

## COMMITTEE REPORT

BY THE DIRECTOR OF ENVIRONMENT & NEIGHBOURHOOD SERVICES  
READING BOROUGH COUNCIL  
PLANNING APPLICATIONS COMMITTEE: 5<sup>th</sup> February 2020

Ward: Battle

Application No.: 170134/FUL

Address: 53-55 Argyle Road

Proposal: Conversion from D1 use (former mental health Clinic) to C3 use as 10 self-contained flats, three storey side/rear extension, associated access, parking, private amenity space, bin and cycle store (amended description)

Date received: 25<sup>th</sup> April 2017

Application target decision date: 27<sup>th</sup> February 2019

### RECOMMENDATION

Amend the Heads of terms from the February 2019 PAC report recommendation (appendix 1) to the following:

- Provision of a deferred affordable housing contribution mechanism;
- Should the building subsequently be extended / altered (to create further units) or units subdivided then contributions to affordable housing would apply on a cumulative basis;
- ~~- The establishment of an on-site car club for a minimum of two vehicles, via an agreed car club provider~~

Amend condition 8 from the February 2019 PAC report recommendation (appendix) 1 to the following:

8. Pre-commencement BREEAM Domestic Refurbishment Sustainability pre-assessment estimator report demonstrating a minimum BREEAM rating of ~~'Very Good'~~ 'Excellent'

## 1. INTRODUCTION

- 1.1 This planning application was considered and approved at Planning Applications Committee on 6<sup>th</sup> February 2019 subject to a section 106 legal agreement (PAC report attached as appendix 1 to this report). The section 106 legal agreement sought to secure:

- Provision of a deferred affordable housing contribution mechanism;

- Should the building subsequently be extended / altered (to create further units) or units subdivided then contributions to affordable housing would apply on a cumulative basis;
- The establishment of an on-site car club for a minimum of two vehicles, via an agreed car club provider

1.2 However, the planning permission has not yet been issued due to delays in agreeing the detailed wording of the section 106 legal agreement.

*Affordable Housing and Community Infrastructure Levy*

1.4 The applicant submitted a viability appraisal to inform the level of affordable housing which could be achieved as part of the original application. At the time this was reviewed by the Council's viability consultant who concluded that it was not viable for the scheme to provide on-site affordable housing units or to secure an initial financial contribution towards any off-site affordable housing elsewhere within the Borough. However, a deferred affordable housing contribution payment mechanism was to be secured as part of the section 106 legal agreement as set out in the terms above a to ensure that the Council shared in any uplift in value or savings in costs associated with the development in the future.

1.5 However, in preparation of the section 106 agreement and deferred payment mechanism it has become apparent that the expected Community Infrastructure Levy (CIL) liability for the scheme was significantly more than the Applicant had anticipated. The Applicant's viability appraisal had considered the scheme on the basis that only the proposed extensions would be liable for CIL and not the existing parts of the building to be converted. This is on the basis that existing buildings are not liable for CIL subject that they have been in use for a minimum continuous period of 6 months within the previous three years. This was the case for the application building at the time of submission of the planning application (January 2017) and therefore this detail was incorporated within the Applicant's viability appraisal (albeit the Applicant had incorrectly stated that this was not the case on the CIL Additional Information Form originally submitted with the application so this was not questioned by officers at the time).

1.6 Due to delays in the determination of the planning application, primarily in the viability review process, the application was not reported to Committee until February 2019. As a result of this delay, the existing part of the building was no longer exempt from CIL, given that the time period within which a building must be occupied to qualify for the exemption is taken from the planning permission decision date and not the date the application was submitted, and this 3-year period had now elapsed. As a result of this, both the existing building and proposed extensions are now liable for CIL with a charge of £86,000 required as opposed to only £13,000 considered as part of the Applicant's original viability appraisal. This difference has resulted in the scheme becoming even more unviable. An amended viability appraisal has been submitted for review by the Council's viability consultant who has confirmed this to be the case and a lower maximum sum for the affordable housing deferred payment mechanism will be calculated taking into account the increased cost of the CIL charge. This the

maximum sum is the maximum amount of money that the Council can share in with the applicant if there is any future uplift in value or savings in costs associated with the development.

- 1.7 The maximum sum was deferred to officers to agree under the original PAC report and Officers would again look to agree this revised sum with the Council's viability consultant. This review is considered a reasonable approach given that if officers had determined the application in a timelier manner then the Applicant would have been able to claim an exemption on a significant proportion of their CIL liability.
- 1.8 Since the application was last considered at PAC, the new Reading Borough Local Plan has been adopted. The new policy regarding affordable housing is H3 but this does not change the affordable housing requirements of this proposed development.

#### *Car Club*

- 1.9 In addition to the above, the original heads of terms for the section 106 considered at PAC in February 2019 sought to secure a financial contribution towards the setting up of an on-site car club due to an under-provision of car parking. This included a car club contribution of £42,000. This contribution in addition to the increased CIL levy is also having a negative effect on the viability of the scheme and the applicant is seeking removal of this requirement and contribution.
- 1.10 Officers have identified that the number of flats proposed within the development (which was reduced to 10 units during the application's consideration) is in fact below the threshold for when a car club should be secured in accordance with the Council's adopted Revised Parking Standards and Design SPD (2011) which states that car clubs are applicable to proposals of more than 10 units. Therefore, officers are content to remove the requirement which would also assist in making the development more viable and in enabling the currently vacant building to be refurbished and brought back into use.
- 1.11 Regarding the impact of the new Reading Borough Local Plan the new relevant transport policies are TR1 (Achieving the Transport Strategy), TR3 (Traffic and Highway-Related Matters) and TR5 (Car and Cycle Parking and Electric Vehicle Charging). The new policies carry forward the standards from the previous policies and there are no implications for parking or other transport related standards for this development.

#### Reading Borough Local Plan 2019

- 1.12 Officers have considered all other aspects of the proposed development in the context of the new Reading Borough Local Plan 2019. The only implication of the new policies on the development is regarding Policy CC2 (Sustainable Design and Construction) which requires that major conversions to residential (10 or more units) meet a BREEAM standard of 'Excellent'. This is an increased standard from

the previous development plan policy which only sought a standard of 'Very Good'. Therefore, it is recommended that condition 8 of the original PAC report (appendix 1) is amended to require this enhanced 'Excellent' standard.

- 1.13 The officer recommendations regarding all other aspects of the development remains as per the previous report at appendix 1.

**OFFICER RECOMMENDATION**

- 1.14 Agree the proposed changes to the section 106 heads of terms and wording of condition no. 8 of the February 2019 PAC report as per the recommendation box at the top of this report.

**Case Officer: Matt Burns**