Derby City Council

PLANNING CONTROL COMMITTEE
13 MARCH 2014

ITEM6

Report of the Strategic Director of Neighbourhoods

Special Item - DER/04/10/00433: Tanglewood Mill, Coke Street, Derby

SUMMARY

1 Tanglewood Mill is a site on Coke Street Derby. Planning permission is sought to convert the building into 22 apartments and five workstations. The developer has requested that planning obligations are waived due to the viability of the development in the current economic climate.To enable the development of this brownfield site to proceed, it is proposed that contributions are waived up front but that the developer will enter into an agreement with the Council to pay contributions at the end of the construction phase should this be shown to be viable.

RECOMMENDATION

2 To note the report and the intention to waive planning obligations on the above development unless economic conditions improve.

REASONS FOR RECOMMENDATION

3 To ensure that the development of the site is economically viable and to encourage the delivery of housing on a suitable and available brownfield site.

SUPPORTING INFORMATION

4.1 This report concerns a planning application for the conversion of Tanglewood Mill on Coke Street intotwenty two apartments and five workstations. Planning permission was originally granted in April 2007 however the scheme was not commenced. As a result the owner applied for permission for an extension of the time limit for implementation by a further three years in April 2010.

4.2 Progress stalled on the negotiations to complete the Section 106 Agreement, prior to the determination of the application as worsening economic conditions raised uncertainty over the viability of the development. These concerns were compounded by the adoption of the Council's Planning Obligations Supplementary Planning Document requiring a contribution for affordable housing which was not applicable in 2007.

4.3 The current contributions due from the site are:

Incidental open space	£12,900
Public realm	£1,668
Highways	£10,670
Affordable housing	£62,400
Monitoring	£1,112
Total	**£88,750**

4.4 The waiving of planning obligations is only considered where there is a sound and reasonable justification for doing so. In 2013 negotiations re-started at which time an independent assessment of viability was sought from the District Valuer. This assessment confirmed that in the current economic conditions none of the contributions could be paid during the life of the development.

4.5 Following further negotiation, the developer has now offered to enter into an overage agreement with the Council. This means that although none of the contributions will be payable up front (except for the monitoring sum) they will agree to have a further independently tested viability appraisal at the end of construction. If economic conditions have sufficiently improved, contributions will then be payable. It is estimated that the development will take around two years to complete.

4.6 The developer will perform the assessment on 90% completion of the development or two years from commencement whichever is earliest. If the assessment shows the development has made over 20% profit (which is the level of viabilityrecommended by the District Valuer for this type of scheme), any further profit will be split 50/50 between the developer and the Council. The maximum sum due to the Council will be the total sum of the contributions that should have been paid less any sums paid (i.e. a maximum of £87,638).

4.7 This approach will enable the development of a brownfield site which would otherwise continue to be underused. The development would also contribute to meeting the Council's objectively assessed housing needs and the five year supply of deliverable sites. The Government has indicated its commitment to housing delivery by stating in paragraph 173 of the National Planning Policy Framework that authorities should take into account the need to provide competitive returns to a willing landowner and developer when assessing the viability of infrastructure requirements. It also recently introduced the Growth and Infrastructure Act whichgives developers the right to apply to the Council to re-negotiate affordable housing.

OTHER OPTIONS CONSIDERED

5. The Council could choose not to negotiate with the developer and continue to impose the full requirements of the Planning Obligations Supplementary Planning Document. This would lead to the site being unviable to build and remaining undeveloped.

This report has been approved by the following officers:

Legal officer	Stephen Teasdale
Financial officer	
Human Resources officer	
Service Director(s)	Paul Clarke
Other(s)	

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Background papers:	None
List of appendices:	Appendix 1 – Implications

Appendix 1

IMPLICATIONS

Financial and Value for Money

1. If the viability of the site improves financial contributions may become payable

Legal

2. A Section 106 agreement will need to be drafted to enable planning permission to be issued

Personnel

3. None

Equalities Impact

4. None

Health and Safety

5. None

Environmental Sustainability

6. None

Asset Management

7. If any money is payable it could be used for schemes which would increase the Council's assets for example part funding the delivery of an affordable housing programme

Risk Management

8. None

Corporate objectives and priorities for change

9.