



WORTHING BOROUGH COUNCIL

3 October 2023

Worthing Planning Committee	
Date:	11 October 2023
Time:	6.30 pm
Venue:	Gordon Room, Worthing Town Hall

Committee Membership: Councillors Andy Whight (Chair), Ödül Bozkurt (Vice-Chair), Helen Abrahams, Noel Atkins, Russ Cochran, Dan Coxhill, Samuel Theodoridi and Rosey Whorlow

NOTE:

Anyone wishing to speak at this meeting on a planning application before the Committee should register by telephone (01903 221006) or e-mail democratic.services@adur-worthing.gov.uk before **midday on Tuesday 10 October 2023**.

Agenda

Part A

7. **Planning Applications** (Pages 3 - 6)

To consider the reports by the Director for Place, attached as Item 7.

Recording of this meeting

Please note that this meeting is being audio live streamed and a recording of the meeting will be available on the Council's website. This meeting will remain on our website for one year and will be deleted after that period. The Council will not be recording any discussions in Part B of the agenda (where the press and public have been excluded).

For Democratic Services enquiries relating to this meeting please contact:	For Legal Services enquiries relating to this meeting please contact:
Katy McMullan Democratic Services Officer 01903 221006 katy.mcmullan@adur-worthing.gov.uk	Caroline Perry Senior Lawyer & Deputy Monitoring Officer 01903 221081 Caroline.perry@adur-worthing.gov.uk

Duration of the Meeting: Three hours after the commencement of the meeting the Chairperson will adjourn the meeting to consider if it wishes to continue. A vote will be taken and a simple majority in favour will be necessary for the meeting to continue.

ADDENDUM

Application Number:	AWDM/0786/23	Recommendation - APPROVE subject to a planning obligation and the receipt of remaining comments from Consultees.
Site:	Site of Former HM Revenues and Customs and Land South of HM Revenues And Customs, Barrington Road Worthing	
Proposal:	Erection of part three, part four storey block of extra care apartments on northern land-parcel of former HMRC Site, with associated residents lounge, restaurant, wellbeing room, visitors accommodation, staff accommodation and communal electric buggy store and internal refuse area. Vehicular access via internal estate road, car parking with electric charging points, sub-station and landscaping.	
Applicant:	McCarthy Stone	Ward: Goring
Agent:	The Planning Bureau Ltd	
Case Officer:	Stephen Cantwell	

Planning Assessment

Viability Update

Since the report was prepared your Officers have had further discussions with the applicants and the Councils Viability Consultants. The key areas of discussion have been the overall development value and appropriate profit margins for a development of this type. As set out in the main report the Councils Consultant had questioned the final sales values for the extra care flats, however, following further evidence of local sales values there is an acceptance that a 10% increase in value would be reasonable.

The applicant still maintains that the development is unviable (based on an expectation of a 20% profit), however, is prepared to increase its offer to £240k as a final offer to avoid further delays in determining the planning application.

In response to this the Councils Consultant comments that,

DSP's review report dated September 2023 (reference DSP23407AH) queried the submitted gross development value (GDV). In our trial appraisal, DSP tested the scheme by increasing the assumed value of the 1-bedroom flats from £360,000 to

£395,000 and the 2-bedroom flats from £475,000 to £525,000. This was based on the RHG formula that states that extra care/assisted living properties are 25% more expensive than standard retirement. The conclusion of our report based on value increases assumed at that level was that the scheme produced a surplus of £755,381 which could be put towards affordable housing.

AK do not agree with this approach and state that the RHG guidance is dated and is in the process of being updated; they noted that the difference in values between Retirement Living and Retirement Living Plus properties has fallen. To support this view, AK have provided evidence of two schemes in Worthing – Neptune (RLP) and Triton House (RL). AK state that there was an uplift of 8.15% between the average values of the RL and RLP 1-bedroom flats but that the average value for the RLP 2-bedroom flats was lower than the RL at Triton House. The data that DSP have been able to extract from Land Registry indicates values 10% higher on the 1-bedroom apartments and 2% higher for the 2-bedroom units – an uplift lower than that indicated by the RHG formula.

DSP have also reviewed the guide prices at the Walnut Tree Place development. The stated marketing price for a 1-bedroom apartment of a similar size to the proposed (54m²) is £360,000 and for a 2-bedroom apartment of a similar size (75m²), the quoted price is £475,000. Allowing a 5% reduction to take into account possible negotiations would indicate values of £342,000 and £451,250 respectively. The submitted RLP 1-bedroom value of £360,000 and 2-bedroom value of £475,000 therefore represents a c. 5% uplift from the RL values (after adjustment from marketing to indicative sale price).

The RHG formula was based on a nationwide approach and while generally a 25% premium for extra-care housing may be appropriate, in higher value areas such as here compared with a national overview, potentially the premium may not be as large (noting the Neptune House and Triton House examples). Also, we note that the RHG formula assumes a 30% increase in floor areas between 1-bedroom retirement and extra-care apartments and a 7% increase for 2-beds. The RHG formula also assumes a greater proportion of communal space (35-40% for extra-care). The proposed properties do not appear to reflect the larger floor areas assumed in the RHG formula and the net:gross adjustment is also smaller at 25% (the latter being a positive viability influence compared with a higher % adjustment factor) and a uplift between RL and RLP may therefore be appropriate when considering the proposed development.

On this basis, and using the values indicated by the Walnut Tree Place development (retirement living) of £342,000 and £451,250 (after adjustment from marketing to indicative sale price) as base assumptions, we have then tested the proposed scheme applying a 10% increase to those base values but also looking at a range of

profit levels for the Council's consideration. On running these tests the results are as follows:

Values	Profit % GDV	Residual Land Value	Surplus/deficit against a BLV of £3.1m
DSP	20% GDV	£2,946,557	-£153,443
DSP	17.5%	£3,426,931	£326,931
Submitted	20%	£2,307,448	-£792,552
Submitted	17.5%	£2,768,521	-£331,479

We note that the applicant's latest position is to increase their offer from £135,000 to £240,000 (increased further from the original position of nil, which in principle is welcomed of course). When adopting a lower profit level of 17.5% GDV together with adjusted sales values assumptions as above, the surplus indicated as available exceeds the current £240k offer. While that further improved offer is not unreasonable, our view is that this could still go a little further. And, if so, it would produce meaningful extra enabling monies.

We also note, however, that the applicant does not accept the 17.5% profit assertion that this higher figure of £326,931 relies upon (and that this figure has not been seen yet by AK). Overall, the discussion on their part is now essentially down to commercial expediency we understand, and this does seem to make sense. However, while there has already been considerable movement so that the gap between the further scheme offer and the above updated position is now quite small, the opposing tension is that there is the pressing AH housing need to consider as fully as possible – as above.

All in all, and although this is now pretty finely balanced, in our view there is probably a little more that could come out of this to achieve the fairest workable outcome, while also acknowledging the market situation.

Rounding up on this as best we can for AWC therefore this is down to any further negotiation possible. On this basis, we feel there could be scope to take this to say £300,000, not less, when stepping back a little from the very specific looking most positive number above. It is clear to see how sensitive this is to assumptions being adjusted against viability, hence this suggestion. Is this at least worth exploring perhaps, to seek the most positive possible outcome in the available circumstances here?

The main difference between the Councils Consultant and the applicant therefore now relates to the appropriate profit margin for the development. The applicant stresses that there are additional development risks with extra care schemes and therefore maintains that 20% is entirely reasonable. Nevertheless, the applicant has improved its offer to deliver off site affordable housing. This is a finely balanced case

and the applicant is considering the further comments of the Council's Consultant and Members will be updated at the meeting.