

From: Amanda Scholes on behalf of Planning.Responses
Sent: 04 March 2021 10:33
To: Planning Scanning
Subject: FW: DSP20419M LU/238/20/OUT - Land west of Bridge Road Roundabout, Littlehampton
Attachments: DSP 100% market scheme.pdf; DSP 100% market scheme submitted values.pdf; DSP 8 shared ownership scheme.pdf; DSP 8 shared ownership submitted values.pdf

Amanda Scholes

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From: Raymond Cole <Raymond.Cole@arun.gov.uk>
Sent: 03 March 2021 15:02
To: Planning.Responses <Planning.Responses@arun.gov.uk>
Subject: FW: DSP20419M LU/238/20/OUT - Land west of Bridge Road Roundabout, Littlehampton

1. Please could you upload the following e-mail to the application folder LU/238/20/OUT as a further consultation response from Dixon Searle Partnership?
2. Please could you also remove the confidential status from the previous response uploaded on 5 February 2021? The Council's website states: "Please note the Council will publish developer viability appraisals in full on our website if the application fails to meet the Council's affordable housing policy requirements".

Thank you

Raymond Cole
Principal Planning Officer
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Essential maintenance is being carried out to the planning, building control and local land charges database during the week commencing 12 April 2021.

During this time there will be no public or staff access to any records held within this database, and it will not be possible to carry out any of the following tasks via the Arun website:

- Research planning and building control history
- View any planning applications, plans, agreements, tree preservation orders or competent persons data
- Submit building control applications
- Submit planning application comments
- Report any planning compliance issues

The publicity and consultation period for all planning applications that fall over this week will be extended by a further week to ensure no one is disadvantaged.

All other aspects of planning, building control and local land charges will be limited during this week and you are strongly advised to contact the individual departments before 12 April 2021 for specific restrictions during this time.

From: Emily Hatch [REDACTED]

Sent: 02 March 2021 12:58

To: Raymond Cole <Raymond.Cole@arun.gov.uk>

Cc: helen [REDACTED]; Tallulah Hyde [REDACTED]; Richard Dixon [REDACTED]; Rob [REDACTED]; Nick Molyneux <[REDACTED]> Arjan De Jong <Arjan.DeJong@arun.gov.uk>

Subject: RE: DSP20419M LU/238/20/OUT - Land west of Bridge Road Roundabout, Littlehampton

Dear Raymond

We have now had the opportunity of reviewing S106AH's letter of 26th January, which has been provided in response to DSP's report dated December 2020.

DSP's report noted that a difference of opinion existed in relation to gross development value, ground rents, residential build costs and sales and marketing costs (paragraph 4.1.2, page 20). S106 AH's letter now seeks to address these points.

The 100% market scheme as now presented produces a deficit of -£30,228, equivalent to an actual profit of 14.89%.

We have not been provided with a live working version of the development appraisal and therefore we have used our original trial appraisals, submitted with our December 2020 report, as a base.

Build Costs

S106AH have adopted the BCIS median rate for 'flats – apartments', which is appropriate in our view. However, they note that the proposed Bridge Reach building extends to 8 storeys and therefore the revised appraisal includes the BCIS median rate for 6+ storeys buildings for this proportion of the proposed development. S106AH have therefore applied the 6+ storey build rate to 30% of the units.

S106AH, in their original submission, included an allowance of 7.5% of the base build costs for external works. Consistent with the original submission, S106AH have again applied a 7.5% allowance and the revised appraisals include a build rate of £1,611/m² for the 3-5 storey proposed buildings and a rate of £1,917/m² for Bridge Reach.

DSP have reviewed the latest BCIS rates and the information is included below for reference.

Results

> Assessment of Section 106/107 scheme LU/238/20/OUT

£/m2 study

Description: Rate per m2 gross internal floor area for the building Cost including premium. 

Last updated: 27-Feb-2021 06:41

Maximum age of results: 5 years

Building function Maximum age of properties	Mean	Lowest	Lower quartile	Median	Upper quartile	Highest	Sample
New Build							
81% Flats (apartments)							
Generally (0)	1,801	1,468	1,283	1,497	1,893	2,329	230
1-2 storey (0)	1,670	1,408	1,227	1,368	1,602	2,148	64
3-5 storey (0)	1,867	1,648	1,247	1,388	1,879	2,505	148
6+ storey or above (0)	1,845	1,186	1,085	1,308	1,898	2,345	28

Applying an allowance of 7.5% to the median rates as highlighted above, would produce a build rate of £1,492/m² (compared to the submitted £1,611/m²) for the 3-5 storey buildings and £1,750/m² (compared to the submitted £1,917/m²) for the 6+ storey Bridge Reach. For the purposes of this review, we have undertaken sensitivity testing applying the latest BCIS median rates.

Gross Development Value

S106AH state that DSP have queried whether the proposed values fully reflect a riverside location, however, they also note that the comparable evidence was based on riverside blocks.

DSP did in fact report that overall the assumed values were within the expected range for the riverside setting, however, it is our view that potentially they do not reflect the Design and Access Statement's description of the proposed development as '*a landmark gateway development.*' This continues to be our view.

Furthermore, we note that the revised 100% market scheme appraisal, although stating that S106AH consider the assumed values to be agreed, has reduced the assumed GDV by £794,640 from £35,588,300 to £34,793,660 without explanation. Reinstating the previously assumed GDV would have the impact of producing a surplus rather than the presented deficit (as seen through the development appraisal).

Within our trial appraisal, we have reinstated the previously submitted GDV figure of £35,588,300 but at the same time, continuing to note that the scheme could potentially achieve a premium over and above the existing riverside developments in the locality.

GDV - Ground Rents

S106AH have revised the development appraisal to include a capital contribution from ground rents, at £200pa for the 1-bedroom apartments, £250pa for the 2-bedroom and £300pa for the 3-bedroom apartments. The rents are then capitalised at 5% to produce a capital contribution of £537,600. We do not consider these assumptions to be unreasonable.

GDV – Mooring Income

S106AH state that the applicant considers a rent of £290 per linear metre is achievable for the moorings, capitalised at a yield of 6%. After allowing for the costs (assumed at £695,000), S106AH state that a net contribution of £361,166 is included within the development appraisal. As noted above, we have not been provided with a live working version of the development appraisal and therefore we have been unable to verify the individual assumptions.

In respect of the assumed rental value (£290 per linear metre), we note that no comparable evidence or further detailed information has been submitted in support of this assumption. We note that Littlehampton Marina quotes a figure of £377 per linear metre for a 12 month mooring and the assumed rent could therefore have been understated.

Whilst we have included the submitted values within our trial appraisal, we recommend that the individual assumptions are verified together with appropriate evidence.

Sales and Marketing Costs

It appears, from the pdf version of the development appraisals, that S106AH have adopted DSP's revised assumption for the residential units – 2.5% of GDV and this is welcomed.

CIL

In addition to the areas queried above, DSP also queried why the CIL allowance increased within the policy compliant appraisal when it is expected that it would reduce. The updated 100% market scheme appraisal now includes a CIL of £1,026,482 and as expected, it reduces to £971,882 in the 8AH unit scheme.

ADC should confirm these figures or provide alternatives that can be reflected within the appraisals.

Conclusion

The 100% market scheme as presented now produces a deficit of -£30,228, we are told that the deficit increases to £97,126 when the appraisal includes 6no. 1-bedroom shared ownership apartments and that the deficit increases further still to -£146,482 when the appraisal includes 8no. shared ownership units. S106AH state that when the deficit of -£146,482 is deducted from the target profit, the scheme produces an actual profit of 14.42%. On this basis, the applicant has made an offer of 3no. 1b2p, 3no. 2b3p and 2no. 3b5p apartments for affordable housing.

When making DSP's suggested adjustments to our 100% market scheme appraisal (reinstating the assumed GDV of £35,588,300, reducing the build costs and including a capital contribution of £695,000 for the proposed moorings), the 100% market scheme produces a surplus of £1,495,500 when compared to the submitted BLV of £45,000. When utilising the reduced GDV assumption as now submitted by S106AH (£34,793,660), the scheme continues to produce a surplus of £962,630.

When making the suggested adjustments to our trial 8AH/shared ownership scheme appraisal, the scheme produces a surplus of £1,374,722 when compared to the submitted BLV of £45,000 and when taking into consideration CIL of £971,882 and offsite highways works of £197,000. When utilising the reduced GDV assumption as now submitted by S106AH, the scheme continues to produce a surplus of £841,959.

Overall, in our view, the submission continues to present some uncertainties over the assumptions and we remain unable to agree to a reduced level of affordable housing.

In our view, it is also likely to be a consideration for the Council whether the outline planning stage is an appropriate point at which to review viability given the outstanding details associated with an outline scheme, the potential length of time between an outline permission, detailed stages and an actual start on site and not least the impact on viability a change in the overall housing mix can have.

We have now used the available follow-up time. If the Council requires any further extended input from DSP as a result of additional information submitted by the applicant, then additional fees will need to be agreed please.

Kind regards
Emily

Emily Hatch LLB (Hons) – Consultant
Working days – Monday to Thursday



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From: Raymond Cole <Raymond.Cole@arun.gov.uk>

Sent: 04 February 2021 16:16

To: Emily Hatch [REDACTED]

Cc: helena [REDACTED]; Tallulah Hyde [REDACTED]; Richard Dixon

[REDACTED]; Rob [REDACTED]; Nick Molyneux <[REDACTED]>; Arjan De Jong <Arjan.DeJong@arun.gov.uk>

Subject: RE: DSP20419M LU/238/20/OUT - Land west of Bridge Road Roundabout, Littlehampton

Dear Emily

Please find attached the applicant's response to your review.

In the covering e-mail, the agent included the following comments:

"Simon has reviewed and responded to all of the points by Dixon Searle in the attached pdf. This includes ground rents (despite the likelihood that these will be banned by the govt), income from the moorings, and build costs updated to reflect the taller block (which was previously missed). The consultant used median construction rates, which is conservative, particularly for a landmark scheme, and had already factored for increased values as a result of location.

The revised calculations demonstrate that with a 100% market housing that it just about meets the viability range set out in the PPG. However, the applicant is mindful of local demand and has sought to improve the previous offer, taking a commercial decision/risk on the proposal, and in addition to all of the benefits of the scheme. They have therefore increased the offer to provide 8 affordable units and with a better range of unit sizes (3x 1b, 3x2b, 2x3b) in alignment with Arun policy. This viability includes a s106 contribution of c. £200k and CIL of almost £1m.

We are still in negotiations with WSCC on the s106, we have indicated the value allowed in the viability and the importance not to exceed this as this would negatively impact the viability. There should already be contributions to the roundabout works from Kingly Gate and ideally the contribution should be less to reduce the commercial risk for the developer."

Please could you provide me with an indicative timescale for your review of the additional information?

Many thanks

Raymond Cole
Principal Planning Officer
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From: Emily Hatch [REDACTED]
Sent: 21 December 2020 14:11
To: Raymond Cole <Raymond.Cole@arun.gov.uk>
Cc: helena [REDACTED]; Tallulah Hyde [REDACTED] Richard Dixon [REDACTED]; Rob [REDACTED]; Nick Molyneux [REDACTED]
Subject: RE: DSP20419M LU/238/20/OUT - Land west of Bridge Road Roundabout, Littlehampton

Dear Raymond

Please find attached DSP's review of viability at the above site.

At this stage, there is insufficient evidence for us to agree to a reduced affordable housing quantum. There appears to be a significant gap in the information submitted in relation to the pontoons and leisure moorings. In addition to this, the level of CIL submitted for the policy compliant scheme does not appear to be correct and is having a significant impact on the scheme's viability.

I am on leave now for Christmas until the new year and will be happy to look at any additional information relating to this case when I return. However, depending on the level of additional information produced by the applicant and the time it will take to review, we may need to consider whether our inclusive 4 hour allowance will cover any additional time required.

Kind regards
Emily

Emily Hatch LLB (Hons) – Consultant
Working days – Monday to Thursday



🌟 🌟 We wish you all the best for the festive season. Our offices will close at 5.30pm on Tuesday 22nd December 2020 and we will be returning on Monday 4th January 2021. 🌟 🌟

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