

# Addendum

<b>Application Number:</b>	AWDM/1906/22	<b>Recommendation - To APPROVE</b> subject to satisfactory comments of the Highway Authority and HSE and completion of a planning obligation (s106).
<b>Site:</b>	Development Site At Former Debenhams Store 14 To 20 South Street And Iceland Car Park, Marine Place, Worthing	
<b>Proposal:</b>	Redevelopment of the former Debenhams Building (including site over existing Iceland Car Park) to comprise a mixed use development including commercial floor space (Use Class E) at ground, part first and part second floor level, and 79 residential 1-2 bedroom flats from first floor to upper levels including the addition of two floors above Debenhams and Iceland sites with amenity spaces including sky lounge, home-working suite, storage lockers and bike store for residents.	
<b>Applicant:</b>	Craig Developments Ltd	Ward: Central
<b>Agent:</b>	ECE Planning Limited	
<b>Case Officer:</b>	James Appleton	

## Additional Consultation Responses

**WSSC - Highways:** supports the Travel Plan measures which reflect its guidance and states that,

*As the development is under 80 x residential units we would look to apply our travel plan statement guidance which states:*

*We would expect to see some sort of travel voucher offered to the initial occupants of the residential units. Vouchers should be worth at least £150 per dwelling and could be exchanged for one of the following:*

- a. a season ticket for the local bus service*
- b. a rail season ticket or network card*
- c. a contribution towards the purchase of a new bicycle and/or equipment*
- d. Bikeability training up to 4 members of the household (further details and course costs are available at [www.westsussex.gov.uk/roadsafety](http://www.westsussex.gov.uk/roadsafety))*
- e. 12 months free membership to any local Car Club (including joining fee).*

*Requesting the developer join a car club as a separate requirement to this would be more appropriate for schemes over 80 units, however, considering the scheme is very close to this at 79 units you may wish to push for this.*

**Councils Viability Consultants (DSP)** has now provided its final report which concludes that,

*'We consider the submitted assumptions to be fair at this stage too, with the exception of the following, however:*

- *Benchmark Land Value (BLV). See 3.2, above. We consider the £2.85 million BLV to be overestimated and have tested a BLV of £1.8 million.*
- *Profit. See 3.10, above. We have tested the viability when assuming a profit of 17.5% on residential market sales (in place of the submitted 20% GDV) with the other profit assumptions unchanged.*
- *AWC will need to confirm the S106 and CIL allowances (assumptions made, which DSP has note adjusted - see 3.7, above).*

*As presented, the proposed scheme indicates a deficit of -£1,571,624 after allowing for a 20.0% GDV profit on residential, a 15.0% profit on commercial, and the assumed BLV of £2.85 million. Therefore an 'actual profit' is envisaged, i.e. after taking into account the stated deficit, of 12.8% GDV (blended) – well below the stated target profit level.*

*Our trial appraisal indicates a surplus of £344,672 after allowing for a 17.5% GDV profit on residential (as per 3.10 above), a 15.0% profit on commercial and our assumed lower BLV of £1.8 million (see para 3.2.19 onwards). Taking into account this surplus, the profit indicated by our appraisal equates to 18.9% GDV (residential) and 15.0% (commercial), or 18.6% (blended).*

*This is all as appraised with no AH included, in order to test the base viability – however does include the applicant's stated £150,000 'without prejudice' S106 contribution as well as the stated CIL cost assumption (again note for AWC checking). Therefore, we consider that at present day costs/values whilst the viability is marginal, the suggested £150,000 contribution should be regarded as a minimum contribution in this case. Depending on the view taken on profit, further scope is shown for any necessary contributions.'*

### **Applicants Response to Viability Report**

The applicant has responded to the Councils Viability Consultants arguing that the BLV they have used is based on actual rental values secured in Worthing (average being £10.86 psf) and that DSP have assumed a rental of £4 psf without any

comparable evidence. Nevertheless, the applicant's Consultant's have indicated that to progress negotiations they are prepared to reduce rental income to £5 psf which would reduce the BLV to £2.235 (reduction of £600).

In terms of profit margin the applicant's Consultants argue that using 20% profit is in line with the viability report prepared to support the Worthing Local PPlan and is therefore entirely consistent with national planning policy (PPG). PPG advice states that profit is a reflection of development risk. This is impacted by a multitude of different elements including the wider economic outlook, the housing market, construction costs, access to materials and labour, interest rates, inflation etc.

The applicants' Consultant points to a number of factors that have created additional development risk since the initial appraisal was undertaken. Firstly finance rates have increased to 8% adding an additional development cost of £260k, build costs have increased 3.23% adding £514k construction costs and sales values have decreased by 3.4%. As a result the applicant's viability Consultant considers that the applicant's offer of £150k represents the maximum that can be offered.

## **Planning Assessment**

### *Viability and S106 Development Contributions*

The Council's viability Consultant has reflected further on the applicants arguments set out above and does accept that since the original appraisal was undertaken there have been increases in finance and build costs and sales values have fallen. These factors all increase the development risk of the project. The Council's Consultant therefore concludes that the s106 offer is reasonable in all circumstances but that a viability review post construction would enable the Council to clawback any additional development profit above 20%.

The applicant has agreed to a viability review with the precise terms of the post development review to be agreed as part of the s106 negotiations. However, the applicant has made it clear that the comprehensive Travel Plan submitted with the application would cost up to £150k and therefore there would not be an opportunity to provide contributions for affordable housing and open space. These Travel Plan measures would include:

- Measures to promote walking and cycling, including provision of plans showing walking and cycling routes to local facilities, and a bicycle user group;
- Promotion of public transport, including provision of public transport timetable

- and route information; • Promotion of West Sussex car sharing scheme;
- Provision of a £150 sustainable travel voucher for the first occupier of each property;
- Explore with Enterprise Car Club membership for residents and/or additional car club vehicles;
- Travel Audit Questionnaire; and
- A resident's welcome pack.
- A Travel Plan Coordinator will be appointed by the developer prior to first occupation to oversee the implementation of the proposed measures.

The agent has since indicated that if the Travel Plan costs are less than the £150k estimated the remainder would be provided to be spent on off site affordable housing. Whilst, the reduction in any affordable housing contribution is unfortunate, the viability case is proven and your Officers do consider it is important that a robust travel plan is implemented to support this car free development. Given the viability concerns of the development the agent has also expressed concern about the ability to connect to any future District Heat Network. The revised s106 contributions are set out below:

Issue	Obligation
<b>Transport</b>	Travel Plan voucher of £150 per flat to be used on public transport season ticket, bike purchase or drive time vouchers for car club. Two year Membership of Car Club for all residents. Implementation and Monitoring of Travel Plan with auditing / monitoring payment (£1,500) to WSCC. Up to value of £150k
<b>Affordable Housing</b>	Any remaining funds following implementation of the Travel Plan to be made available for affordable housing.
<b>Viability Review</b>	Future Review Mechanism to be funded by developer
<b>Site Management</b>	To include: Car Parking and Access Areas; Surface water Drainage; Amenity Spaces; Green Roof; Plant and Noise Insulation; Monitoring of Travel Plan. Building Maintenance Plan - maintaining the existing and extended parts of the building and associated land.

### *Fire Safety*

The agent submits that the Fire Safety Strategy supporting the application demonstrates that the layout of the flats complies with the relevant requirements of BS 9991. In addition, the scheme meets the requirements of the Fire Brigade. The Council's Building Control Manager and Fire Safety Officer have not been

requested to review the scheme by the applicant but have agreed to undertake a review during the delegation period in consultation with the Private Sector Housing team. The Fire Safety Officer has indicated that he would be able to liaise with the Fire Brigade in relation to any areas of dispute on the interpretation of the relevant legislation and British Standards. The HSE comments are still awaited.

### **Revised Recommendation**

**Recommendation - To APPROVE subject to satisfactory comments of the HSE and completion of a Planning Obligation (as set out above) and subject to the conditions set out in the agenda.**