

APPLICANT'S LETTER

Former Bernard Hastie Site, Morfa Road, Swansea. 2008/1615

I refer to the above and to the Area 1 planning committee meeting on 27th May when the committee resolved to refer the application to main planning committee which I understand meets on June 19th. Members of the Area 1 Planning Committee and other councillors who were present but were not members of the committee appeared to be concerned that the scheme was not providing the same S106 package as that agreed in the resolution to grant consent for development in March 2010.

I address the following below:

- The resolution of the March 2010 planning committee.
- Affordable housing policy.
- Changes to the scheme since March 2010.
- Viability.

(a) The resolution of the March 2010 Planning Committee.

Throughout the meeting on May 27th reference was made to the resolution of the March 2010 Planning Committee and in particular to the sums agreed in respect of the highways contribution and in the view of some members of committee and other councillors an agreement to provide 15% affordable housing. The committee report and resolution makes no reference to 15% affordable housing being agreed, indeed, throughout the 2010 committee report the officer stresses that any affordable housing provision would be subject to viability testing. The 15% affordable housing contribution was requested by the Head of Housing but the planning officer is clear in the report that:

'However, the developer indicates that the cost of providing affordable housing on the site would be prohibitive having regard to the additional abnormal costs and as such it would be unviable for the developer to incur additional cost. As indicated above, Policy HC3 of the UDP indicates that in areas where a demonstrable lack of affordable housing exists, the council will seek to negotiate the inclusion of an appropriate element of affordable housing on sites which are suitable in locational/accessibility terms and where this is not ruled out by exceptional development costs. This would need to be negotiated therefore as part of the overall Section 106 contribution requirements, acknowledging that the construction of the road is the highest priority'

In his conclusion, the officer further states in respect of the S106 that:

'It is acknowledged that scheme viability will be material to the details of the Section 106,, and the applicant has supplied some financial information in that respect. This will need to be given more detailed consideration in the final drafting of the Section 106 with priority being afforded to the construction of the highway and investigation of the archaeological resource within the site.'

On this basis the committee resolved to grant consent in full knowledge that the construction of the road and the investigation into the archaeological resource on site would take priority over all other matters.

The committee were fully appraised that affordable housing may not be viable on this site and S106 negotiations would be centred around the viability of the scheme.

(b) Affordable Housing Policy

As indicated above and in the officer's report to the March 2010 and May 2014 committees, the relevant policy is HC 3 of the adopted City of Swansea UDP. This policy states that in areas of demonstrable lack of affordable housing, the council will seek to negotiate the inclusion of an appropriate element of affordable housing on sites which are suitable in locational/accessibility terms and where this is not ruled out by exceptional development costs.

There was a strong suggestion by councillors that not including affordable housing on site was a departure from the development plan and contrary to policy. The policy clearly allows for no affordable housing to be provided where it is ruled out by exceptional development costs.

In this case, those costs have been demonstrated to the Estates Department and a viability assessment undertaken.

(c) Changes to the scheme since 2010 resolution

The debate at committee focused on the S106 agreement and changes to the heads of terms of that agreement. One of the other reasons for the application being reported to committee was the change to the scheme itself.

The original scheme proposed 52 houses (3 storey) and 84 apartments (5 storey) a total of 136 residential units on the site in 11,919 sq.m (128,304 sq.ft) of residential floorspace. Due to changes in the market as a result of restrictions on lending, the current scheme involves a considerable reduction in the numbers of apartments as well as less reliance on three storey houses. The current proposal involves 66 houses (2 and 3 storey) and 26 apartments a total of 92 units in 6,872 sq.m (74,299 sq.ft). The proposal before the council now therefore results in 68% of the original number of units proposed and 58% of the original floorspace proposed. This in turn has affected the revenue that can be generated from the development. It is for this reason the road contribution has been reduced to £480,000 from £543,000 originally proposed in 2010. The revised figure was agreed specifically with the Head of Highways for Swansea in August 2013.

It is not the case that the applicant has reneged on any other aspects of the S106 rather these have / will be delivered through a different mechanism.

In the case of the £15,000 towards improvements to the underpass, this was required prior to the plans for the new Network Rail Depot at Morfa Sidings. This later proposal involves the construction of a pedestrian footbridge across the railway. The applicants have acted in good faith and provided land to accommodate the 'landing' of the pedestrian bridge thus enabling an alternative pedestrian link across the railway and allowing the necessary infrastructure required for the new depot to proceed. This has been undertaken in lieu of the £15,000 and the presence of the footbridge negates the requirement for improvements deemed necessary at that time.

In the case of archaeology, since the clearance of the site, it has been possible to undertake intrusive archaeological works. An interim report has been provided and any further work necessary will be dealt with through conditions.

(d) Viability

In line with the previous committee resolution, and following the redesign of the scheme, further viability assessments have been undertaken. The council has adopted the 3 Dragons Model as its preferred method of assessing schemes for affordable housing. The assessment demonstrates that the scheme will result in a lower level of profit than that considered reasonable in the context of the model due largely to the abnormal costs associated with developing the site including the contribution of £480,000 towards the road. The landowners are themselves taking a significant loss on the site (£1.75m) in order for this development to proceed. It is therefore not the case that the applicant and the housebuilder are making significant profit at the expense of the council.

The viability appraisal has been considered by your estates department and the contents are not disputed.

(e) Conclusion

In light of the above, it can be seen that the negotiations that have taken place since the 2010 resolution are entirely in accordance with that resolution and that the recommendation before committee has had regard to the following:

- The priority to be afforded to the Morfa Distributor Road
- The works that have been undertaken on site in respect of archaeology mean that the development can proceed with archaeology being dealt with as a condition rather than a S106;
- That the applicant has facilitated improved pedestrian facilities across the railway through the enabling of the new pedestrian bridge thus negating the need for a contribution to pedestrian facilities in the vicinity of the railway;
- That the negotiation of the S106 has been focused around the viability of the scheme and an up to date viability assessment in line with the council's preferred method (3Dragons Model) has been provided which demonstrates that if priority is to continue to be afforded to the Morfa Distributor Road then it is not viable to provide affordable housing as part of this development which is significantly reduced in unit numbers and floorspace due to market conditions.

As you are aware without the site coming forward for viable development there will be no funding or land for the road and with no road there will be no development or wider regeneration of this area. The development itself, fully accords with policy at all levels. In addition this will provide much needed housing.

I will be grateful if this letter could be brought to the attention of members in order that they can assess for themselves the merits of this application having considered all of the facts.