D1, D2), including an element of flexible use, and associated infrastructure, with details of access.

Summary of previous comments

The Town Council has consistently objected to the application, due to insufficient employment and non-residential floorspace, and affordable housing provision. We have stated that there needs to be 30% affordable housing in line with policy and that the development should deliver as close as possible to 7432m² (80,000ft²) of non-residential /employment floor space. Whilst we welcomed the inclusion of additional live/work units, this still did not overcome our objections.

The response from Acorn has always been that there is not enough viability within the scheme to meet our requirements. We have been lobbying Acorn and Mendip to publish the viability assessment so that we can inspect the figures for ourselves and be satisfied that it is not possible to provide the additional affordable housing and employment floorspace.

We are pleased that the financial viability assessment has now been published, but for the reasons below do not feel that it adequately or clearly demonstrates that the issues we have raised about cannot be resolved.

Financial viability assessment

The Department for Communities and Local Government state that –

“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 assessment notes that it is generally accepted in the market that developers will require a profit on cost in the region of 18% to 25%. We acknowledge that in this instance Acorn have a target profit rate of 20%.

The assessment sets out that, in accordance with the 2018 NPPF, to define land value for any viability assessment, a benchmark land value should be calculated 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 price at which it is considered a rational landowner would be willing to sell their land.

The assessment then sets out -

Whilst it be would in accordance with the NPPF to apply a premium to the EUV for the landowner, the viability of the scheme does not currently warrant a premium to be applied to the land value. As will be evidenced within this report, the proposed scheme does not command a land value that commands a premium. If the proposed scheme and site were suitable for a higher value use, it could be reasonably assumed that a landowner would expect a premium on the EUV. We have therefore not applied a premium to the EUV of the site at this point and have assessed the viability on the basis of a benchmark land value of £6,000,000

Does this mean that Mendip are not taking a premium/profit from the sale of the site? As we are not experts in viability assessments it is difficult to understand whether this has been evidenced within this report as suggested.

This needs to be clarified as the premium is there to give the landowner an incentive to sell but should be at such a level that still allows planning policies to be achieved. In this instance as only 21% affordable housing is being proposed the planning policy requirement of 30% is not being achieved. If Mendip are taking a premium then we need to be clear how much this is as we would expect that any premium/profit should go back into the development to ensure that the maximum amount of affordable housing is being provided.

In addition to the above, we do not know how much Mendip paid for the site and what the difference is in that value from the benchmark land value of £6,000,000. Again, we would consider any profit should go back into the development to ensure it is policy compliant and enables the provision of more affordable housing and non-residential/employment floorspace.

The bench mark land value has been calculated subject to the Homes England Grant for remediation, however as it states “subject to the homes England grant funding” it is implied that this money has not yet been agreed and should therefore be removed from the calculations until it has been confirmed. And as this is grant funding should it be included in the calculations, again, some clarification is required.

We understand that retail is difficult to assess in the present market, but do not feel that the comparators used in the assessment for this are a good comparison. As an example, 10 Palmer Street is “Frome Brides and Belles”; it is a small difficult unit with a small front room and other space behind and upstairs. It would not suit most retail uses. Eight Stony Street is a large, unusual premise. The office accommodation comparators used are based in Trowbridge and Bath, comparisons should be made using similar premises in Frome.

We would expect Mendip’s independent assessor to look closely at the comparators when testing the assessment.

S106 Heads of Terms

Contributions for off-site Highway Works are included in the S106 agreement for both works to improve and reconfigure Garsdale Roundabout junction and towards works to Gorehedge Junction. Both are to be paid before 75% Occupations (225th dwelling).

This means a significant number of houses will be occupied before the Garsdale roundabout works can begin, these works are required because it is accepted that the amount of traffic generated will have an impact on the highway network, this figure should be reduced to the occupation of the 100th dwelling or less so that the impact of traffic is lessened as soon as possible.

The contribution for the Gorehedge Junction works should be worded so that it is not tied to design of the junction shown in the indicative layout. By the time enough contribution has been received from this and other developments to enable the works to happen, opinions and priorities such as making better provision for cyclists and pedestrians may have changed. There needs to be enough flexibility to allow the junction alterations to be appropriate at the time of implementation.

Footbridge

The agreement makes provision for the footbridge, (subject to grant of all necessary consents) up to a financial cap of £152,640.00. To be delivered before 75% Occupations (225th dwelling).

Again, the 75% occupancy is too high, to encourage people to walk and cycle and provide access to all to the open spaces, this figure should be reduced to 100th dwelling or less. The agreement also states that, "All contributions to be subject to a refund by the Councils (with interest) if unspent 5 years after receipt".

All these receipts have been taken into account as costs against the viability assessment. The agreement should be reviewed after a period of 3 years so that if it becomes apparent that either the works to the Gorehedge Junction or the footbridge can not be achieved, as it possible that other receipts for the Gorehedge Junction may not come forward with the 5 year timeframe or a suitable design for the footbridge cannot be achieved.

Then the amount of those contributions should be reallocated to the development for other cycling and pedestrian incentives as an example, rather than being paid back to the developer.

In preference to the above, we feel the period by which contributions have to be returned should be extended to 10 years.

Travel Plan

The travel plan must be published to ensure it can be co-ordinated with the existing town and the developments likely to come forward as a result of the site allocations within the Local Plan Part II.

Live Work Units

This plan has not changed from that previously seen by the Town Council and our comments remain the same. *The plans need to clearly state that ground floor and first floor will have separate access and it must be confirmed that no planning permission will be required to*

switch between uses. The flexible units must be sufficiently conditioned as part of any outline approval to ensure they are brought forward in any reserved matters application.

Additionally, even with the potential for some of the identified Live/Work units being used for non-residential purposes, there still would not be enough provision of non-residential floor space.

Recommendation

Cllrs agree the above as a formal response to the additional documents