

**DEVELOPMENT CONTROL COMMITTEE
THE GUILDHALL, ABINGDON
WEDNESDAY, 26TH JULY, 2006 at 6.30 PM.**

SUPPLEMENTARY PAPERS

Open to the Public including the Press

7. **HAR/17774-X and HAR/17774/1-X - Mixed use urban extension of approximately 3200 dwellings, together with open space, leisure, community, local shops, services and utility infrastructure - Land west of Didcot (Great Western Park)**

(Wards Affected: Harwell)

(Pages 2 - 9)

Attachments

Addendum to Committee Report, including added Appendix 8.

A colour copy of the Development Framework Drawing from the Masterplan.

**Addendum to Committee Report
Great Western Park, Didcot
Application Nos. HAR/17774-X and HAR/17774/1-X**

- Para 1.7 At end of Para 1.7 add:
“8. Background to S106 Heads of Terms – Affordable Housing”
- Para 2.1 Replace “144 acres” with “444 acres”.
- Para 2.5 After 2.5 add Para 2.6:
“Approximately 153 hectares of the site is classified Grade 2 and Grade 3a agricultural land. Land to the north-west of the site lies in Flood Zone 3.”
- Para 3.7 Replace “adopted January 2005” with “adopted January 2006”.
- Para 5.4(i) Add fourth bullet point:
 - “Detailed drawings of the principal access points into the site.”
- Para 5.5 Amend the housing numbers in the table:
- | Parish | Approximate numbers (3,300) |
|----------------|------------------------------------|
| Didcot | 1,500 |
| Harwell | 700 |
| West Hagbourne | 1,100 |
| East Hagbourne | 0 |
- Para 5.6 After “independent advice on the viability of the development was sought” add:
“Appendix 8 explains the background to this in more detail”.
- Para 6.2 After last sentence add:
“The consultation period will end on 21 August 2006”.
- Para 8.19 Amend “340” to “348” in the third line from the bottom.

Conditions In Condition 46 replace “No development shall commence” with: “No new dwellings shall be occupied”.

Conditions Add Condition relating to the amended submission.

Add Appendix 8 – attached.

Background to S106 Heads of Terms – Affordable Housing

1. The applicants claimed that that the provision of 40% affordable housing with 75% to be social rented would render the development unviable. As a consequence, an impasse was reached over the viability of affordable housing provision. With the support of ATLAS (Advisory Team for Large Applications), independent advice on viability was sought.

2. Knight Frank was jointly appointed by the Councils and the applicants under the auspices of ATLAS. Knight Frank was asked to carry out an assessment to help identify the proportion and mix of affordable housing that could be provided. This was to include a comprehensive review of the anticipated construction costs, current housing values, projected developer’s return, and an assessment of the reasonableness of all costs, including land costs and developer’s profit.

3. Knight Frank concluded that the land costs and developer’s profit were reasonable. On affordable housing, Knight Frank advised that the policy scenario of 40% affordable housing with 75% social rented would result in a deficit of over £113 million. If no affordable housing was sought, the scheme would be £13 million in credit. The policy position of providing 40% affordable housing with 75% social rented, therefore, would cost £126 million.

4. Knight Frank suggested a variety of means to improve the viability of the development, and these included:

Table 1: Changes to reduce residual Net Present Value

From policy scenario	Effect on net present value
a. Increase in dwellings 3,200 to 3,300	+ £5.4m
b. Change mix of small units from 50% to 30%	+ £6.7m
c. Decrease construction costs by 10%	+ £18.7m
d. Reduce S106 costs by 10%	+ £4.6m

Knight Frank also advised on various scenarios which showed the cost of providing affordable housing and, in broad terms, these are set out in Table 2.

Table 2: Cost of Affordable Housing

Provision of affordable housing	Balance	Effect on net present value
No affordable housing	+ £13 million	
Quantum affordable housing 40% with 75 social rented / 25 shared equity	- £113 million	
Quantum affordable housing 30% with 50 social rented / 50 shared equity	- £63 million	£63 million
Quantum affordable housing 30% with 25 social rented / 75 shared equity	- £45 million	£81 million
Quantum affordable housing 25% with 25 social rented / 75 shared equity	- £35 million	£91 million

4. To work towards a scheme that was anywhere near viable it was clear that a concession had to be made in respect of the policy position relating to affordable housing. Suggestions were made to the applicants about how they might improve viability – e.g. reduce the allowance for contingency and re-examine costs. Both Officers and the applicants offered concessions and eventually a package was agreed which includes the following:

(i) Quantum of 30 % affordable housing of which 27% is social rented with a cascade agreement to maximise grant and achieve a maximum of 75% social rented. In the absence of grant funding, the balance will be made up of shared ownership housing having an average equity stake of 50%.

(ii) The market mix to be 30% 1 & 2 bedroom, 35% 3 bedroom, 35% 4 bedroom or more.

(iii) A further 100 dwellings can be accommodated on land within the application site, on land released by the third primary school site no longer required, and/or on land within the district or neighbourhood centres. The additional 100 dwellings will be developed at average net density of 40 dwellings per hectare, and will include affordable housing provision as (i) above.

(v) The S106 contributions will be fixed in respect of 3,300 dwellings. The development will be capped at 3,300 houses in the S106 and by condition.

(vi) In addition to works being directly carried out by the applicants costing £12.6 million, the S106 package will include contributions of £46.5 million comprising:

Open Space & Recreation	£7,276,200
Facilities	£ 932,000
Education	£28,544,100
Civic	£1,656,800
Transport	£7,448,300
Other	£648,800
Total	£46,506,200

(vii) Within the above categories the Local Authorities have the flexibility to decide priorities. The applicants, however, wish to be party to any such decision with priorities being fixed prior to the S106 agreement being signed.

(viii) Land for the secondary school not required by this development will be sold to OCC at agricultural land value. Land and fully serviced sites will be handed over to OCC at no charge for the schools required by this development.

(ix) The applicants have agreed to reduce their construction and contingency costs.

5. This package was agreed on 28 June 2006. Draft Heads of Terms have been prepared for the Councils by Berwin Leighton Paisner and are appended to the Committee report. These include the above contributions and the requirement for the applicants to carry out those works which they have agreed to carry out directly. These are off-site highway works and on-site facilities and infrastructure, and are estimated to cost £12.6 million. These items are listed in section 5 of the main report (paragraph 5.7). The Draft Heads of Terms also include details of when payments will be made, the bonding of major financial contributions, indexations to bring payment levels up to date, and payment of S106 costs.

6. The priority has been to mitigate the impact of the development through the S106 and direct provision costs. This complies with the advice in Circular 06/98, "Planning and Affordable Housing", and Circular 05/2005, "Planning Obligations". Paragraph 10 of Circular 06/98 says that the economics of providing affordable housing needs to be taken into account and that it is important to consider:

"Whether there will be particular costs associated with development, and whether the provision of affordable housing would prejudice the realisation of other planning objectives that need to be given priority in development of the site."

As a result, it is the provision of affordable housing which has had to be reduced from the policy position to ensure the development's viability. Nevertheless, the

S106 will include a requirement for the applicants to seek to maximise Social Housing Grant to increase the proportion of social rented housing provision.

7. The S106 package for the elements other than affordable housing has a value of about £60 million (i.e. £18,182 per dwelling), and the secured affordable housing provision also has a value of about £60 million. This negotiated position is considered to be reasonable as it ensures the development mitigates its own impact, and it maximises the level of affordable housing provision whilst ensuring the development is viable in accordance with the independent advice provided by Knight Frank.

