

## UPDATE REPORT

BY THE EXECUTIVE DIRECTOR OF ECONOMIC GROWTH AND NEIGHBOURHOOD SERVICES  
READING BOROUGH COUNCIL  
PLANNING APPLICATIONS COMMITTEE: 29<sup>th</sup> March 2023

**Ward:** Thames

**Application No.:** 220922/FUL

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

**Proposal:** Partial demolition of former retail warehouse and erection of a mixed-use building comprising 29 residential units, retail floorspace (Use Class E(a)) at ground floor and associated car parking, cycle parking and landscaping (amended description).

**Applicant:** S2 Caversham Ltd

**Date Valid:** 22/08/2022

**Application target decision date:** Originally 21/11/2022, but a formal extension of time for the determination of the application has been agreed until 21/04/2023 (a further extension of time from 24/03/2023 to 21/04/2023 was agreed with the applicant following the deferral of the case at Planning Applications Committee on 1<sup>st</sup> March)

**26 week date:** 20/02/2023

### Recommendation:

Delegate to the Assistant Director for Planning, Transport and Regulatory Services (AD PTRS) to (i) GRANT full planning permission subject to the satisfactory completion of a Section 106 legal agreement or (ii) to REFUSE permission should the Section 106 legal agreement not be completed by the 21st April 2023 (unless officers on behalf of the AD PTRS agree to a later date for completion of the legal agreement).

The S106 legal agreement Heads of Terms are as set out in the main Agenda report to the 1st March Committee meeting.

Conditions as in main report.

## 1. Background

1.1 This item was considered at the Planning Applications Committee on 1<sup>st</sup> March 2023. The decision was deferred by the committee to enable officers to further discuss the proposals with the applicant. More specifically, discussions were suggested in relation to the tenure mix of the on-site affordable housing component of the scheme, explicitly to explore whether the provision of on-site rented units could be incorporated into the scheme, rather than the solely shared ownership (8 unit) affordable housing offer as stated in the main report. The general residential mix was also referenced as a further matter for discussion.

## 2. Summary of additional discussions with the applicant

2.1 Officers duly discussed the above matters with the applicant's agent on 3<sup>rd</sup> March 2023, initially advising that the applicant should reflect on the discussions at committee and was strongly suggested to explore whether a

revised tenure mix of the affordable component of the scheme could be provided. Thereafter, the applicant was asked to prepare a summary note to outline their position, in order for this to be further considered by officers.

- 2.2 An initial draft note was provided on 6<sup>th</sup> March, with a final version provided on 15<sup>th</sup> March. This has been provided in full at Appendix A of this update report.
- 2.3 In summary, the applicant is not seeking to alter their current affordable housing offer from that specified within the main report. In addition, the applicant is not seeking to alter the residential mix (1/2/3-bed units) within the scheme. This is owing to scheme viability in each instance.
- 2.4 In particular, the applicant's note advises:
  - The potential inclusion of rented units would have knock-on implications in relation to the overall provision of on-site affordable housing, reducing from 30% to circa 10% (3 on-site units). If 3 units were instead secured, this would equate to 2 on-site rented units in accordance with the SPD tenure breakdown.
  - Delivering on-site rented units would not be practically feasible, owing to management reasons. The applicant has approached 8 registered providers, all of whom have advised it would not be feasible to include rented homes in a scheme of this nature.
  - The applicant's position is that the scheme is not required to provide any affordable housing, owing to financial viability (as per Policy H3), Notwithstanding this position, the applicant is proposing 8 on-site shared ownership units and considers this a significant material benefit within that context.
  - If the mix of units were to be altered to include more larger units it would require a reduced amount of affordable housing from 30% to 0%, to ensure the current viability deficit is not increased further.

### **3. Further officer comments**

- 3.1 The note has been further considered by Planning Officers, RBC Housing and RBC Valuations.
- 3.2 The lack of rented units within the affordable housing tenure mix is acknowledged as a shortfall of the proposal in the Conclusion section of the main Agenda report to the 1<sup>st</sup> March Committee. However, this shortfall was qualified within the context of the viability position.
- 3.3 Put simply, the provision of the level of on-site affordable housing, as proposed, is more than the scheme can reasonably and justifiably sustain, given the viability situation. Whilst officers do not agree with the applicant's position of nil affordable housing (as per section 4.4. of the main report), the 8 on-site units and financial contribution as per the main report in this particular instance, is considered to be a suitable response.
- 3.4 It is agreed that the provision of rented units would significantly worsen scheme viability. Furthermore, evidence via the applicant (Appendix A) and RBC Housing (see below) suggests Registered Providers would not be interested in on site rented units in this specific instance.

- 3.5 Set within this context it is difficult for officers to be in a position to insist on the provision of on-site rented units as part of the affordable component. Instead, in the main report officers applied flexibility due to the specific circumstances of this proposal.
- 3.6 Ultimately, the proposed scheme is considered to represent the best chance of delivering on-site affordable housing, which is sought in the first instance as per Policy H3.
- 3.7 More specifically in relation to the note from Quod, RBC Housing has provided the following comments:

*There is a need for all types of Affordable Housing in Reading, and the clients offer of a 30% contribution when assessed against the viability position is appreciated. Rented units of Affordable Housing, especially larger family homes, remains the highest priority for the Council due the identified needs of residents on the Housing Register, so it is disappointing that the Affordable Housing will only contain Shared Ownership. However, the restrictions in relation to viability and interest from Registered Providers in the particular circumstances of this scheme are acknowledged, and in line with soft market testing completed by council officers. Feedback indicates that in this case, the low number of units combined with the location and lack of separation between tenures means it will not fit with many providers wider investment and development plans.*

- 3.8 More specifically in relation to the note from Quod, RBC Valuations has provided the following comments:

*It is considered that the financial balance of 8 shared ownership units would equate to 3 on site rented units, without further worsening an already challenging viability position, based on our own analysis of the information submitted with the application as a whole. It is therefore verified that the inclusion of rented units on site would significantly reduce the on-site offer. Altering the mix of unit sizes in the scheme to provide fewer one-bedroom units would also worsen the ability for the applicant to deliver on-site affordable housing, as previously accepted by Officers.*

- 3.9 In terms of the wider matter of the residential mix of units, the Quod note details that alterations in this regard would result in no on-site affordable housing being possible. This further evidences the conclusion reached by officers at paragraph 6.1.9 to 6.1.12 of the main report, whereby the viability evidence from the applicant means the proposals accord with Policy CR6.

#### **4. Updated conclusion, including the overall planning balance**

- 4.1 Section 7 of the main report acknowledged that the lack of rented units is a harmful impact of the scheme, although it also recognises that the provision of rented units worsens the scheme viability and calls into question the on-site shared ownership units offered. The applicant's note expands on this and advises that the inclusion of rented units would reduce the provision able to be offered (without further worsening the viability position) from 8 to 3 on-site units, and the feasibility of this materialising into actual on-site provision is exceptionally challenging based on feedback from Registered Providers.

- 4.2 Planning officers, RBC Valuations and RBC Housing all concur that the current offer, solely providing shared ownership units, represents the best opportunity to provide the maximum amount of on-site affordable housing, as Policy H3 seeks. It is considered that sufficient evidence has been provided in this particular case as to why there is an exceptional circumstance and on-site rented units are not proposed.
- 4.3 In addition, alterations to the mix of units would result in no on-site affordable housing being possible, with this being further evidenced by the note from the applicant.
- 4.4 When these components of the scheme are considered within the overall planning balance, such as retaining a significant proportion of the local listed building, in weighing all competing issues the many identified benefits are considered to outweigh the shortfalls, as detailed within the conclusion section of the main report.
- 4.5 Set within the above context the overall planning balance and conclusion is unaltered from the main report.

**Case Officer: Jonathan Markwell**

**Appendix A - 'Caversham Road - Housing Note' by Quod on behalf of the applicant, dated & received 15/03/2023**