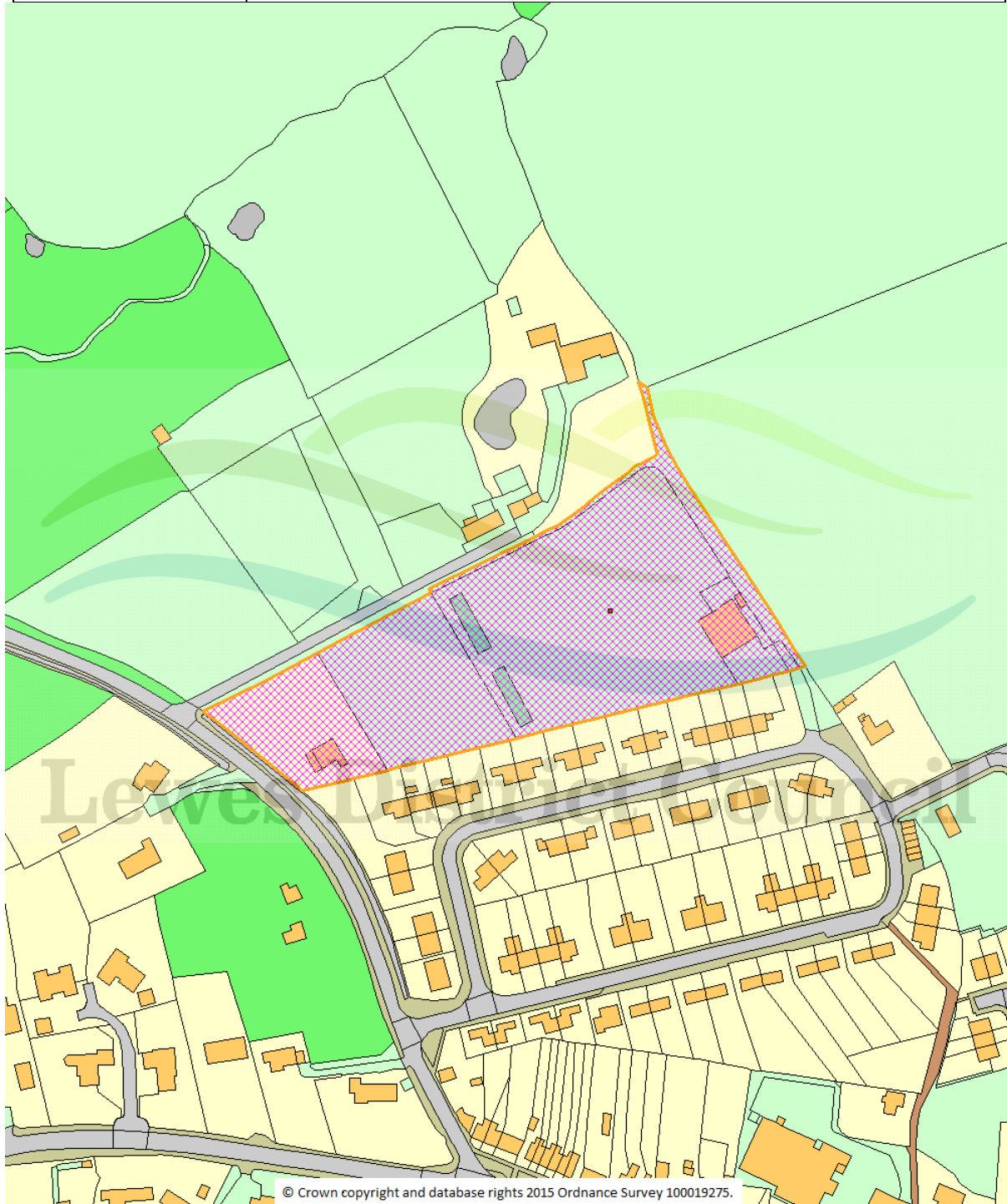


<b>APPLICATION NUMBER:</b>	LW/14/0924	<b>ITEM NUMBER:</b>	<b>10</b>
<b>APPLICANTS NAME(S):</b>	Thakeham Homes Ltd	<b>PARISH / WARD:</b>	Newick / Newick
<b>PROPOSAL:</b>	Application for a Deed of Variation to the original S106 agreement attached to the approved application for demolition of existing residential dwelling and on-site structures and redevelopment to provide 31 dwellings together with associated parking, access and landscaping		
<b>SITE ADDRESS:</b>	Cricketfield Smallholding Cricketfield Newick East Sussex		
<b>GRID REF:</b>	TQ 41 21		



## 1. SITE DESCRIPTION / PROPOSAL

1.1 The application site is located on the eastern side of Newick Hill and on the northern side of the Cricketfield housing development. The site, which covers an area of approximately 1.4 hectares, was occupied by a residential bungalow, some outbuildings, open land used as vegetable garden, a large field with and agricultural style storage building adjacent to the eastern boundary. A private track abuts the eastern boundary, whilst a public footpath runs along the northern boundary and crosses the eastern end of the site connecting with Cricketfield adjacent to number 37. The southern boundary abuts the gardens of the dwelling houses in Cricketfield, whilst the western boundary faces onto Newick Hill. A formal vehicle access to the site exists off Newick Hill whilst an informal but established access also exists to the east off Cricketfield.

1.2 The site is relatively well screened to west, north and eastern boundaries, due to the change in gradient at Newick Hill and the existing bank at the entrance to the site. The site is situated outside of the defined planning boundary but adjacent to it on the southern boundary.

1.3 The application to demolish the existing structures on the site and to construct 31 residential units of which 12 (40%) are to be affordable, was considered by the Committee on the 27 May 2015, with permission being issued on the 30 November 2015 subject to a S106 agreement. This report relates to a request to enter into a Deed of Variation to alter the contributions secured with the original S106 agreement.

1.4 This application was deferred at the Committee meeting in January 2017, following representations from Newick Parish Council, in order to allow officers to renegotiate the layout and play equipment proposed for the small play area. Following receipt of an amended design, the Clerk to Newick Parish Council has confirmed that whilst she had not received a great deal of response from members of the Parish Council's Environment and Recreation Committee 'Jenny Smerdon is happy that the proposals meet the brief discussed at your recent meeting'. A second Councillor has also confirmed the acceptability of the proposals.

## 2. RELEVANT POLICIES

**LDLP: – CP7 – Infrastructure**

## 3. CONSIDERATIONS

3.1 The proposed Deed of Variation (DoV) is required in order to maintain the commercial viability of the proposed development at Newick Hill (LW/14/0924). Since permission was granted a number of connected viability issues have arisen relating to condition 1 of that permission which stated:

*Development shall not commence until a scheme for the provision of SANG to mitigate the effects of the development at the ratio of 8 hectares per additional 1000 residents has been submitted to the local planning authority and approved in writing. Any such scheme shall identify the location of the SANG and detail the proposals and timetable to bring it up to a standard and into a condition to make it acceptable as a SANG. No dwelling shall be occupied before written confirmation has been obtained from the local planning authority that the SANG has been provided in accordance with the approved scheme and is available for use.*

3.2 At the time permission was granted a SANG did not exist in the area and in order to bring forward the approved development Thakeham Homes had the option of either acquiring its own SANG site at market value, or wait for LDC to progress an acquisition of a suitable site which it would operate and charge developers to use. The LDC option carried significant risk, both in terms of funding and a causing significant delay to the development if such a site could not be found and acquired. In addition, it was identified by Thakeham Homes that the level of financial contributions set out in the S106 together with the provision of affordable rent units as part of the affordable housing offer could not be supported if a SANG site was purchased by Thakeham Homes.

3.3 In early 2016 Thakeham Homes were able to identify and purchase an 11.8 hectare site between Jackies Lane and the A272 to the west of Newick. A subsequent application (LW/16/0510) was considered by the Planning Committee on the 21 September 2016 for the change of use of this land to a SANG, with permission being granted on the 16 November 2016 with a S106 agreement. The land was considered capable of providing the necessary mitigation for the impact of residential development, on the Ashdown Forest Special Protection Area, both for the approved scheme at Newick Hill and other sites that may come forward in the future. The works of laying out the SANG will be carried out by Thakeham Homes after which and upon completion of the works the land will be handed over to LDC to administer.

3.4 Thakeham Homes re-evaluated the viability of the approved scheme at Newick Hill, the S106 agreement and the costs associated with providing the SANG and contributing to its long term maintenance. For a development to be viable it must normally show at least a 20% return on development cost. This return on cost percentage is required in order to persuade a developer to proceed, and is in line with the market norm.

3.5 Thakeham Homes appointed Vail Williams to provide a viability report in connection with varying the S106 agreement to take account of the acquisition of a SANG by Thakeham Homes, rather than making a contribution towards an LDC operated SANG, and to assess the planning contributions and affordable housing tenure.

3.6 Since the grant of planning and in order to maintain a commercially developable site, a number of interconnected viability issues have arisen, as follows.

3.7 In complying with condition 1, it was identified that a suitable SANG site did not exist in the area and that Thakeham Homes would have to acquire its own SANG site at Market Value, or wait for LDC to progress an acquisition of a suitable site which they would operate and charge developers to use. The latter option was considered to carry significant risk, including the availability of Council funds and the potential for a lengthy delay, if the Council did not secure a suitable site.

3.8 It was identified that the level of financial contributions set out in the S106 and provision of affordable rent units as part of the affordable housing offer, could not be supported if a SANG site was purchased by Thakeham Homes. Vail Williams carried out two appraisals, on the assumption that planning consent would be granted for the SANG. The appraisals provide the following results:

#### Appraisal A

Under this scenario the appraisal based on the consented scheme, including GDV and S106 contributions, and the full cost to deliver the SANG site as within their report along with the fixed land price. This showed a very modest

profit position of 5.27% which is clearly unviable and would not be taken forward by a developer.

#### Appraisal B – Proposed variation to the S106

We have considered the return on cost which is anticipated if the proposed variations (understood to have been discussed between Thakeham and LDC) to both the tenure mix of the affordable units and reduction in planning contributions are agreed, whilst making the same assumptions regarding SANG costs. This includes a change to the tenure mix of the affordable units, resulting in 12 intermediate units, as well as a reduction in financial contributions of circa £404,666 – resulting in a revised S106 payment of £312,503.

On this basis a profit of 16.01% is shown which, although not meeting the market norm expectation of 20%, is at a level which we are advised that Thakeham is prepared to accept.

3.9 Vail Williams report concluded that, taking account of the above, there is clearly a significant viability issue and in order to make the development commercially attractive, planning contributions and affordable housing requirements would need to be renegotiated to unlock the development.

3.10 Therefore, following detailed discussions between officers from LDC, ESCC Highways and Education the following alterations to the S106 agreement have been negotiated:

1 – Transport contribution – reduced from £190,000 to £68,400. Teresa Ford at ESCC Highways, in an email dated 25.01.16 considered that on the basis that a contribution for the site at Mitchelswood Farm was based on taxis for the number of pupils likely to be generated that a similar pro rata contribution for the Newick Hill site should also be adopted. Based on the fact that the number of units are basically half that of Mitchelswood then statistically the number of pupils for Newick Hill are likely to be between 6 and 7 pupils. Therefore 2 taxis are required thus £13,680 is required per year for 5 years thus a total of £68,400. Although not the preferred option for transferring pupils, the Highway Authority would accept a reduction of school transport contributions from £190,000 to £68,400 in this instance.

2 – Equipped play space – omission of the £81,035. An email from C Bibb at LDC on the 09.11.16 confirmed that the issue of play equipment had been discussed with the Parish Council and in light of the condition relating to the SANG it was agreed that the contribution for equipped play space could be forsaken on this occasion providing Thakeham Homes would amend the onsite LAP to provide basic play provision of 'natural' style in keeping with the rural area.

3 – Education payments - early years education contribution of £24,238, primary education contribution of £86,536, secondary education contribution of £91,257 – in an email from Ellen Reith (Principal Strategic Planner at ESCC) on the 13.10.16 it was confirmed that the Education Department had reviewed pupil forecasts and concluded that education contributions from the Newick Hill development would no longer be required.

3.11 As a result of the negotiations and discussions between the developer and LDC officers, supported by the viability report, the S106 would need to be varied by a Deed of Variation. The amended agreement would secure the following financial contributions:

*Recycling - £589 (same)*

*Rights of Way - £744 (same)*

*SAMMS contribution - £36,270 (same – calculated on the up to date SAMM tariff)*

*Transport - £68,400 (reduced)*

*Traffic Regulation - £6,500 (same)*

*SANG management - £200,000 (new)*

*This would allow the full affordable housing provision to be maintained on the Newick Hill site as well as contributing £200,000 towards the long term management/maintenance of the SANG.*

3.12 Given its size, the SANG site that has been acquired is capable of providing mitigation to a number of other sites in the wider locality. Given the lack of alternative SANG sites in the area, this offers an opportunity to release land for development of new homes in the northern part of the district coming forward, significantly impacting the delivery of new homes in the District.

3.13 If a Deed of Variation is not forthcoming, it is extremely likely that Thakeham Homes would not be in a position to bring the Newick Hill site forward and may have to land bank it, as it is not commercially viable to take forward under the extant consent.

#### **4. CONCLUSION**

4.1 Therefore in view of the consultation responses from ESCC and LDC officers, and in view of the necessity to secure the SANG, secure funding for its long term maintenance, and the strong desirability to secure more general and affordable housing within the district, the proposed new contributions are considered acceptable. The layout of the play space and the proposed play equipment has been amended following the committees instruction and is supported by Newick PC. Therefore the Deed of Variation should be entered into to vary the terms of the original legal agreement as set out within the report.