

**Planning and Rights of Way Panel 9<sup>th</sup> October 2018**  
**Planning Application Report of the Service Lead – Infrastructure, Planning & Development**

<b>Application address:</b> 2 Victor Street, Southampton			
<b>Proposed development:</b> Erection of a part 6-storey, part 5-storey building containing 45 flats (5x 3-bed, 6x 2-bed, 34x 1-bed) with associated parking and cycle/refuse storage, following demolition of existing building (Outline application seeking approval for Access, Appearance, Layout and Scale) (amended description)			
<b>Application number</b>	17/02443/OUT	<b>Application type</b>	FUL
<b>Case officer</b>	Simon Mackie	<b>Public speaking time</b>	15 minutes
<b>Last date for determination:</b>	N/A	<b>Ward</b>	Shirley
<b>Reason for Panel Referral:</b>	Vary original Planning & Rights of Way Panel resolution in relation to the Affordable Housing obligation	<b>Ward Councillors</b>	Cllr Coombs Cllr Chaloner Cllr Kaur
<b>Referred by:</b>	N/A	<b>Reason:</b>	Viability Issues

<b>Applicant:</b> Mr S Reeves	<b>Agent:</b> Rob Wiles - Concept Design & Planning
-------------------------------	-----------------------------------------------------

<b>Recommendation Summary</b>	<b>Delegate to the Service Lead - Infrastructure, Planning and Development to amend the recommendation from the original Planning and Rights of Way Panel Report (13.3.18) as appended, in relation to recommendation (ii) the Affordable Housing Head of Term, to waive the provision, based on the recommendation of the DVS viability appraisal report, subject to the inclusion within the Section 106 Agreement of the relevant economic viability wording and review clauses</b>
-------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<b>Community Infrastructure Levy Liable</b>	<b>Yes</b>
---------------------------------------------	------------

<b>Appendix attached</b>	
1	Original Planning and Rights of Way Panel Report (13 <sup>th</sup> March 2018)
2	13 March 2018 – Panel Minutes
3	DVS Viability Appraisal Report (14.9.18)

## **1.0 Recommendation in Full**

Delegate to the Service Lead – Infrastructure, Planning and Development to conditionally approve in line with the recommendation supported by the Planning Panel in March 2018 including a variation in relation to (ii) (Affordable Housing), to waive the Affordable Housing provision, on viability grounds, and introduce the relevant viability wording and review mechanism clauses, which will require the development to come forward in the short term and complete within a defined timeframe from the date of the DVS Viability Appraisal Report.

## **2.0 Proposal & Background**

- 2.1 Further to the previous Panel Report taken to the 13<sup>th</sup> March 2018 Planning & Rights of Way Panel, where the resolution was to approve the scheme with a positive Affordable Housing requirement or the submission of an independently assessed viability appraisal, the applicant has now confirmed that nil affordable housing is viable from this scheme
- 2.2 Subsequent to the previous Planning & Rights of Way Panel recommendation a viability assessment has been submitted and has been the subject of an independent appraisal by the District Valuers (DVS), whose appraisal report is attached at Appendix 3, which has found the proposed development to have viability issues to the point that the scheme cannot support an Affordable Housing provision even on a reduced basis.
- 2.3 A variation is therefore sought, to the original Planning & Rights of Way Panel resolution from the 13<sup>th</sup> March 2018, to waive the Affordable Housing provision subject to the inclusion of the council's standard viability review and completion clauses, to ensure that if the development does not come forward for development in the short term, the council has the ability to review the viability position at a fixed point in the future.

## **3.0 Relevant Planning Policy**

- 3.1 The planning application returns to the Planning Panel for further scrutiny as planning permission has not yet been granted. The Panel are free to consider the scheme afresh and apply the development plan and associated issues as set out in the main report from March 2018. The Panel will, however, note that the Development Plan for Southampton currently allows viability to be taken into account as set out within the "saved" policies of the City of Southampton Local Plan Review (as amended 2015), the City of Southampton Core Strategy (as amended 2015) at Policy CS15 – Affordable Housing. This policy confirms that a scheme's viability is a material consideration and where an independent assessment confirms that a scheme is struggling with its delivery, it may still be policy compliant despite a shortfall to the 35% Affordable Housing requirement.

## **4.0 Relevant Planning History**

- 4.1 The Planning and Rights of Way Panel resolved to grant this scheme on the 13<sup>th</sup> March 2018, but at that time the report was silent on the scheme's overall viability and a decision was made on the assumption of 35% affordable housing. Since that decision the scheme's viability has been questioned and the applicants have amended their scheme and provided their open book appraisal.

## **5.0 Planning Consideration Key Issues**

- 5.1 Whilst the key issues as set out in the attached report remain valid, and open for debate, the key issue now for consideration is whether or not the Planning & Rights of Way Panel are willing to vary the terms of the original Planning & Rights of Way

Panel resolution by way of waiving the provision of the Affordable Housing obligation, based on the recommendation of the DVS viability appraisal report on viability grounds, with the aim of encouraging the development proposal to be built out in the short term, whilst still providing the proposed development with planning consent

5.2 The DVS assessment concludes that:

*'Our appraisal shows that the proposed scheme will achieve a profit level of approximately 8.4% on GDV which, in the current economic climate, would mean that debt finance may not be able to be secured and brings into question the deliverability of the proposed scheme. It should be noted that the applicant anticipates a profit level of just 7% on GDV.*

*In order for the scheme to be deliverable we consider that a minimum profit level of 15% on GDV should be achieved which, in this case would mean increasing the anticipated revenue by at least an additional £400,000. From our research on sales evidence, there are no recent sales and nothing currently on the market which would suggest this is achievable at the present time.'*

5.3 Officers consider that the benefits of redeveloping the site in this manner and the need to comply with the policy constraints outweigh the requirement for affordable housing in this case. If the proposal is rejected the proposed scheme may not be implemented in the short term and a revised planning proposal may be required. That said, the Panel may attach greater weight to the need for affordable housing in this part of the City but in doing so – and thereby rejecting this application – the Council would then need to defend an appeal where an independent Inspector is likely to attach significant weight to the DVS report (also independent)

5.4 Officers recommend that the scheme should again be supported for the reasons set out in the attached report as updated by the DVS conclusions.

## **6.0 Conclusion**

6.1 As such, the proposal is recommended for approval subject to securing the matters set out in the recommendations section of this report and the report set out at Appendix 3.