



Haringey Council

Agenda item:

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Planning Committee

12 April 2010

Report Title: 700-702 High Road (and land to rear with frontage onto Argyle Passage and Bromley Road), N17 0AE

Report of: Niall Bolger Director of Urban Environment

Wards(s) affected: Northumberland Park | **Report for: Planning Committee**

Purpose: To advise and obtain Members agreement to an amendment to the proposed Section 106 Agreement associated with planning application HGY/2009/1122 for the demolition of existing buildings behind retained façades and erection of a 1 x four storey building comprising 6 x two bed, 3 x three bed flats and 1 retail/ commercial unit; erection of a 1 x three storey building comprising 3 x three bed flats; the erection of 4 two storey houses (comprising 2 x three bed and 2 x four bed) to front onto Argyle Passage and Bromley Road; provision of 2 disabled parking spaces and associated landscaping.

Summary: In order to help with the viability of the scheme to enable it to be built it is necessary to reduce the costs of implementation. It is considered necessary to reduce the cost burden of the Section 106 Agreement upon the scheme. It has therefore been decided to recommend that the Education costs previously agreed by the Planning Committee be omitted. This will help to improve the viability of the scheme in the current economic climate and will enable the development to take place. This will have the benefit of regenerating the site improving the appearance of the locality.

Recommendations: That the Committee note and agree the changes to the proposed Section 106 agreement to omit the need to pay the previously agreed Education Contribution of £70,000.

Report Authorised by: *Paul Smith*

MP **Marc Dorfman**
Assistant Director Planning Policy & Development

Contact Officer: Matthew Gunning
Development Management Team Leader North Tel: 020 8489 5290

1. Local Government (Access to Information) Act 1985

The Development Management Support Team can give further advice and can be contacted on 020 8489 5508, 9.00am – 5.00pm, Monday – Friday.

REPORT

Planning Ref: HGY/2009/1122

- 1.1 An application (reference HGY/2009/1122) for the redevelopment of this site to provide a total of 16 residential units and one retail/ commercial unit (105sqm) was considered by the Planning Committee on 9th November 2009 and Members resolved to grant planning permission subject to a Section 106 agreement, which comprised of the following:
- Education £70,000 - associated with the provision of facilities and services arising from additional demand generated for school places;
 - Highways Contribution £30,000 – a contribution towards improvement to footways along Tottenham High Road;
 - Affordable housing – requiring not less than 50% of the identified residential units be provided as affordable housing and retained in perpetuity as intermediate housing and social housing;
 - A recovery cost / administration / monitoring of £5,000.00;
 - Total - £105,000.00 with the average cost per unit equating to £6,563 per unit (£1,329 per bed space).
- 1.2 The scheme was and continues to be 100% affordable housing comprising social rent (44 %) and Intermediate (56 %).
- 1.3 Since the decision to resolve to grant planning permission subject to the signing of a Section 106 agreement, the applicant's have submitted a 'GLA/Three Dragons Appraisal' which assesses the viability of the scheme based on Residual Value Analysis.
- 1.4 The use of the Development Control Toolkit developed by Three Dragons is recommended in paragraph 3.52 of the London Plan (Consolidated with Alterations since 2004) and paragraph 18.13 of the London Plan Housing SPG. The London Plan states that Boroughs should take account of the individual circumstances of the site, the part of the borough in which the site lies, the availability of public subsidy and other scheme requirements. The London Plan Housing SPD states that viability appraisals can be used to justify planning applications "to ensure that Section 106 requirements do not make a scheme unviable".
- 1.5 Under most circumstances, a planning permission for residential use, even with an element of affordable housing will raise the site value beyond its existing use. In negotiating contributions account of the differing circumstances by which land is brought forward for residential development and site specific costs need to taken into account.

- 1.6 In understanding whether development is viable it is important to distinguish between 'scheme viability', and 'site viability'. A scheme may 'stack up' for residential or mixed use development but if the value generated by that scheme does not exceed the value of the site in its current use, then the site is very unlikely to come forward for development.
- 1.7 In this case the existing use value (EUV) of the site is the benchmark from which viability is being measured. The existing use value (£800,000) has been calculated by taking the value of the buildings that previously occupied the site, minus the construction costs to rebuild them. The site is now entirely vacant and derelict as a result of a fire which happened over two years ago. The results of the 3 Dragons Toolkit viability appraisal demonstrates that the scheme for 100 per cent affordable housing would generate a residual value of £610,000. This results in a shortfall of £190,000, when compared with the existing use value.
- 1.8 The toolkit has 'benchmark' values which vary by house type and by borough. These default values are based on estimates of appropriate borough averages for October 2008. The built costs are - Houses @ £1,104 per square metre, Flats @ £1,796 pre square metre. The appraisal also includes some exceptional costs; namely the cost incurred to meet Code 3 or above and contamination clean up costs. Officers would argue that the cost (£52,723.00) to meet Code 3 is contained within the default built costs. The contamination/ clean up costs are reasonable given the site's history and the fact that a part of the site is contaminated and given the presence of below ground petrol tanks on site. A fairly standard 17% developer's profit has been applied.
- 1.9 The applicant's argue that the provision of larger units to meet HCA standards, to support 100% affordable housing schemes, results in significantly greater built costs per unit than market housing. Their appraisal is based on HCA grant funding at £29,000 per person on social rent accommodation and £15,000 per person on intermediated accommodation. In this case the overall grant funding appears to be slightly higher than that which may be finally provided.
- 2.0 It is considered that because the residual value does not exceed alternative site values, this development is unlikely to take place. It is considered that a previous scheme for this site (LPA Ref: HGY/2008/0959) did not progress because of similar difficulties in negotiating planning obligations/ Section 106. It is considered to point out that the development of this site is needed because of the condition of the site and the need for regeneration in the area. The site falls within the 'Tottenham High Road Regeneration Corridor'.
- 2.1 It is considered that in order to help with the viability of the scheme to enable it to be built it is necessary to reduce the costs of implementation. One way of doing this is to reduce the cost burden of the Section 106 Agreement upon the scheme. It has therefore been decided to recommend that the Education costs previously agreed by the Planning Committee be omitted. This will help to improve the viability of the scheme in the current economic climate and will

enable the development to take place. This will have the benefit of regenerating the site improving the appearance of the locality. It is considered that the economic climate will not improve significantly in the short to medium term.

2.2 In the circumstances the Committee is requested to resolve to agree to vary the proposed Section 106 Agreement as follows: (1) That planning permission be granted in accordance with planning application no. HGY/2009/1122 subject to a pre-condition that the owners of the application site shall first have entered into an Agreement or Agreements with the Council under Section 106 of the Town & Country Planning Act 1990 (As Amended) and Section 16 of the Greater London Council (General Powers) Act 1974 in order to secure:

- A contribution of £30,000.00 sought towards improvement to footways along Tottenham High Road;
- Not less than 50% of the identified residential units shall be provided as affordable housing and retained in perpetuity as intermediate housing and social housing;
- Plus a recovery costs / administration / monitoring of £5,000.00. This gives a total amount for the contribution of £35,000.00.

That following completion of the Agreement referred to in above, planning permission be granted in accordance with the relevant drawings and the conditions/ informatives contained within the Officer's report and considered by the Planning Committee on 9th Novemebr 2009 and the additional condntions/ informatives imposed by the Committee arising from the decsion to resolve to approve this application.