

Argyll and Bute Council
Development and Infrastructure Services

Delegated or Committee Planning Application Report and Report of handling as required by Schedule 2 of the Town and Country Planning (Development Management Procedure) (Scotland) Regulations 2008 relative to applications for Planning Permission or Planning Permission in Principle

Reference No: 09/00786/OUT

Planning Hierarchy: Major

Applicant: Allan Campbell

Proposal: Erection of 37 residential units, upgrade of existing access road, creation of open space and restoration of burial ground

Site Address: Middle Innens, Tighnabruaich

SUPPLEMENTARY REPORT NO.2

1.0 INTRODUCTION

- 1.1 The purpose of this report is to advise Members of a proposed change of the terms of the section 75 legal agreement associated with the above proposal.
- 1.2 Members will recall that following a discretionary local hearing on 10 August 2010, that the Committee resolved to grant permission subject to the prior conclusion of a section 75 agreement with the following Heads of Terms:

A section 75 agreement is required in order to secure the provision of affordable housing on this site. In terms of Policy LP HOU 2, nine affordable houses are required and these shall be required by means of the following options:

Shared Equity - *Provision of on-site affordable residential units by means of a shared equity scheme. Shared equity is where the owner purchases part of the dwelling, with the remaining stake retained by the developer or passed to a Registered Social Landlord (RSL). The following should apply to shared equity houses:*

- *The defined properties marketed to first time buyers, and to be used as their main residence in the first instance.*
- *The shared equity discount on the asking price should reflect the threshold of affordability within the Bute and Cowal area.*
- *The shared equity scheme to be approved by the Council as Planning Authority and should allow purchasers to secure up to a 75%, but no less than 50%, share in the equity of the property, the remaining share being held by the developer, or an approved RSL for a period of not less than 10 years.*
- *Affordability, based on local market conditions.*

Housing for Rent – the rents require to be controlled at a level based at an equivalent rent for an affordable house provided by a Registered Social Landlord in the area. These should be index linked and maintained in perpetuity.

Self Build Plots – Administered through a Rural Home Ownership Grant Scheme (RHOG) administered through Communities Scotland.

Phasing

The development shall be phased so that the first affordable house shall be provided no later than the occupation of the 7th house on site. Thereafter each additional house shall be provided no later than following the completion of every 4th house.

2.0 The Proposed Amended Terms of the Legal Agreement

2.1 The level of affordable housing to be provided, namely 9 units out of 37, is not being contested by the applicant, it is purely the point at which these have to be delivered through the development phase which is problematic in terms of the economics of the development.

2.2 Three main factors are cited as contributing to the exceptional costs which will be associated with developing this particular site. These are:

- § Topography
- § Highway Alignment
- § Buildability and Cost

2.3 **Topography:** The site is steeply sloping, rising by over 45 metres in height from the access point on the A8003. The underlying bedrock is sandstone, mudstone and granite with a shallow top soil.

2.4 **Highway Alignment:** The construction of residential roads will require considerable cuts into the underlying bedrock to reduce gradients. The initial access road will also require deep cuts into rock which could be up to 6.5 metres to achieve a road gradient of no more than 1 in 10.

2.5 **Buildability and Cost:** The implementation of the development would require extensive cuts of underlying bedrock and the removal of sandstone will require the use of heavy duty ripping and breaking plant, although in parts the use of blasting or chemical rock erosion may be required.

2.6 It is argued that the costs of cutting and removing the rock material for the access and development roads alone will be considerable and that the excavation of rock carried a premium of circa £51 per cubic metre over the cost of excavation in soils, compared with £20 per cubic metre for a conventional site where rock cut is not required. In addition, the cost of disposal of excess cut to a tip or other site depends on the distance travelled. Based upon an anticipated distance of 30km, the disposal cost would be circa £34 per cubic metre.

2.7 Hence, the premium uplift against a 'flat site' for the construction of roads would be in excess of £1 million, whilst a worst case scenario would be in excess of £2.4 million where the site level as a whole requires to be reworked to create a more viable development platform.

- 2.8 In addition to the roads infrastructure, the agent has noted a number of further significant costs relating to this particular site. These are:
- Cost of connection to the public sewerage main - £150,000;
 - The restoration of the burial ground - £100,000;
 - The provision of open space and future maintenance of play equipment - £150,000;
 - The provision of swales and SUDS storage capacity - £200,000.
- 2.9 Much of the infrastructure associated with this development has to be delivered up-front, and it has been estimated by the agents that approximately 80% (equating to £2.4 million) would need to be allocated prior to the occupancy of the first dwelling. There are therefore exceptional development costs associated with this site which the agents estimate will equate to approximately £100,000 per unit.
- 2.10 It is on this basis that it is requested that the Heads of Terms of the section 75 be amended so that the affordable housing trigger point is raised from the delivery of the 7th mainstream unit to the delivery of the 15th mainstream unit, at which point 4 affordable units would be delivered. Thereafter it is proposed that the applicant delivers an affordable unit for occupancy no later than after every 3rd mainstream unit completed.

3.0 ASSESSMENT

- 3.1 During the course of discussions with the applicant, various other options for the delivery of affordable housing were explored. Provision of the affordable units on another site in Tighnabruaich did not prove feasible in this case, because there is no land in the locality which the applicant controls, or which has the benefit of planning consent and is deliverable. The alternative of the payment of a commuted sum, which the applicant has indicated he would be willing to consider, has the major disadvantage that it is most unlikely that the money would be spent in Tighnabruaich and the benefit of this planning gain would be likely to be felt elsewhere and would thus not address the need for affordable housing in this area.
- 3.2 Taking account of the above, it is considered that a relaxation in the phasing requirements of the section 75 presents the best option for this site, particularly in ensuring that affordable homes are delivered in Tighnabruaich. Later commencement in the provision of affordable units inevitably raises the prospect of a developer only implementing the first phase of a development and never reaching the trigger point for the affordable units. However, in this case, the scale of the up-front costs are such that it is inconceivable that once development had been commenced that developer would not implement the development in full, as it will be necessary to apportion the abnormal up-front costs across the implementation of the development as a whole, otherwise the development would not be financially viable.
- 3.3 It should be noted that the developer has indicated that the current suggested terms of the agreement are such that the development would not be viable on that basis, and that he would not be prepared to implement the development on the basis of the original terms, purely on the basis of financial considerations.
- 3.4 It is accepted that there are unique challenges associated with the development of the site and it is considered that in the light of the circumstances outlined above, the applicant's request to vary the terms of the agreement, as proposed, is not unreasonable.

4.0 RECOMMENDATION:

- 4.1 It is recommended that Members agree to a change to the phasing aspect of the Heads of Terms of the proposed Section 75 agreement, namely that the affordable housing trigger point is raised from the delivery of the 7th mainstream unit to the delivery of the 15th mainstream unit, at which point 4 affordable units would be delivered. Thereafter, it is proposed that the applicant delivers an affordable unit for occupancy no later than after every 3rd mainstream unit completed.

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