

**APPLICANT'S LETTER**

**Former Bernard Hastie and Company, Morfa Road, Swansea. Ref 2008/1615**

I refer to the above application which has been previously considered by your council on a number of occasions – most recently in June 19<sup>th</sup> 2014 when a revised layout (and unit numbers) and revised terms of the S106 agreement (to those agreed in 2010) were the subject of a resolution for approval.

As you are aware the S106 agreement has not been signed. This is due in part to the ongoing assessment of a scope of archaeological work required prior to commencement of development which has been the subject of discussion with GGAT. In addition, the abnormal costs associated with the development of the site have now been the subject of contractual tenders which have increased the cost of development against the estimates available in May. Together these have significantly increased the overall cost of development. This is set against a background where there is already a predicted loss of £1.7m to the landowner and a below industry standard profit (15%) to the housebuilder. These facts are not disputed by your estates department who have assessed the previous viability appraisals.

As a result of these significantly increased costs my clients are therefore seeking to amend the terms of the S106 further.

The changes to costs are as follows:

- **Archaeological works.**

The applicant has employed SLR as their professional advisor ref archaeological scope. SLR had recommended a scope of works and these had been verbally agreed with GGAT. However, following further discussion with GGAT it is clear that GGAT require significantly more extensive intrusive (work pre commencement) than previously recommended and costed by SLR. The scope involves an increased scale of intrusive work from an originally proposed trench of 50 x 10 m to an area of 70 x 70 m . This is tenfold the area originally costed with commensurate increases in cost from £25,000 originally estimated to £250,000. You should be aware that this is only the initial investigation. If archaeological remains of interest are found at a depth of up to 2 m then further work may be required up to a depth of 10m. I understand that you and others from your council have met with GGAT independently of the applicant and their advisors and that the requirement by GGAT for the wider scope of works compared to that envisaged in by SLR in May has been confirmed.

My clients have to date spent £22,000 in seeking to agree a scope of works with GGAT. For clarity this is not included in the abnormal development costs.

My clients are in the process of seeking additional cost estimates for the intrusive archaeological work in order that comparable tenders are available. Any savings that are achieved would not be passed on to the landowner or developer but would be ring fenced for the construction of the road (see later).

- **Abnormal Site Development Costs**

The developer has now received tenders for the site preparation costs. These have resulted in an increase in abnormal development costs from £1.375M to £1.617 (excluding archaeology).

These figures have been informed by additional site investigation work post demolition and the removal of tarmac and hard standings from the site. This has confirmed that radon previously detected on site was not as a result of the tarmac and that increased remediation, capping and radon protection measures would be required. In addition, Welsh Waters quote for foul pump station and rising main was also increased.

These figures both include a contribution of £480,000 to the construction of the Morfa Distributor Road.

I attach a summary of the cost changes (including archaeology) for your information.

As you are aware the original (2010) resolution to grant consent for this development 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.'*

This detailed consideration of costs has continued, but it is clear that the investigation into the archaeological resource - should the scope of works required by GGAT prevail, will significantly reduce the ability of the developer to financially contribute towards the Morfa Distributor Road.

My clients are therefore seeking to amend the S106 as follows:

- That the financial contribution to the road required by the June resolution be removed.
- That a sum of £250,000 be made available for intrusive archaeological investigation on the site in line with agreed tenders and scope to be agreed with GGAT and your council.
- That any savings arising from that intrusive archaeological investigation be made available to the Council for the Morfa Distributor Road and that the applicants be required to submit to the council tenders for the archaeological works and subsequent payments for this work in order that any balance is readily identified.

You should be aware that the archaeological investigation will be completed before the commencement of residential development on the site and therefore any savings from the work will be identified and available on commencement of the residential development.

The dedication of land for the road will take place immediately following and in parallel with the signing of a S106 agreement in the revised terms set out above.

I attach a newly worked appraisal (using 3 Dragons Model). This is a direct comparable to that previously submitted to you. This shows that without these changes, the loss to the landowner would increase from £1.75 M to £2.2M.

My clients are disappointed to have to once again request that this be returned to committee. It is appreciated that you and other officers have sought to confirm GGAT's requirements through an independent meeting. I will keep you informed of any changes to the position – in particular to any further tenders received regarding the initial intrusive scope of works in order that you have an up to date position for committee on December 4<sup>th</sup>.