

REPORT TO CABINET

Exempt – taken as open		Would any decisions proposed :			
Any especially affected Wards North Lynn	Discretionary	Be entirely within Cabinet's powers to decide		NO	
		Need to be recommendations to Council		YES	
		Is it a Key Decision		YES	
Lead Member: Cllr Peter Gidney E-mail: <i>cllr.Peter.Gidney@West-Norfolk.gov.uk</i>		Other Cabinet Members consulted:			
		Other Members consulted:			
Lead Officer: Dale Gagen E-mail: <i>dale.gagen@west-norfolk.gov.uk</i> Direct Dial: 01553 616505		Other Officers consulted: Management Team Matthew Henry, Duncan Hall, Stuart Ashworth, Ruth Wilson			
Financial Implications YES	Policy/ Personnel Implications NO	Statutory Implications YES	Equal Impact Assessment NO Assessment	Risk Management Implications YES	Environmental Considerations NO
If not for publication, the paragraph of Schedule 12A of the 1972 Local Government Act considered to justify that is paragraph 3					

Date of meeting: 16th March 2021

SOUTHEND ROAD HUNSTANTON

Summary

On 18th September 2018 Cabinet recommended to Council, that we enter into contract with Homes England to accept their accelerated funding offer to bring this site forward. The contract with Homes England was agreed on the basis that this development should be taken forward as part of the Major Housing contract with Lovell Partnerships Limited, to facilitate the acceleration of the development.

This report updates Members on the progress made, explains why the application was previously refused at Planning Committee on 7th December 2020 and seeks approval to sign contracts with Lovell if planning permission is granted, when represented to Planning Committee.

Recommendation

1. That the Council enters a contract with Lovell Partnerships Ltd under the Major Housing Contract to deliver this project.
2. That if planning permission is again refused, that the decision can be appealed as laid out in the Major Housing Contract.

Reason for Decision

1. To develop this site using the Major Housing contract with Lovell Partnerships Limited.
2. To allow the scheme to be developed using traditional methods.
4. To include the tenure mix shown in section 2.4 of this report.

1 Background

- 1.1 On 18th September 2018 Cabinet recommended to Council, that we enter into contract with Homes England to accept their accelerated funding offer to bring this site forward. The contract was agreed on the basis that this development should be taken forward as part of the Major Housing contract with Lovell Partnerships Limited to facilitate the acceleration of the development.
- 1.2 As a result of the Government funding, we have been able to design an outstanding building that not only regenerates this area of the town, but acts as a link building between the Victorian historic style to the more modern inspirations contained within the Councils Sea Front Masterplan.
- 1.3 This scheme was submitted to Planning Committee on 7th December 2020 but refused permission on 2 counts relating to car park provision. We believe that these issues have now been adequately addressed and the application has been resubmitted and is expected to be determined on 5th April 2021.
- 1.4 The scheme will provide 6 'affordable' units. This is in line with the Councils policy of 20% affordable housing units, tenure blind.
- 1.5 The remaining 80% of homes will be offered for sale. At first, to only local people, from West Norfolk or those moving to be close to other family members who already live here. Only after this demand is met will the units be released to the wider market. This will be controlled through the selling agent. A similar approach was used on phase 2 of NORA where the Council wanted to reduce the number of buy to let properties. This proved to be very successful with only one property slipping through the net.
- 1.6 The site is registered with the Governments New Help to Buy scheme. On past schemes, Help to buy has played a significant role, with up to 80% of purchasers as taking advantage of the scheme on some sites. The new scheme is more restrictive than the last scheme and runs for 2 years to March 2023. This new scheme will only be available to 'First Time Buyer's', but this is not expected to be an issue with this site.

2 Update on Progress

- 2.1 This scheme was discussed at Planning Committee on 7th December 2020. Although the scheme was considered to be of a high quality, that fitted in well and performed the role as a link development between the older Victorian town style and the more modern inspirations contained within the Councils Seafront Master Plan it was refused permission. The reasons for the refusal was stated as being *"on the grounds of the loss of 100 public car parking spaces and the adverse impact that would have upon the local economy, and also that there was inadequate parking provision within the site, contrary to policy DM17."* We believe that these issues are resolved by our latest proposals and

have resubmitted the application for planning. In the event that this application is refused again, in line with the Major housing contract, it is requested that Cabinet authorise the Council to appeal the decision as any other developer might do. This decision would be taken in consultation with our partner Lovell, but only if they believe that there are sufficient grounds for the appeal to succeed.

2.2 The project has been resubmitted to Planning at the beginning of February 2021 and is expected to be determined by Planning Committee on 5th April 2021.

2.3 At the time of this report the following actions have taken place : -

1. Foul and surface water systems have been agreed with AW.
2. The ground solution for the proposal has been agreed and priced.
3. Accelerated development grant has been agreed.
4. House values, tenures and specifications have been agreed and incorporated into the appraisal.
5. An additional 50 permanent offsite car parking spaces have been identified and will be implemented adjacent to the site. (See appendix 1 Statement in response to Parking Loss at Southend Road Hunstanton)
6. Proposals for the use of 38 to 72 temporary spaces on the Coach Park at peak times. (Generally summer weekends and bank holidays, when not many coaches are present). (See appendix 1 Statement in response to Parking Loss at Southend Road Hunstanton)

2.4 The proposed tenure for the scheme is as follows

80% Open market sale
20% Affordable (9 units)

3 Policy Implications

3.1 It is not proposed that this site will have any Private Rental Properties allocated to the scheme.

4 Financial Implications

4.1 The following table shows the appraisal for the site.

Item	Description	Appraisal £	Notes
	<u>Property Numbers</u>		
1	Private	26	
2	Affordable	6	
3	Total Units	32	

<u>Revenue</u>			
4	Homes England Grant	520,000	
5	Private	6,135,000	
6	Affordable	617,000	
7	Total Receipts	7,272,000	
<u>Costs</u>			
9	Build Costs -	5,739,000	
16	Development Expenses	386,800	
17	Sales & Marketing	80,440	
18	Land Payment	195,700	Based on 3.19% of sales
19	CIL/S106	256,220	
20	Finance costs	88,400	
21	Total costs	6,746,560	
21	<u>Profit / (Loss)</u>	525,440	
22	Land value adjustment	255,700	Line 18 plus Freehold value of site
23	Net Surplus	781,140	
24	Rate of return	11.92 %	

4.2 The net surplus of £781,140 represents a rate of return of 11.92%.

4.3 The cost of creating the additional carpark spaces mentioned in section 2.4 has been met by the scheme.

4.4 The creation of the additional car parking will mitigate any loss of revenue income that might have happened as a result of the scheme being built.

5 Personnel Implications

5.1 The scheme will be delivered by the Corporate Projects team, using the Major Housing Contract with Lovell Partnerships Ltd. As a result there are no personnel implications.

6 Environmental Considerations

6.1 The detailed design of the building continues to follow the Council's 'Fabric First' principal, which means that the building envelope is built in a way that makes it thermally efficient, no matter what heating source is used.

6.2 Within the main building we propose to use a mixture of technologies to heat and power the building. Traditional efficient gas central heating systems will heat the apartments. Photo voltaic panels placed within the courtyard roof structure and not visible from the street will assist with the electrical requirements for this building. In practice these should generate enough power to light and heat the shared areas and still provide some of the power required for the electric vehicle charging points.

6.3 Parking for the development is within the middle of the site. Each parking bay is connected to a central charging system, which is capable of providing a personal electric charging point to each parking bay. The charging sockets will only be activated when the user / owner requires it.

7 Statutory Considerations

7.1 The statutory authority for the proposal is contained in s1 of the Localism Act 2014 and s12 and s95 of the Local Government Act 2003.

7.2 This report complies with the terms and conditions of the Councils contract with Lovell for the Major Housing Project.

8 Equality Impact Assessment (EIA)

(Pre screening report template attached)

8.1 None

9 Risk Management Implications

9.1 The main risks associated with agreeing to the scheme are listed below. These are then looked at more fully together with the risk mitigation strategy for each in the subsequent paragraphs.

1. Market values fall
2. Market values do not increase as expected
3. Unable to sell Market Properties
4. Costs increase more than expected
5. Interest rates rise higher than expected
6. Unknown problems are found with the sites
7. Cost of enabling works increase

9.2 The following paragraphs consider the above risks in more detail.

9.2.1 Market values fall - the implications of this depends on the timing of the fall and the amount of the fall compared to the estimated values assumed in the various bids. If prices fall part way through a phase Members will be made aware and a decision would need to be made on the action to take.

9.2.2 Market values do not increase as expected – The current appraisal is based on market values that are currently being achieved in Hunstanton. No allowance has been made for increases or decreases in market values at this

time. A view on the launch values have been made taking account of the current market at the time of this report.

9.2.3 Unable to sell Market Properties – before a phase starts agreements for the disposal of the Affordable units will be in place. It would be highly unlikely that no market sales could be made. The proposal for the site is for 38 market homes to be made available for sale.

9.2.4 Costs increase more than expected – The appraisal is based on current market conditions projected forward for a start on site in April 2021. 70% of the costs will be fixed prior to signing the contract.

9.2.5 Interest rates rise higher than expected – this is an allowable cost and is considered before the go-ahead is given for each project. The current appraisal uses an interest rate of 3%, the Council is currently borrowing short term money at or below 0.5%.

9.2.6 Unknown problems are found with the sites – significant investigations have been made on the site including borehole investigations. As a result it is highly unlikely that any further problems are found with the site.

9.2.7 Cost of enabling works increase – All known costs have been allowed for.

10 Declarations of Interest / Dispensations Granted

10.1 None.

11 Background Papers

(Definition : Unpublished work relied on to a material extent in preparing the report that disclose facts or matters on which the report or an important part of the report is based. A copy of all background papers must be supplied to Democratic Services with the report for publishing with the agenda)

Hunstanton Seafront Master Plan

Pre-Screening Equality Impact Assessment

Borough Council of
King's Lynn & West Norfolk



Name of policy/service/function	Southend road Car Park				
Is this a new or existing policy/service/function?	Existing				
<p>Brief summary/description of the main aims of the policy/service/function being screened.</p> <p>Please state if this policy/service is rigidly constrained by statutory obligations</p>	<p>The creation of 32 new homes of which : -</p> <p style="text-align: center;">20% Affordable (6 units)</p>				
Question	Answer				
<p>1. Is there any reason to believe that the policy/service/function could have a specific impact on people from one or more of the following groups according to their different protected characteristic, for example, because they have particular needs, experiences, issues or priorities or in terms of ability to access the service?</p> <p>Please tick the relevant box for each group.</p> <p>NB. Equality neutral means no negative impact on any group.</p>		Positive	Negative	Neutral	Unsure
	Age			√	
	Disability			√	
	Gender			√	
	Gender Re-assignment			√	
	Marriage/civil partnership			√	
	Pregnancy & maternity			√	
	Race			√	
	Religion or belief			√	
	Sexual orientation			√	
	Other (eg low income)			√	

Question	Answer	Comments
<p>2. Is the proposed policy/service likely to affect relations between certain equality communities or to damage relations between the equality communities and the Council, for example because it is seen as favouring a particular community or denying opportunities to another?</p>	No	
<p>3. Could this policy/service be perceived as impacting on communities differently?</p>	No	
<p>4. Is the policy/service specifically designed to tackle evidence of disadvantage or potential discrimination?</p>	No	Shortage of 'decent' housing in the Borough.
<p>5. Are any impacts identified above minor and if so, can these be eliminated or reduced by minor actions? If yes, please agree actions with a member of the Corporate Equalities Working Group and list agreed actions in the comments section</p>	No	<p>Actions:</p> <p>Actions agreed by EWG member: </p>
<p>If 'yes' to questions 2 - 4 a full impact assessment will be required unless comments are provided to explain why this is not felt necessary:</p> <p>N/A</p> <p>Decision agreed by EWG member: Allison Bingham</p>		
<p>Assessment completed by:</p> <p>Name Dale Gagen</p>		
<p>Job title Assistant Director</p>		
<p>Date 17th February 2021</p>		