

Ward: Abbey

App No.: 191792/FUL

Address: 71-73 Caversham Road, Reading, RG1 8JA

Proposal: Demolition of former retail warehouse and erection of a mixed-use building comprising 44 residential units consisting of x5 affordable units, 194 sqm of retail floorspace (Use Class A1) at ground floor and associated car parking, cycle parking and landscaping.

Applicant: S2 Caversham Ltd

Extension of time date: 9th October 2020

**RECOMMENDATION:**

As per the main report.

**1. REPRESENTATIONS**

***Petition***

- 1.1 A petition was received on 5th of October 2020 titled "*Save the historic Drew's building from demolition*". This petition, organised by the Bell Tower Community Association, was signed by 1066 individuals at the time of submission. The petition was accompanied by a screen-shot of a statement confirming the building had been home to Drew's the iron mongers, was originally built to serve the towns brewing industry, and that the Bell Tower Community Association successfully applied to have the building locally listed.
- 1.2 The organisers of the petition have registered to speak under the public speaking arrangements for planning applications, as set out in the Council's Standing Orders, which allot an equal time for public speakers and the applicant/agent. They will therefore have an opportunity to address the Committee on issues raised in the petition. The Standing Orders do not allow the separate formal submission of public petitions or questions regarding an application to the same meeting at which that application is being considered, as this would incur additional speaking rights. Therefore no party is considered to be disadvantaged.
- 1.3 Notwithstanding this, Officers bring this petition to the Committee's attention, and confirm that it does not raise any further planning related objections which have not already been covered in the main agenda report. Members are reminded that despite the strength of public feeling, the previous commercial use of the building as 'Drews' the ironmonger has no material bearing on the assessment of this

planning application, as that business no longer trades from the premises.

***Further written comments***

1.4 Two additional letters of representation have been received by the Council since the main agenda report was published. These have been summarised as follows:

- Too many significant buildings have been lost and residential areas are now overshadowed by high-rise blocks;
- The building is one of the few remaining Victorian industrial buildings in Reading;
- The building retains its character as a malthouse and would be ideal for conversion;
- The town has enough large blocks of flats being constructed.

1.5 An additional letter of representation has been received each from The Bell Tower Community Association, the Reading Conservation Area Advisory Committee, and the Caversham and District Residents Association. These representations have been reproduced below in full:

The Bell Tower Community Association:

*“The Bell Tower Community Association reiterates its objections to planning application 191792 (71-73 Caversham Road) and urges its rejection.*

*The planning officer’s report(1.3) says the site is surrounded by uninspiring commercial buildings and takes this as the model rather than the traditional Victorian terraces, termed “domestic”. In building housing the domestic should be the model not uninspiring commercial blocks resulting from previous planning decisions. The committee should look to break this pattern. Granting permission would send a clear signal that local listing does not trump harmony with uninspiring surrounding buildings. How can that be reconciled with the council’s partnership with Historic England? Would allowing demolition of a building added to the local list only a few months earlier by the same council be a good look?*

*The effect of overlooking and overshadowing on Northfield and Swansea Roads has been ignored. The daylight/sunlight report only makes a cursory mention of the effect on Monmouth Court and no mention at all of houses in Northfield Road and Swansea Road which, while further away, are more likely to be affected since the view of the development from Monmouth Court is already partly obscured by the offices at the west of the site.*

*On height, the planning officer refers to the close connection between the site and outline planning applications for 80,*

*Caversham Road and the Vastern Road Retail Park (1.2). These developments do not yet have planning permission. If the committee does not use the tallest existing structure, the Shurgard building, as a height limit on buildings on the opposite side of Caversham Road to achieve harmony with the surrounding Victorian streets it would throw away much leverage over the scale of those developments.*

*The Carters site on the same side of Caversham Road as 71-73 could also be redeveloped. Caversham Road northwest of TGI Friday's roundabout retains its Victorian streetscape with a high level of integrity. Allowing this plan would make it considerably more difficult to stop the Victorian frontage from being demolished and replaced with an uninspiring development because earlier a locally listed building was sacrificed. This could also apply to the Caversham Road fire station.*

*The officer's report makes much of the contribution to social and affordable housing but does not say why preserving heritage would preclude this or whether such a solution has been investigated.*

*The economic case for retail space needs remaking in the post-coronavirus world. There is also the risk this space could later be converted to sub-standard housing.*

*The officer says some of the Section 106 money will be used for construction apprenticeships. What would be better training for the future than learning how to convert a Victorian malthouse into housing which meets the environmental requirements of the future and maybe the cost requirements of social/affordable housing, rather than something at best somewhat ordinary and at worst dispiriting? There will be a national need to make Victorian/Edwardian housing more energy efficient and this would be a great opportunity for Reading to blaze a trail."*

#### Caversham and District Residents Association:

*"Further to our comments submitted 20 Dec 2019, CADRA would like to comment further to the PAC in respect of this application. Our previous comments submitted 20 Dec 2019 covered:*

- 1. The strong case for retaining the existing Locally Listed 1870s Malthouse Buildings, one of the few remaining examples of 19C industrial architecture in this area and the town. The buildings still form an identifiable unified group with historic value.*
- 2. The inappropriateness of the proposed 7 storey height on this site adjacent the existing housing. Development on this western side of Caversham Road should relate to the 2/3 storey scale of the residential community to which this site relates, and none of the sites on this side of the road is appropriate for 7 storey development.*

3. *The building line proposed, right on the back edge of payment is visually oppressive in itself and also negates any possibility of meaningful greening on the site.*

*The amendments made by the applicant since our comments on the original scheme are of a limited, minor, and cosmetic nature, they do not address the major fundamental flaws in the proposals. We note that the RBC Conservation Officer's formal report objects to the application and expands substantively and effectively on the points we have made in 1 and 2 above. It is also clear that the Natural Environment Officer has substantial reservations about the proposals. The site is in a treed corridor within an area of 10% or less canopy and is within a low canopy cover ward ( RBC new 2020 tree strategy ). If the existing buildings were not to be retained then any replacement proposals for the site should properly address greening on Caversham Road. The proposals for a limited ground floor only partial so called 'green wall' are totally inadequate. The Natural Environment Officer indicates that the proposals are not ambitious enough although acknowledging the LPA needs to balance conflicting factors.*

*CADRA believe that the Planning Officers recommendation for approval in this case strikes the wrong balance and we would request that the PAC reconsider this and assign greater weight to the RBC Conservation Officer and Natural Environment Officer's views, take better account of the inappropriate height of the building and the precedent this would set, and reject this application."*

#### Reading Conservation Area Advisory Committee:

*"Members of Reading CAAC attended the public exhibition in Greyfriars Church in December 2019. We objected to the original plans and the current proposal is only slightly amended. We support fully the objection of the Heritage Consultant.*

#### **SUMMARY**

- The proposal involves the demolition of a locally listed building which should and could be sympathetically refurbished for housing.*
- We feel this application is too tall and will set an unacceptable height precedent for future developments on the west side of Caversham Road.*

#### **DETAIL**

##### **HERITAGE**

*This prominent landmark building has been adapted to many uses in its lifetime, traces of which can be seen in its construction and brickwork. The building including the offices at the rear were originally Dowson's maltings. A ghost sign remains from the time as Smallbones motor engineers. Fondly remembered Drews ironmongers had the building for 40 years until 2018. The buildings at the rear*

*are within the local listing designation and will be overshadowed by the proposed block, their heritage importance and appearance will be devalued. A sympathetic re-use of the historic building, for commercial / housing use, would retain the significance. Demolition will remove one of the last remnants of Reading's industrial heritage simply as it is inconvenient.*

#### **HEIGHT, SCALE AND DESIGN**

*Any development on this site should not exceed two-three storeys. That is the height of Monmouth Court on Northfield Road, currently the tallest property on the street. Older terraced properties are only two storeys.*

*As seen above, the development proposed profoundly increases the height of buildings in this section of Caversham Road. Re-use of the existing building does not prevent landscaping improvements and greening of the site. Moreover, that would be a greener alternative as it would preserve the 150 years of embodied carbon in the building.*

*The building although altered clearly has the features of a maltings building of the period which was flexible to adaptation for future uses. A redevelopment of the existing building would give the opportunity to illuminate the heritage of the corner by the removal of shop shutters, signage and the canopy over the front entrance. To the rear the appearance of the courtyard could be improved by landscaping and the reintroduction of a cobbled yard.*

#### **CONCLUSION**

*Reading CAAC preference is for a sympathetic reuse which retains the Locally Listed building as a commercial premises or housing. In that way the site could become a landmark of Reading commercial and industrial history set within the wider context of the Bell Tower community of low-rise terraced housing between the railway line and the River Thames. We are open to possibilities and have ideas of our own as to what might constitute a suitable extension to the existing building. Should the site be redeveloped then that should preferably be no taller than 2-3 storeys. This application should be rejected.”*

- 1.6 After considering the content of these additional representation, Officers can confirm that no new matters have been introduced which have not already been covered in the main agenda report.

## **2. ADDITIONAL INFORMATION**

- 2.1 The applicant has agreed to make an Addendum to the original Financial Viability report publicly available (See Appendix 1). This information has been provided to support the revised affordable housing position. It shows that, should permission be granted, the

developer is willing to accept a less competitive rate of return on the site.

- 2.2 The applicant has also confirmed in writing that application's CIL obligation and S106 contribution for Open Space and Leisure will not affect the agreed affordable housing offer as set out in Appendix 1.

## APPENDIX 1



### 71-73 Caversham Road, Reading (Ref:191792) Housing Delivery & Viability Statement Addendum (002) (24.09.2020)

This note sets out an addendum to the Housing Delivery & Viability Statement (November 2019) submitted in support of the above planning application.

#### Affordable Housing

Following discussion with the Council's planning and housing officers, the applicant has improved the initial Affordable Housing offer of a £160k cash in lieu contribution (equivalent to 10% Affordable Housing) to 5 on-site shared ownership homes and a £500k cash in lieu contribution (together equivalent to 41% Affordable Housing). The inclusion of on-site rental tenures (e.g social rent) is not practically feasible due to the need for separate access, management and service charge arrangements for a Registered Provider (RP). It would also have a significant negative impact on the viability and deliverability of the scheme and would not provide a sufficient number of rented homes for a RP to manage in isolation.

#### Financial Viability

The applicant's original viability appraisal was independently reviewed on behalf of the Council by BPS Surveyors. The BPS report confirmed that a £160k cash in lieu contribution (10%) was the maximum financial contribution required due to viability considerations. The applicant's viability appraisal has been updated to reflect the enhanced affordable housing proposals (41%). The inputs and assumptions reflect those adopted by BPS. A summary of the appraisal is provided in Table 1 below. The full financial appraisal is enclosed at Annex 1.

**Table 1 – Appraisal Summary**

Scheme Revenue	Assumption	Amount
Private Residential Revenue	£480 PSF	£12,423,840
Shared Ownership Revenue	£315 PSF	£849,555
Car Parking	£12,500 / unit	£175,000
Ground Rents	£300 PA / 5% Yield	£234,000
Commercial Revenue	£22.50 PSF / 6% Yield	£949,443
Purchaser costs	6.8%	(£80,474)
<b>Total Revenue</b>	-	<b>£14,551,364</b>
Scheme Costs	Assumption	Amount
Land Costs	EUV+	£916,000
Construction Costs	Fixed Sum	£8,725,153
Contractor Contingency	5%	£436,258
Professional Fees	10%	£872,515
Affordable Housing Payment	Fixed Sum	£500,000
CIL / S106	TBC	EXCLUDED (TBC)
Marketing & Letting	1% / 15%	£145,908
Disposal Fees	1.5%	£206,734
Finance	6.5%	£541,639
Developer Return	17.5% Private / 6% Affordable	£2,428,187
<b>Total Costs</b>	-	<b>£14,772,395</b>
Output		
Surplus/ Deficit	-	<b>(£221,031)</b>



## Conclusion

The financial appraisal generates a viability deficit of c.£221k. It therefore evidences, in line with the conclusion of the Council's independent viability advisors, that the delivery of 41% affordable housing significantly exceeds that required (c.10%) in accordance with Policy CS16 of the adopted Core Strategy and Policy H3 of the Draft Local Plan.

## Annex 1 – Financial Appraisal Summary

<b>PROJECT PRO FORMA</b>						<b>QUOD</b>
Caversham Road, Reading Financial Appraisal (41% Affordable Housing)						
Project Pro Forma for Phase 1						
Currency in £						
<b>REVENUE</b>						
<b>Sales Valuation</b>	<b>Units</b>	<b>ft<sup>2</sup></b>	<b>Sales Rate ft<sup>2</sup></b>	<b>Unit Price</b>	<b>Gross Sales</b>	
Private Residential	39	25,883	480.00	318,560	12,423,840	
Car Parking	14	0	0.00	12,500	175,000	
Shared Ownership	5	2,697	315.00	169,911	849,555	
<b>Totals</b>	<b>58</b>	<b>28,580</b>			<b>13,448,395</b>	
<b>Rental Area Summary</b>	<b>Units</b>	<b>ft<sup>2</sup></b>	<b>Rent Rate ft<sup>2</sup></b>	<b>Initial MRV/Unit</b>	<b>Net Rent at Sale</b>	<b>Initial MRV</b>
Retail	1	2,569	22.50	57,803	57,803	57,803
Ground Rents	39			300	11,700	11,700
<b>Totals</b>	<b>40</b>	<b>2,569</b>			<b>69,503</b>	<b>69,503</b>
<b>Investment Valuation</b>						
<b>Retail</b>						
Market Rent	57,803	YP @	6.0000%	16,6667		
(3mths Rent Free)		PV 3mths @	6.0000%	0.9855	949,443	
<b>Ground Rents</b>						
Current Rent	11,700	YP @	5.0000%	20,0000	234,000	
<b>Total Investment Valuation</b>					<b>1,183,443</b>	
<b>GROSS DEVELOPMENT VALUE</b>				<b>14,631,838</b>		
Purchaser's Costs			(80,474)			
Effective Purchaser's Costs Rate		6.80%		(80,474)		
<b>NET DEVELOPMENT VALUE</b>				<b>14,551,364</b>		
<b>TOTAL PROJECT REVENUE</b>				<b>14,551,364</b>		
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<b>PROJECT PRO FORMA</b>						<b>QUOD</b>
Caversham Road, Reading Financial Appraisal (41% Affordable Housing)						
<b>DEVELOPMENT COSTS</b>						
<b>ACQUISITION COSTS</b>						
EUV+		916,000				
EUV+			916,000			916,000
<b>CONSTRUCTION COSTS</b>						
<b>Construction</b>	<b>ft<sup>2</sup></b>	<b>Build Rate ft<sup>2</sup></b>	<b>Cost</b>			
Build Costs	42,351	206.02	8,725,153			
Contingency		5.00%	436,258			
Affordable Housing Payment			500,000			
						9,661,411
<b>PROFESSIONAL FEES</b>						
Professional Fees		10.00%	872,515			872,515
<b>MARKETING &amp; LEASING</b>						
Marketing		1.00%	135,483			
Leasing Agent Fee		10.00%	6,950			
Leasing Legal Fee		5.00%	3,475			
						145,908
<b>DISPOSAL FEES</b>						
Sales Agent Fee		1.00%	137,823			
Sales Legal Fee		0.50%	68,911			
						206,734
<b>MISCELLANEOUS FEES</b>						
Private Risk Adjusted Return		17.50%	2,204,797			
Commercial Risk Adjusted Return		15.00%	142,416			
Affordable Risk Adjusted Return		6.00%	80,973			
						2,428,187
<b>FINANCE</b>						
Debit Rate 6.500%, Credit Rate 0.000% (Nominal)						
Land			103,949			
Construction			407,238			
Other			30,452			



**PROJECT PRO FORMA**

QUOD

Caversham Road, Reading  
Financial Appraisal (41% Affordable Housing)

Total Finance Cost	541,639
<b>TOTAL COSTS</b>	<b>14,772,395</b>
<b>PROFIT</b>	<b>(221,031)</b>