

South Somerset District Council

Community Infrastructure Levy – Examination Hearing

Additional Document 3: Section 106 Update

1. Introduction

- 1.1 At the Community Infrastructure Levy (CIL) Examination Hearing, the Examiner requested further information in relation to the level of Section 106 contributions that had been achieved in South Somerset between 2011 and 2015.
- 1.2 After careful consideration, South Somerset District Council (SSDC) responded to the Examiner suggesting that it would be difficult to provide meaningful information over a four year period for several reasons (see SSDC note to Examiner entitled “Section 106 Information”).
- 1.3 SSDC therefore proposed to the Examiner that it would be more beneficial to provide some information in relation to schemes that have recently commenced development and have been the subject of a detailed viability assessment. These assessments were submitted by developers in response to the Council’s Section 106 requirements. The submitted viability reports were thoroughly scrutinised by the independent District Valuer.
- 1.4 The CIL Examiner agreed with this approach.
- 1.5 The remainder of this document contains details of six schemes that were subject to a detailed viability assessment over the last four years.
- 1.6 It is worth noting that South Somerset District Council’s Section 106 viability assessment process was recently audited and the final report commended the Council’s approach, confirming that the approach was robust and fit for purpose.

2. Sites subject to a detailed Viability Assessment

Lufton Key Site, Yeovil

- 2.1 This site was allocated in the Local Plan 1991-2011 (adopted in 2006) for approximately 700 dwellings and associated infrastructure facilities. The landowners and promoters gained planning permission in 2007/08 however the site was not purchased by Persimmon until 2014/15.
- 2.2 Prior to selling the site, the owners obtained Reserved Matters permission and this allowed them to submit a fully worked up financial model that allowed a detailed viability assessment to be carried out. The

District Valuer confirmed that the site was not able to withstand the planning obligations that were secured at the height of the market in 2007 and there was a general agreement of a deficit of approximately £8m.

- 2.3 Council officers worked with the developer and community to ensure that the reductions in S.106 contributions were targeted so as to ensure that on-site infrastructure was maintained and 20% affordable housing with the majority of that being social rent tenure.

Wyndham Park, Yeovil

- 2.4 This site was also allocated in the Local Plan 1991-2011 (adopted in 2006) with an indicative figure of 717 dwellings. The site was accessed over a former landfill site and the developer (Barratt Homes) paid the appropriate amount to the owner (SSDC).
- 2.5 This was a challenging site with many issues including significant level differences, unforeseen archaeology as well as the challenge of building a 7.5m road across a former landfill site.

Stone Lane, Yeovil

- 2.6 This is an edge of town greenfield site with landscape sensitivities. The developer put forward a low density scheme for contemporary single storey units together with a community building.
- 2.7 The requirement for 35% on site affordable housing was reduced following the submission of a viability assessment that demonstrated the nature of this scheme could only provide an off-site contribution of £181k.

Townsend Farm, East Coker

- 2.8 Townsend Farm is a derelict farm complex on the edge of a village. The application was for 8 units which meant that it was below the affordable housing threshold. The District Valuer accepted that the redevelopment of a farm required abnormal expenditure but came to the conclusion that the applicants could make a reduced contribution towards leisure facilities.

Lyndhurst Grove, Martock

- 2.9 This was a medium size scheme on a greenfield site on the edge of one of our Rural Centres. SSDC sought a range of contributions including the 35% affordable housing requirement.
- 2.10 The applicant sought to challenge this requirement on the basis of viability but following a robust assessment by the District Valuer, it was agreed that all S.106 requirements could be met.

Former Nursery Site, Stoke Sub Hamdon

2.11 The site lies on the edge of a village in open countryside. The site was purchased by one of our more prolific local Housing Associations with a view to meeting local need. The site was able to meet the 35% requirement and other obligations however the tenure was changed to allow a greater proportion of intermediate units. The developer was also willing to accept a reduced profit level.

2.12 The following table contains further detail on the six sites discussed above.

Table 1: Sites subject to a detailed Viability Assessment

Site	Profit Level Accepted	Gross Development Value	Residual value per developable acre	Section 106 Secured / % of costs	Other Comments
Lufton Key Site, Yeovil <i>05/00921/OUT</i>	20% gross	£124m 696 units	£172k	20% affordable and £7m contribution	Site is providing school, shops, neighbourhood centre etc.
Wyndham Park, Yeovil <i>13/01305/DPO</i>	17.5% on open market and 6% on affordable	£157m 846 units	£175k	20% affordable and £4.685m contribution	Lack of provision of on-site facilities. HCA funding enabled affordable housing to be delivered at the outset
Stone Lane, Yeovil <i>15/00763/FUL</i>	17.5% on open market and 6% on affordable	£8.1m 29 units	£100k	£181k/ 0.64%	Bespoke development of low impact retirement village on edge of Yeovil.
Townsend Farm, East Coker <i>15/02974/FUL</i>	17.5% on open market and 6% on affordable	£2.5m 8 units	£175k	£45k/ 1.75%	Redevelopment of former farmyard
Lyndhurst Grove, Martock <i>13/01500/OUT</i>	17.5% on open market and 6% on affordable	£5.8m 35 units	£200k	35% affordable housing and £171k contribution / 2.93%	Development met all planning obligations
Former Nursery Site, Stoke Sub Hamdon <i>14/05319/FUL</i>	17.5% on open market and 6% on affordable	£2.74m 11 units	£253k	35% affordable and £72k contribution/ 7%	Developer is a Registered Provider willing to provide policy requirement of affordable housing

3. Conclusion

- 3.1 The submitted viability information clearly indicates that the development of large scale urban extensions within South Somerset is challenging in terms of viability.
- 3.2 We are however confident that the use of the District Valuer will demonstrate to the Examiner that South Somerset will be robust when dealing with viability challenges, particularly on the larger development sites. This approach will ensure that each scheme delivers the maximum amount of mitigation possible, whilst still providing sufficient incentive to the developer to bring it forward. The imposition of a further CIL charge on the Urban Extensions at Yeovil (and Chard) will either mean that they are not developed or alternatively it will be at the expense of targeted infrastructure/mitigation.
- 3.3 Lufton Key Site and Wyndham Park are similar in scale to the Yeovil Sustainable Urban Extensions (SUEs) that are proposed in the recently adopted Local Plan 2006 – 2028. The Council obviously wishes the SUEs to be developed in accordance with the Local Plan, but it is essential that the site are developed to the highest sustainability objectives (subject to viability) as set out in Local Plan Policy YV2. This approach advocates substantial facilities and infrastructure such as schools, a neighbourhood centre and sustainable travel measures.
- 3.4 The smaller greenfield sites (Lyndhurst Grove and Former Nursery Site) were able to deliver greater Section 106 contributions as they have less infrastructure costs. The smaller ‘bespoke’ developments are more difficult to draw any conclusions from as they do not require significant infrastructure costs.
- 3.5 The level of profit that has been accepted by the District Valuer is fairly consistent, and reflects the rate that has been supported by Planning Inspectors across the country.
- 3.6 The District Valuer has also accepted a range of land values that average at approximately £180k per developable acre.
- 3.7 The costs of the Section 106 obligations, when seen as a percentage of the overall development costs, are comparable; with the two exceptions being a bespoke site at Stone Lane and the Former Nursery Site.
- 3.8 The breakdown of the affordable units on the two largest schemes does not allow the production of a definitive figure of the costs vs S.106; however it is clear that the assumptions that were agreed by the District Valuer are similar to those adopted on the other sites.
- 3.9 Copies of the assessments prepared by the District Valuer’s are available to the Examiner should he wish to see them.