

Agenda Number: PWM1  
Application Number: S14/0927  
Proposal: Demolition of existing industrial buildings and redevelopment of site for residential purposes (23 x dwellings)

### **Summary of information received:**

#### Viability Appraisal

The applicant has submitted some revised information on build costs. They have stated that the original estimated floorspace of the dwellings was incorrect and should have stated 9 x detached 4 bed units of 111 sq m plus double garage and 14 x 3 bed semis of 82 sq m plus single garage. The original figures were based on an indicative 9 x detached 4 bed units of 125 sq m and 14 x 3 bed semis of 95 sq m. The updated information concludes that any contributions would reduce the developer profit to an unacceptable level. They have however offered to pay the £16907 towards provision of recreational facilities in Billingborough in order to conclude matters.

#### Abnormal Costs

Members have requested that in order to make an informed decision, information be provided on any abnormal costs involved in the proposed development in order to understand why the affordable housing contribution is significantly lower than the Aveland School site which is also on the agenda for this committee. Officers have taken legal advice on this issue which has concluded that it is permissible to release this information.

#### Additional Comments from the Valuation Office Agency (VOA)

Officers have reconsulted the VAO on the issues raised above and they have submitted the following comments:

*“You have asked that I clarify a number of aspects of my attached viability appraisal:*

- 1. The abnormal costs for this scheme are predominantly to cover demolition works of existing buildings. It is fair and reasonable to include demolition costs as an abnormal development cost. In this case the applicant adopted £175,000 to cover these works, which we felt was too high (and subsequently reduced this to £133,000).*
- 2. I can confirm that the local sports facilities contribution of £16,907 is already factored in as a cost of the development. Any surplus generated in the appraisal is therefore in addition to this contribution.*
- 3. We accepted the applicants build costs as being within an acceptable tolerance for a scheme of this nature (factoring in that this is at outline stage the full details are yet to be determined).*
- 4. In their attached email the applicant suggested the 4 bed detached units should be 111 sq m, and the 3 bed semi's 82 sq m, both of which excluded garages. In my appraisal I adopted a unit size of 125 sq m for the 4 bed detached dwellings, and 95 sq m for the 3 bed semis. Both of which are deemed to include garages. Please note, both myself and the applicant are in agreement in terms of the house revenues and to confirm both of us have assumed garages would be provided when coming to this conclusion on price. I can also confirm that my adopted build costs allows for the construction of the garages.*

*In summary, there has been some confusion over the suggested size of the dwellings in the scheme, and in particular whether the 3 bed semi's should be 85 sq m each or 95 sq m. The confusion appears to be borne out of how the garages are factored into the assessment. To be clear, my scenario 2, as attached, factors in the garages into both the revenue generated and also the construction costs. I therefore consider this to be the most appropriate Scenario to present to Committee”.*

The VOA have also advised that the sales value per sqm is significantly lower than that of the Aveland site because of the less attractive context adjacent to industrial/commercial uses.

**Officer comments on issues raised:**

Based on advice from the VOA, the key difference between this site and the Aveland site in terms of the amount of planning obligations that can be afforded, is the lower sales value.

In respect of the Section 106, again based on the advice of the VOA, officers do not accept the applicant's argument that the development would be unviable with an affordable housing contribution. In addition the VOA have clarified that the surplus of £51937 is in addition to the £16907 for upgrade of recreational facilities in Billingborough which gives a total of £68,844.

**Changes to recommendation:** No change to the formal officer recommendation in the report, but officers recommend that the section 106 agreement referred to in the recommendation includes financial contributions of £16907 for upgrade of recreational facilities in Billingborough and £51937 towards affordable housing in nearby villages.