

NORTH LINCOLNSHIRE COUNCIL

PLANNING COMMITTEE

**Lincolnshire Lakes Planning Applications
Heads of Terms for Section 106 Agreement**

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To advise planning committee of the proposed Heads of Terms attached to the following planning applications from Lucent Lincolnshire Lakes SARL that were presented to planning committee on 22 October 2014 (application numbers PA/2013/1000, PA/2013/1001, PA/2013/1002 and PA/2013/1003).

1. BACKGROUND

- 1.1 The four planning applications submitted by applicants Lucent (Lucent Lincolnshire Lakes SARL) represent an important phase in the development of the Lincolnshire Lakes project. The applications were submitted in August 2013 prior to the release of the Lincolnshire Lakes Area Action Plan (AAP) which is now progressing through the second and final phase of consultation before its submission to the Secretary of State and its subsequent examination which is anticipated to be held in summer 2015. The four applications were presented to planning committee on 22 October and the committee resolved:

1.1.1 Lincolnshire Lakes application 1

(PA/2013/1001 - outline planning permission (with access not reserved) for the erection of a maximum of 450 dwellings including a care/retirement home (Use Classes C2 and C3), a village centre (Use Classes A1, A2, A3, A4, A5, B1 and D1), health care facility and community facility (Use Class D1), new roads and footpaths, informal areas of open space, play areas and sports pitches)

That permission be granted in accordance with the recommendations made within the report, the details outlined within the addendum and the additional conditions as proposed by the Head of Development Management, subject to the completion of a satisfactory Section 106 Agreement, with the application being returned to planning committee for further consideration, particularly regarding the provision of affordable housing to be laid out in the Section 106 Agreement.

1.1.2 Lincolnshire Lakes application 2

(PA/2013/1002 - full planning permission for highway works to create a new junction to the M181 motorway and construction of the western section of the east-west link road)

That the committee was minded to grant planning permission in accordance with the recommendations made within the report, the details outlined within the addendum and the additional conditions as proposed by the Head of Development Management, and subject to the completion of a satisfactory Section 106 Agreement, with issuing the decision being delegated to the Head of Development Management.

1.1.3 Lincolnshire Lakes application 3

(PA/2013/1003 - outline application (access not reserved) for a commercial park comprising Use Classes A1 (food) A2, A3, A4, A5, B1, C1 and D2)

That the committee was minded to grant planning permission in accordance with the recommendations made within the report, the details outlined within the addendum and the additional conditions as proposed by the Head of Development Management, and subject to the completion of a satisfactory Section 106 Agreement, with the decision being delegated to the Head of Development Management.

1.1.4 Lincolnshire Lakes application 4

(PA/2013/1000 - outline application (access not reserved) for erection of a maximum of 2550 dwellings including a care/retirement home (Use Classes C2 and C3), primary school and community facilities (Use Class D1), village centres (Use Classes A1, A2, A3, A4, A5 and B1), new roads and footpaths, informal areas of open space, play areas and sports pitches and new wildlife habitat, lakes and wetland)

That the committee was minded to grant planning permission in accordance with the recommendations made within the report, the details outlined within the addendum and the additional conditions as proposed by the Head of Development Management, and subject to the completion of a satisfactory Section 106 Agreement, with issuing the decision being delegated to the Head of Development Management.

- 1.2 Officers consider it important to advise planning committee of the heads of terms for all four Lucent planning applications: firstly, because they are intrinsically linked; and secondly, updating members on the proposed affordable housing provision only (application 1) would not provide a comprehensive and informative view.

2. PLANNING POLICY

2.1 Paragraph 204 of the National Planning Policy Framework states:

‘Planning obligations should only be sought where they meet all of the following tests:

- necessary to make the development acceptable in planning terms;
- directly related to the development; and
- fairly and reasonably related in scale and kind to the development.’

2.2 Policy CS27 (Planning obligations) of the North Lincolnshire Core Strategy states:

‘Where a development proposal generates an identified need for additional infrastructure, North Lincolnshire Council will, through the negotiation of planning obligations pursuant to Section 106 of the Town & Country Planning Act 1990 and in accordance with guidance set out in Circular 05/2005, seek to ensure that the development proposal:

1. meets the reasonable cost of new infrastructure and improvements to existing infrastructure made necessary by the proposal in order to support, for example, affordable housing, maintenance payments, highway infrastructure, nature conservation, transport initiatives, utilities, education, community facilities, health, leisure and recreation provision, public art and waste management; and/or
2. mitigates the impact(s) of the development; and/or
3. offsets the loss of any significant amenity or resource through compensatory provision elsewhere; and/or
4. provides for the ongoing maintenance of facilities provided as a result of the development.’

2.3 The assessment of the four Lucent planning applications included consideration of the impacts of the development proposed upon existing communities and infrastructure and what additional investment of infrastructure would be required in accordance with the aforementioned policies. Negotiations with the applicants have taken a considerable length of time to progress. The heads of terms for the S106 Agreement are provided in paragraph 3.

2.4 **Affordable housing**

Policy CS9: Affordable housing (taken from the Core Strategy)

‘New residential housing development of 15 or more dwellings in the Scunthorpe urban area, 5 or more dwellings in market towns and 3 or more dwellings in rural settlements must make provision for an element of affordable housing which is accessible to those unable to compete in the

general housing market. This policy seeks to achieve the following proportion of affordable housing:

- Scunthorpe urban area and market towns 20%
- rural settlements 10%.

A target of 70% of the affordable homes will be provided for rent, with the remaining provided as an intermediate tenure, to be agreed on a site by site basis.

Wherever possible, affordable housing should be provided on-site, but an off-site contribution may be acceptable where:

- a) management of the affordable housing on-site cannot be secured effectively; or
- b) affordable housing provision elsewhere in more suitable settlements is more likely to contribute towards the creation of mixed communities.

Where it can be demonstrated that the percentage of affordable housing sought will negatively impact on the delivery of a mixed community, or is subject to exceptional and authenticated site development costs, there may be a case for reducing the affordable housing. This should be proven through open book discussions with the council at planning application stage.

Rural exception sites

Planning permission will be granted for the release of small rural exception sites within or adjacent to the development limits or within rural settlements for 100% affordable housing where a local need has been clearly identified. All proposals must be substantiated by evidence that the scale of development proposed meets the identified needs.'

2.4.1 The policy within the North Lincolnshire Core Strategy (as shown above) requires the provision of 20% of dwellings to be affordable and this provision should be on site where possible.

2.4.2 The applicant has agreed to provide a financial contribution towards the provision of affordable homes off site that is equivalent to 5% of the total number of dwellings to be approved on the Lucent site (applications 1 and 4). The contribution of £15,890,000 would equate to 150 dwellings. The payments would be made at trigger points in the development which are to be agreed with North Lincolnshire Council.

2.4.3 The affordable housing contribution has been assessed as part of a viability appraisal for the development. Officers have scrutinised the viability assessment to establish developer costs and profits and it has been projected that the Lucent development will generate an Internal Rate of Return (IRR) of 18.11%. The viability of the scheme has been thoroughly scrutinised by independent specialists to establish if an affordable housing contribution lower than the 20% on-site requirement is justified. Consideration has been given to key

significant infrastructure costs, particularly in relation to highway/flood mitigation and the costs associated with the creation of large water bodies. The improvements to the existing road network within Scunthorpe that the development will bring and delivery of the transformational objectives of the project would not be achieved without this level of investment. The level of affordable housing recommended is the highest possible provision negotiated that this scheme can achieve and therefore it is recommended that it should be accepted.

2.5 Density

2.5.1 The Lucent submission adopts a housing density of 12 to 18 dwellings per acre. This is considered to be an acceptable figure and is within the guidance provided by the Housing and Communities Agency (HCA).

2.6 Dwelling mix

2.6.1 In terms of mix of dwellings, the planning applications stated that a degree of flexibility should be maintained around the housing mix to allow for changing trends in future housing demand and market conditions. However, the indicative percentage breakdown in terms of size of dwellings is as follows:

- 2 bedroom dwellings 28%
- 3 bedroom dwellings 35%
- 4/4+ bedroom dwellings 37%.

2.7 Education

2.7.1 *Primary:* The applicants agree to provide a site for a 3 form Entry Primary School and financial contributions towards education which totals £6,007,246.

2.7.2 *Secondary:* The applicants agree to provide a secondary school contribution that is to be determined on need and availability of funding through the review mechanism, but at this stage is considered to be £6,231,000.

3. HEADS OF TERMS

Infrastructure costs	Total (£)
New Junction at Brumby Common Lane	453,000
East West Link Road (Application 1)	940,008
East West Link Road (Application 2)	626,672

East West Link Road Crossing	42,384
East West Link Road Cycle Route	319,139
East West Link Road Bus Stop	21,192
M181 Northern Junction	2,925,000
M181 De-trunking	1,358,030
Doncaster Road Roundabout	80,643
Scotter Road/Brumby Wood Lane Junction	324,000
Brumby Common Lane Improvements	53,350
Public Transport/Travel Contribution	3,225,809
Continuous Piling	2,450,000
Electric Reinforcement	2,891,433
Primary School	6,692,190
Secondary School	6,231,000
Flood Risk and Water Management	18,406,826
Formal Recreation Space (Application 4)	720,522
Informal Open Space (Application 1)	15,137
Informal Open Space (Application 4)	118,371
Casual Play Space (Application 1)	15,137
Casual Play Space (Application 4)	118,371
Equipped Play Areas (Application 1)	242,192
Equipped Play Areas (Application 4)	494,072
MUGA Small (Application 4)	154,397
Landscape Infrastructure	3,490,814
Allotments (Application 1)	9,450
Allotments (Application 4)	16,842
Berkeley Circle	1,000,000
Lakes	3,000,000
Total	58,545,365

4. OPTIONS

- 4.1 **Option 1:** agree the heads of terms shown within paragraph 3.
- 4.2 **Option 2:** don't agree the heads of terms shown within paragraph 3.
- 4.3 **Option 3:** amend the heads of terms and request further negotiation with the applicants.

5. OTHER MATTERS – REVIEW MECHANISM

- 5.1 The applicant agrees to be bound by an appropriate 'review mechanism' which will determine if any further payment can be born at a later stage should the scheme's viability support it at that time.
- 5.2 Payments towards social and community infrastructure benefiting the development, may include payments towards secondary education provision, affordable housing provision and public transport provision.

6. RECOMMENDATION

Agree option 1 and grant authority to the Head of Development Management to proceed in producing and signing the S106 Agreement in respect of the four Lucent planning applications (application numbers PA/2013/1000, PA/2013/2001, PA/2013/1002 and PA/2013/1003) as set out within the Heads of Terms included in paragraphs 2.4, 2.7 and 3 of this report and issuing the four planning permissions subject to conditions.

HEAD OF DEVELOPMENT MANAGEMENT

The Civic Centre
Ashby Road
SCUNTHORPE
DN16 1AB

Author: David Wordsworth
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