



B O S T O N

B O R O U G H C O U N C I L

REPORT TO:	PLANNING COMMITTEE
DATE:	20 June 2017
SUBJECT:	Request to vary the terms of planning obligations to accompany permissions for housing at the Magnadata and Norprint sites in Boston
PORTFOLIO HOLDER:	Councillor Michael Cooper
REPORT AUTHOR:	Development Control Manager
EXEMPT REPORT?	No

SUMMARY

The purpose of this report is to seek members' instructions on the request to vary the terms of planning obligations which would accompany planning permissions for housing development at the Magnadata and Norprint sites on Horncastle Road and Norfolk Street in Boston.

The applicants have advised that due to unexpected and abnormal costs the scheme would be undeliverable with the present level of financial contributions and since the delegation to officers was specific in terms of the level of those contributions, the Development Control Manager is unable to deal with this request for variation under the present delegation.

The Manager is thus seeking Committee approval to reduce the level of financial contributions to a point that could ensure the delivery of this development.

RECOMMENDATION

The Committee are asked to consider this request to vary the terms of the proposed planning obligation, based upon the information in this report and any additional information that will be reported verbally to Committee.

REASONS FOR RECOMMENDATION

To seek to ensure the release of planning permissions for significant housing development in accordance with previous Committee resolutions.

1.0 BACKGROUND

- 1.1 The Planning Committee on 26 April 2016 resolved to grant two outline planning applications for housing on mostly brownfield land within the built up areas of Boston. That resolution was in the form of a Mind to Grant and delegation was given to the Development Control Manager (DCM) to release the permissions upon the satisfactory conclusion of planning obligations (legal agreements under s.106 of the Act) to provide for the payment of contributions towards education.
- 1.2 Planning application ref: B/16/0011 on the Magnadata site sought outline approval for 173 houses and Committee unanimously gave a delegation to the DCM to grant the permission subject to a planning obligation to secure the requested £921,411.00 towards education (Minute No. 34. 2016 refers). Planning application ref: B/16/0007 on the Norprint (Norfolk Street) site for 48 houses was also unanimously resolved to delegate authority to the DCM subject to an obligation to secure £169,607.00 towards education (Minute No, 35.2016 refers). At that time the final level of affordable housing for both sites was to be controlled by condition and assessed based upon the viability of the site.
- 1.3 Soon after the resolution to grant, both resident companies on the site went into administration and the applicants, upon managing vacant sites decided from a health and safety and building rates perspective to commence demolition of what they considered to be outmoded buildings unsuitable for current employment.

2.0 REQUESTS FOR VARIATION

- 2.1 The site owners have been in constant dialogue with your officers and during the negotiations on the terms of the planning obligations became aware that with the expected level of contributions, they felt that they may not be able to deliver developments on the sites. It was agreed that rather than release permissions with obligations which they believed made the sites unviable and hence undeliverable, it was better to seek to vary the terms of the obligations, before permissions were granted. Thus in order to be open and to provide for that upon approval the sites could be offered up for development in the knowledge that they were truly available for housing development, these revisions are sought.
- 2.2 Commercially confidential developer viabilities have recently been received to support the request. Although, due to the need to seek Committee instructions as soon as possible, it has not been possible to seek independent appraisal, the appraisals have been checked internally with the benefit of detailed officer training that has now been received and against other recent assessments to verify that they are robust. Further evidence has been requested from the applicants to demonstrate the additional expenditure and to clarify some of the assumptions.
- 2.3 The appraisals say that substantial levels of asbestos were encountered on both sites and this has led to additional costs of £231,000 on Horncastle Rd and £93,750 on Norfolk Street. In addition total demolition costs to date have been £347,749.
- 2.4 Although some costs should be reasonably capable of being predicted, the applicants say that the viabilities also include some preliminary figures in terms of flood mitigation, land remediation, archaeology and drainage and suggest that these are more likely to increase than reduce.

- 2.5 For both sites the appraisals have been able to confirm the provision of 16% affordable housing, in line with the Council's current stance, but with these levels of education contributions the developer profit on costs is estimated to be 14.52% on Horncastle Rd and 16.89% on Norfolk St.
- 2.6 Profit margins might be expected to be in the range of 15% to 22% but they vary dependent upon the nature of the site and the type of developer. Higher margins would be expected on sites of higher risks with more variables and higher abnormalities rather than say an open unconstrained greenfield sites. The margins for these sites change to margins of 19.38% and 19.9% respectively if the education contributions are excluded.
- 2.7 The applicants conclude that neither site can bear the costs of both affordable and education and request Committee consideration of the removal of the education contributions from both sites.

3.0 CONCLUSIONS

- 3.1 Your officers are seeking discussions with the Education Authority to ascertain if the contributions were reduced rather than removed, whether there was a figure that below which it would be unable to or it would not be worthwhile to make any realistic contributions towards the needs.
- 3.2 In addition, whilst it does seem that the Norfolk St site might be in better viable position than Horncastle Rd, the type and tenure mix of the affordable provision will also change the figures. Overall, in accordance with RICS guidance, a viability assessment is intended to indicate the approach a 'typical' or 'average' developer might follow in contemplating a site for development. This is not an exact exercise and is intended to inform rather than reflecting the specific circumstances of any particular developer.
- 3.3 Thus, based upon the information available at the time of writing this report, your officers will report further on the progress of further investigations and negotiation with a view to seeking agreement to enable the delivery of viable developments.

FINANCIAL IMPLICATIONS

None for the Council

LEGAL IMPLICATIONS

The Heads of Terms of obligations should always be open and transparent, and although the details of the viabilities are commercially sensitive, the extent of what might be made public has been agreed with the applicants.

ANY OTHER IMPLICATIONS

None

CONSULTATION Portfolio Holder: Councillor Michael Cooper
Principal Housing Strategy Officer

APPENDICES

None

BACKGROUND PAPERS

Background papers used in the production of this report are listed below: -

Document title

Letter from applicant dated 6 June 2017.
Planning application files B/16/0007 and B/16/0011

Where the document can be viewed

Development Control