

- a) **DOV/15/01290 – Outline application for a mixed-use development incorporating 142 residential units, 960sqm B1 Office, 370sqm of A1, 280sqm of D1, and a link road between Albert Road and Southwall Road (some matters reserved) - Land on the west side of Albert Road, Deal**

Reason for report: Number of contrary views.

- b) **Summary of Recommendation**

Planning Permission be Granted.

- c) **Planning Policies and Guidance**

Core Strategy Policies

- CP1 – The location and scale of development in the District must comply with the Settlement Hierarchy. Deal is a District Centre, which is the secondary focus for development in the District; suitable for urban scale development.
- CP3 – Of the 14,000 houses identified by the plan 1,600 (around 10%) is identified for Deal, subject to investigation of Middle/North Deal.
- CP4 - Developments of 10 or more dwellings should identify the purpose of the development in terms of creating, reinforcing or restoring the local housing market in which they are located and development an appropriate mix of housing mix and design. Density will be determined through the design process, but should wherever possible exceed 40dph and will seldom be justified to less than 30dph.
- CP6 – Development which generates a demand for infrastructure will only be permitted if the necessary infrastructure to support it is either in place, or there is a reliable mechanism to ensure that it will be provided at the time it is needed.
- DM1 – Development will not be permitted outside of the settlement confines, unless it is specifically justified by other development plan policies, or it functionally requires such a location, or it is ancillary to existing development or uses.
- DM2 – Land allocated for employment uses as shown on the proposals map or with extant planning permission for employment uses will not be granted permission for alternative uses unless it has been subsequently allocated for that alternative use in a Development Plan Document.
- DM5 – Development for 15 or more dwellings will be expected to provide 30% affordable housing at the site, in home types that will address prioritised need.
- DM11 – Development that would generate high levels of travel will only be permitted within the urban areas in locations that are, or can be made to be, well served by a range of means of transport.
- DM12 - Planning applications that would involve the construction of a new access or the increased use of an existing access onto a trunk or primary road will not be permitted if there would be a significant increase in the risk of crashes or traffic delays unless the proposals can incorporate measures that provide sufficient mitigation.

- DM13 – Parking provision should be design-led, based upon an area's characteristics, the nature of the development and design objectives, having regard for the guidance in Table 1.1 of the Core Strategy.
- DM15 – Development which would result in the loss of, or adversely affect the character and appearance of the countryside will not normally be permitted.
- DM23 – Proposals for local shops will be permitted within the urban areas and in rural settlements where consistent with the Settlement Hierarchy and on development sites for employment uses. Local shops are those with a gross floor area not exceeding 500sqm.

Land Allocations Local Plan

- DM26 – Planning permission for comparison shopping at Deal will be permitted provided that the sequential test set out in national planning policy has been followed. The provision should be: in an accessible location that is well connected to the town centre; maximise opportunities for sustainable transport; if over 500sqm, it would not be likely to have a significant adverse impact on town centre investment nor town centre vitality and viability; and the proposed are in accordance with development plan policies to protect and enhance the environment.
- DM27 - Residential development of five or more dwellings will be required to provide or contribute towards the provision of open space, unless existing provision within the relevant accessibility standard has sufficient capacity to accommodate this additional demand.

National Planning Policy Framework (NPPF)

- Paragraph 14 of the NPPF requires that where the development plan is absent, silent or relevant policies are out-of-date development should be granted unless any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in the NPPF taken as a whole, or, specific policies in the NPPF indicate that development should be restricted.
- Paragraph 49 of the NPPF states that "housing applications should be considered in the context of sustainable development. Relevant policies for the supply of housing should not be considered up-to-date if the local planning authority cannot demonstrate a five-year supply of housing sites.
- The NPPF has 12 core principles which, amongst other things, seeks to: proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs; secure high quality design and a good standard of amenity for all existing and future occupants and buildings; take account of the different roles and characters of different areas, promoting the vitality of our main urban areas, recognising the intrinsic character and beauty of the countryside; take full account of flood risk; encourage the effective use of land by reusing land that has been previously developed (brownfield land), provided that it is not of high environmental value; and actively manage patterns of growth to make the fullest possible use of public transport, walking and cycling.
- Chapter one of the NPPF seeks to secure economic growth, requiring planning to encourage and not act as an impediment to sustainable growth. Planning policies

should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose.

- Chapter two aims to promote competitive town centre environments. A sequential test should be applied to planning applications for main town centre uses that are not in an existing centre and are not in accordance with an up-to-date Local Plan. Applicants and local authorities should demonstrate flexibility on issues such as format and scale.
- Chapter four of the NPPF seeks to promote sustainable transport. In particular, paragraph 29 states that “the transport system needs to be balanced in favour of sustainable transport modes, giving people a real choice about how they travel. However, the Government recognises that different policies and measures will be required in different communities and opportunities to maximise sustainable transport solutions will vary from urban to rural areas”.
- Chapter six of the NPPF seeks to significantly boost the supply of housing. Housing applications should be considered in the context of the presumption in favour of sustainable development.
- Chapter seven requires good design, which is a key aspect of sustainable development.
- Chapter 10 promotes minimising vulnerability to climate change and flooding. Inappropriate development in areas at risk of flooding should be avoided by directing development away from areas at highest risk, but where development is necessary, making it safe without increasing flood risk elsewhere. In areas of flood risk, the Sequential Test and, if necessary, the Exception Test should be applied. Opportunities offered by new development to reduce the causes and impacts of flooding should be used.

The Kent Design Guide (KDG)

- The Guide provides criteria and advice on providing well designed development.

d) **Relevant Planning History**

The site has an extensive planning history; however, many of the planning applications relate to the former uses of the site and are not, therefore, directly relevant to the determination of the current application. There is also an extensive history of applications for a retail food store on the site (Court Marsh Farm) dating from between 1992 and 1997, all of which were refused, refused and dismissed at appeal or withdrawn. There are also two applications (DOV/05/00569 and DOV/97/00655) for works including the demolition of nos. 73 and 75 Albert Road; construction of replacement vehicular access to Hutchings Timber, The Builder Centre and Court Marsh Farm, sites of 73 and 75 Albert Road; and variation of conditions to allow for retail sale of timber, DIY and gardening products at Hutchings Timber, land at 79 Albert Road.

DOV/07/00404 – Erection of 42 business units (4144sq.m) and 1no. office unit (Use Classes B1 and B2), formation of parking and associated works – Appeal Allowed

DOV/11/00213 – Erection of industrial units with trade counter and office development with variation of condition 29 of planning permission DOV/07/00404 to vary existing drainage strategy - Granted

e) **Consultee and Third Party Responses**

Deal Town Council – Deal Town Council object to this planning application unless full infrastructure is complete before first house is occupied.

Environmental Health –

Noise

The application has been supported by a Noise Assessment, which is agreed. Details of fencing to provide acoustic screening be provided. A condition requiring details of plant to be installed on the retail unit should be submitted by condition for approval. It is also recommended that a condition is attached specifying delivery and opening times of the retail units.

Air Quality

An Air Quality Assessment has been submitted with the application, the methodology and conclusions of which are accepted. The overall impact in terms of NO₂, PM₁₀ and PM_{2.5} is negligible. For the construction phase, potential for fugitive dust levels to cause loss of amenity to residents in Mathews Close. A Dust Management Plan should be required to be submitted and approved by condition.

Contaminated Land

A Contaminated Land Investigation has been submitted. The report is suitable as a preliminary risk assessment and that the development is acceptable in principle. However the sampling strategy does not reflect the varied industrial history of the area and its size. As such, it is recommended that a condition is attached to any permission requiring a desk study, together with an investigation and risk assessment, mitigation and verification of mitigation, as appropriate.

Internal Drainage Board –

Whilst not opposed to the principle of the development, extreme concerns are raised regarding existing local flood risk and ongoing flooding issues related to Southern Water's drainage network. Appropriate measures must therefore be put in place, should the Council be minded to approve this application, to ensure that this development does not exacerbate local flood risk.

Surface water runoff from the site should aim to replicate Greenfield conditions, which appears to be proposed. A condition should be attached to any grant of permission requiring a detailed drainage strategy to be submitted and approved. A separate condition should secure the future maintenance of the SuDS.

Access must be retained to the 'Southwall Sewer' for future maintenance. The proposed re-profiling this watercourse to improve its conveyance capacity is supported, whilst consideration should be given to downstream effects.

Floodplain/Flood Zone issues and pollution prevention and control measures should be agreed with the Environment Agency.

The removal of an existing culvert between the ordinary watercourse running along the southern boundary of the site (behind Mathews Close) and the Southwall Sewer, and its replacement with an open channel is supported, helping to reduce local flood risk. This should be secured by condition.

Details of buffer zones to watercourses should be the subject of a planning condition.

The repeated overtopping from the foul sewer into the open drainage network remains of concern (in terms of local flood risk and pollution). It is therefore recommended that the Council satisfy itself that this risk is kept to a minimum, by obtaining written confirmation from Southern Water of intended improvements to its network.

Network Rail –

After reviewing the information provided in relation to the above planning application, Network Rail has no objection or further observations to make.

Environment Agency –

Initial Advice received 23/03/16

Raise objection and recommend refusal as the application has failed to meet the requirements of the second part of the flood risk Exception Test.

Both elements of the Exception Test must be passed for development to be permitted. Part 2 of the Test requires the applicant to demonstrate in a site specific flood risk assessment that the development will be safe, without increasing flood risk elsewhere, and, where possible will reduce flood risk overall. The application site lies in within Flood Zone 3. The submitted flood risk assessment (FRA) fails to demonstrate that the development can be made safe without increasing flood risk elsewhere. The Sequential Test must also be passed.

The Lead Local Flood Authority are responsible for drainage infrastructure; however there are complex issues on the site and a detailed drainage strategy should be established from the outset. The FRA assumes that infiltration into ground is unlikely to be feasible for managing surface water and that the most suitable method would be to discharge to the existing 'main river' (Penfield sewer) crossing the site and proposes improvements to this sewer.

It is essential that the LPA is satisfied that there will be an upgrade to the existing sewer network in this area before granting permission. There should be no development within 8m of the Main River for maintenance reasons.

A satisfactory flood warning and emergency plan should be in place before considering approving the application.

Further Response, received 01/06/16

The additional information provided by Herrington Consulting confirms that undercroft parking will be required in order to achieve parking requirements and that land raising will also be required to accommodate the proposed drainage strategy. Ground finished floor levels will therefore be located significantly above the design flood level.

Regard must be had for the effect of land-raising on the existing surface water regime and the proposed surface water strategy.

The Lead Local Flood Authority (KCC), whilst requesting a number of conditions relating to surface water, does not object to the proposal on these grounds and accepts the strategy as proposed.

Having reviewed the additional information in respect to tidal flooding we are satisfied that the development is unlikely to have a detrimental impact on flood flows or flood storage although further evidence will be required at the detailed design stage.

Whilst the proposals may in principle be acceptable it is acknowledged that a considerable amount of investigation will be required in order to demonstrate that the proposals are feasible. Given that this applies to both the surface water strategy and the ongoing issues with the capacity of the sewer network, the conditions imposed on any outline permission will need to be achievable. In addition, please ensure that the level of land-raising, together with the requirements for undercroft parking will be acceptable when other planning considerations are taken into account.

The Sequential Test is not the remit of the Environment Agency, but as this has not been submitted to the Environment Agency, they are unable to scrutinise the detail of the test. The LPA must ensure that it is satisfied with the Sequential Test.

If you are content with the feasibility of the conditions so far requested and are also satisfied that the Sequential Test has been met, as stated above, the Environment Agency are prepared to withdraw their objection providing conditions are imposed on any permission granted to ensure that ground finished floor levels for all living accommodation will be raised a minimum of 2m above existing ground level; details are submitted and approved of the proposed land-raising and an assessment of its impact on flood risk, taking into account the most recent climate change allowances; and the site itself is sequentially tested, with the most vulnerable development being placed in the areas at lowest risk.

Please also refer to our previous response regarding conditions set in relation to Groundwater and Contaminated Land and Biodiversity.

KCC Highways and Transportation –

Initial response, received 01/03/16

The trip generation methodology used to inform the assessment is acceptable.

The distribution model used an acceptable methodology. KCC Highways have audited these surveys by undertaking their own on site observations. In general observed queue lengths would appear to be realistic, however there were some notable exceptions, these are as follows:-

A258 – London Road/Manor Road

Whilst the queues leading to the junction were generally in keeping with on-site observations, traffic is often impeded from approaching the junction by on street parking. This narrows down the carriageway width and often prevents two vehicles from passing one another on the western approach. During school pick up and drop off times the crossing patrol also adds to this and impacts the frequency and rate at which vehicles reach the back of the queue. It is clear that the surveys do not account for this phenomenon; I suspect that if traffic was free flowing, the queues would be significantly longer than observed through traffic survey data.

The current model suggests that London Road will experience improved future year traffic conditions on both Eastern and Western arms (when compared to extant permitted development in the area), however it would appear to be at the expense of additional queuing on Manor Road, which again may have been artificially constrained within the baseline model.

Given that there are have some reservations over the current validation of the model, particularly in relation to Manor Road roundabout I will be unable to provide a definitive steer in relation to any potential requirement for external mitigation on the local road network.

Journey Times

My own network observations suggest that the journey time calculations derived within the model may materially differ on a few of the links.

The nature of Middle Deal Road is likely to be a reason for this, as there are various areas where the carriageway is restricted to single vehicle width by on street parking, which in turn makes journey times less reliable. I recommend that journey time calculations are revisited and the model is calibrated to convey this disparity.

The modelled journey times have not been provided for the A258 London Road to London Road / Middle Deal Road Junction. In order to fully validate the model, I recommend that journey time surveys are taken through the Manor Road arm of the London Road / Manor Road junction to ensure that these accurately represent on site conditions, particularly as there is some disparity between observed queues and those output within the model.

Albert Road/Middle Deal Road

The TA indicates that Albert Road and Middle Deal road will experience a reduction in peak hour queuing as when compared to extant permissions, which is to be expected given the introduction of a new link road between Albert Road and Southwall Road. This link road will also provide the added benefit of creating an alternative route for HGV traffic for extant commercial uses. These currently gain access through more restricted areas of the local highway network.

Traffic signals in West Street/Queen Street

The VISSIM model doesn't provide a detailed assessment of capacity at junctions such as traffic signals in West Street / Queen Street. This junction needs to be assessed in more detail using Linsig to ascertain the impacts of traffic loading and redistribution in this location in terms of junction capacity. It may be necessary to reconfigure the signals in order to balance queues and as such minimise overall impact on all arms.

Site layout/Junctions

A Stage 1 Road Safety Audit has not been submitted to support this application which is necessary for all new highway schemes and should be completed before a definitive steer can be provided in relation to the proposed link road arrangement. We require a plan showing the limit of the adoptable highway and any forward visibility at road bends and junctions should fall within the adopted highway where practical. I suggest that the road is audited with a design speed of

30mph and necessary visibility maintained. I recommend that visibility is indicated at all junctions and private access points. The road is subject to a number of bellmouth junctions, any junctions serving less than 30 dwellings could theoretically be altered to vehicle crossings, which would improve pedestrian facilities along the link road.

The junction spacing between the site access junction and the opposing junction of Bridgeside should generally be subject to greater separation, however the presence of the level crossing within close proximity would realistically preclude this. On balance given that the existing access arrangements to the site are poor and the use of Bridgeside is limited, I consider that this represents a material improvement over the existing situation and as such is not objectionable in principle (subject to safety audit).

The junction will comfortably accommodate anticipate traffic flows, although the operation of the level crossing will have an impact in real term traffic conditions on Albert Road. There will be times when larger queues may extend within the new link road. This is unlikely to generate any overbearing safety problems, the introduction of yellow box junction marking as suggested on the layout should help to keep access to the new link road clear at times when the level crossing is closed.

Residents' Parking

Informal parking is proposed within the site for existing residents of Albert Road, which will allow scope for parking restrictions to be implemented without generating without overbearing impact to local parking amenity. Generally I anticipate that on street restrictions will be necessary to manage traffic flows from larger vehicles and protect the free flow of traffic in future year scenarios.

There are some concerns with the indicative internal layout provided, albeit these details are indicative. Visibility would be restricted at some points and the layout of parking would more than likely result in a material amount of on street parking from residents and visitors.

Layby parking on the frontage should be provided within the link road.

In summary, in view of the issues raised above, at this stage I would wish to lodge a holding objection to this planning application. I am happy to discuss this with the applicant's agent/transport consultant in order to seek common ground in relation to the above issues.

Further Response - received 28/04/16

The applicant has now provided further assessment work to address matters arising.

The revised baseline VISSIM model is now calibrated within a tolerance that is acceptable for the purpose of assessing the impacts of the development is an acceptable representation of general traffic conditions and is suitable for the purpose of comparing proposed and extant development scenarios.

Whilst a new development of this nature will generally have a noticeable impact on traffic flows in the locality, it is important to take account of extant (currently partially implemented) development relevant to the site when assessing the need for external highway mitigation. The existing unimplemented light industrial uses

on the application site will have a different trip profile and distribution to those proposed in this application.

The summary within the assessment, which suggests a nil detriment scenario in traffic terms, is not agreed with. The redistribution of traffic will both increase and decrease queues at various junctions within the locality during the AM and PM peaks, (albeit these may not be considered to be significant in their own right). It is however agreed that, when assessed as a whole, it would be very difficult to suggest that impacts to the network were severe in accordance with paragraph 32 of the NPPF, which is a necessary test to consider before development can be resisted in traffic terms.

A Linsig assessment of the West Street/Queen Street junction has now been produced, this clarifies that the development is unlikely to generate a severe impact in this location. KCC are comfortable that no additional mitigation will be required. In addition to the Linsig assessment, an acceptable form of stage 1 safety audit has now been completed for new highway infrastructure within the site. An acceptable minor amendment has been proposed at the Southwall Road / Church Lane junction to respond to recommendations identified within the audit. For all other issues referred to within the audit, I am satisfied that the designer's response adequately responds to them.

KCC still have reservations in relation to the internal layout of the spine road and the incorporation of parking laybys is strongly recommended to avoid cars parking on the highway and to realise the full benefits of the new road infrastructure scheme (a quality, largely unimpeded alternative route for local traffic). A plan should be submitted showing the limits of the adoptable highway, including all forward visibility requirements along the road alignment and visibility at side roads and private accesses.

Junctions at the side roads should incorporate vehicle crossings rather than the bellmouth junctions. These issues are addressed, either through appropriately worded condition or prior to any permission being granted.

In summary and on balance, when the road network is considered as a whole, the overall impacts to local journey times are highly unlikely to be materially detrimental to road users. There are potential future year gains to be realised in the AM peak hours. There are also local benefits to be realised from the creation of a new link road within the site, which in turn offer alternative routes for HGV's to the site as a whole.

Subject to some minor amendments as outlined above, I am satisfied that the development will not generate any overbearing highway amenity or safety problems, as such I do not wish to oppose the application with respect to highway matters.

I recommend that the following matters are addressed by appropriately worded conditions:-

- Provision of construction vehicle loading/unloading and turning facilities prior to commencement of work on site and for the duration of construction. The best way of achieving this is to require the submission of a construction management plan to be approved prior to the commencement of development.
- Provision of parking facilities for site personnel and visitors prior to commencement of work on site and for the duration of construction.

- Provision of measures to prevent the discharge of surface water onto the highway.
- Provision of wheel washing facilities prior to commencement of work on site and for the duration of construction.
- Provision and permanent retention of the vehicle loading/unloading and turning facilities shown on the submitted plans prior to the use of the site commencing.
- Completion and maintenance of the access shown on the submitted plans prior to the use of the site commencing.
- The proposed roads, footways, footpaths, verges, junctions, street lighting, sewers, drains, retaining walls, service routes, surface water outfall, vehicle overhang margins, embankments, visibility splays, accesses, carriageway gradients, driveway gradients, car parking and street furniture to be laid out and constructed in accordance with details to be submitted to and approved by the Local Planning Authority.
- Completion of the following works between a dwelling or commercial unit and the adopted highway prior to first occupation: (a) Footways and/or footpaths, with the exception of the wearing course; (b) Carriageways, with the exception of the wearing course but including a turning facility, highway drainage, visibility splays, street lighting, street nameplates and highway structures (if any).

Informatives are also recommended.

Further comments - received 26 May 2016

KCC Highways are satisfied that the provision of laybys can be conditioned.

It is expected that cycling will be addressed through the detailed internal layout to come forward through reserved matters (i.e. provision for cycling through the southern residential area should be allowed for as this would be the most direct route in any case).

KCC Lead Local Flood Authority –

Notwithstanding that this is an outline application will all matters reserved, the principles of the site-wide drainage infrastructure should ideally be considered and established from the earliest stages of development planning; this is particularly important in areas such as this, where the site's topography and sensitivity will require careful consideration to ensure the on and off site flood risks can be appropriately managed. We are therefore pleased to note that a Flood Risk Assessment has been submitted which outlines the existing risks and explores options for the post-development management of surface water.

Whilst the LLFA are generally satisfied with the recommendations of the submitted Flood Risk Assessment, any detailed drainage design should expand upon the recommendations of this document. Specifically, any such scheme should:

- Mimic the existing drainage from the site via multi-functional SuDS features.
- Accommodate all rainfall durations and intensities for any event up to (and including) the climate-change adjusted critical 100yr storm without increasing the rate or volume of runoff to the receiving watercourse network.
- Use 'open' SuDS features wherever possible.
- Consider the flow routing and accommodation of any rainfall event that may exceed the design parameters.

- Take full account of the existing drainage network on site, with maintenance and access buffers for each feature.
- Minimise the use of fencing that might impede access to any SuDS feature or watercourse for maintenance access.
- Provide additional detail on the proposed means of controlling the rate of flow from the SuDS features.
- Take full account of the seasonally variable groundwater levels within the underlying strata.

The LLFA are aware of the existing and potentially ongoing issues related to the Southern Water sewer network in the adjacent Albert Road area. Whilst this is predominantly an issue for Southern Water's consideration, there could be pollution and capacity related implications for the surface water drainage network in the event of failure. It is therefore important that any improvements to the Southern Water network that may be required to accommodate the foul drainage from this site are agreed and implemented prior to the occupation of any unit permitted.

Should your Authority be minded to grant permission to this development, we would recommend that the following Conditions are attached:

Development shall not commence until a detailed sustainable surface water drainage strategy been submitted to (and approved in writing by) the local planning authority, based on the preliminary strategy prepared by Herrington Consulting. Details of the implementation, maintenance and management of the sustainable drainage scheme.

No infiltration of surface water drainage into the ground is permitted other than with the express written consent of the local planning authority.

Details of any proposed works to any existing watercourse on site to be approved

An informative is also recommended.

Southern Water –

Initial response - received 25/01/16

Southern water cannot accommodate the needs of the development without the provision of additional infrastructure, as the development would increase flows into the wastewater sewerage system and increase the risk of flooding in and around the existing area. Section 98 of the Water Industry Act provides a legal mechanism to secure the required infrastructure to accommodate the development. A condition should be attached to any grant of planning permission requiring details of foul and surface water disposal to be agreed in writing by the LPA.

Arrangements should be made for the long term maintenance of SUDS facilities.

Southern Water are able to provide a water supply to the development.

It is advised that the exact positions of water mains and surface water sewers should be determined on site before the layout of the scheme is finalised, with development and trees set away from mains and infrastructure protected. There should be no new soakaways, swales, ponds, watercourses or any other surface water retaining or conveying features within 5m of a sewer or main.

Further response - received 06/05/16

The developer is in consultation with Southern Water Services with regards to providing capacity to service the proposed development site.

Currently there are two technical solutions identified which involves works to the public sewers/s adjacent the development site. One solution is currently going through pricing reviews and the second solution involves further investigations i.e. flow monitoring and CCTV surveys which is expected to take approximately 5 to 6 months. The developer and Southern Water Services are working closely together to implement a scheme which would ensure that there is no additional flooding caused as a result of the proposed foul flow (approximately 7.3 l/s) connecting to the public sewerage system.

Should the Local Planning Authority be minded to approve the application, Southern Water would like the following condition to be attached to any permission.

“Development shall not commence until a drainage strategy detailing the proposed means of foul and surface water disposal and a implementation timetable, has been submitted to and approved in writing by, the local planning authority in consultation with the sewerage undertaker. The development shall be carried out in accordance with the approved scheme and timetable.”

DDC Principle Infrastructure Officer –

The development will be required to provide mitigation for the in combination impacts of the development on the Special Protection Area. In this instance, a contribution of £6,139.23 towards the mitigation strategy would be required.

There is sufficient capacity in the area in terms of equipped children’s play, following the provision of a new enlarged play area at North Deal Playing Field. However, further elements at this location are still required. These include an outdoor gym, pathways and a dog exercise area. The total cost of this project, with maintenance, equates to £232,407. Given the Open Space need arising from the current application, a proportionate contribution for this project equates to £56,834. This figure may revised if further information is submitted regarding the provision of Open Space within the development.

DDC Principle Ecologist –

The area of recolonising Open Mosaic Habitat, a priority habitat, does not constitute a constraint to development. Hedge (H1), also a priority habitat, will be lost to development. However, it is a poor sample of such a hedgerow and amounts to no more than 30m in length, now disconnected from other structural vegetation. The ditches on the site are of low floristic diversity, although it is noted that off-site ditches do support Water Vole, which may visit on-site ditches and therefore precautions are required when works are required to these ditches. In addition, enhancement for Water Voles through the provision of new habitat is recommended.

Japanese Knotweed is present in the north of the site and this will require eradication as part of the site development.

Bats: The derelict farmhouse supports a day roost for Soprano Pipistrelle (one bat recorded) and the site provides foraging/commuting for a not unusual number and species of other bats. Given the lack of 5-year housing land supply, development

here would meet the criterion of 'overriding public interest' (Habitats Regulation 53 (2)(e)); also, given the locational requirement of this application, Regulation 53(9)(a) would be met; and given the species and number of bat affected, Regulation 53 (9)(b) would also be met. Therefore, subject to the provision of mitigation, as given in the Appraisal, the presence of a bat roost is not a constraint to development. The Appraisal highlights the need to make suitable provision for bats when lighting is designed and this reflects recent Bat Conservation Trust findings that urbanisation is a cause of bat decline.

Reptiles: A low-moderate number of Common Lizard, Slow Worm and Grass Snake were recorded and provision will need to be made for these. It is considered that this number of reptiles is best dealt with as in Appraisal, by search and appropriate habitat destruction. Such an approach would also serve to avoid harm to Hedgehogs, if present.

Overall, the Appraisal is thorough and makes useful recommendations that should be followed up by means of condition, or legal obligation.

DDC Regeneration –

The constraints for this application are that the site is: within flood risk zone 3; designated employment site (saved policy LE5); and part of the site falls outside the settlement boundary.

The policies against which the application should be determined are the National Planning Policy Framework; Core Strategy (2010) policies CP1, CP3, CP4, CP6, DM1, DM2, DM5, DM11, DM12, DM13, DM15 and DM23; and Land Allocations Local Plan (2015) policy DM26.

The main policy considerations in respect of this application are:

1. The need for housing in Deal
2. The absence of a 5 year housing land supply for the District
3. Whether the loss of an allocated employment site in Deal is acceptable in policy terms
4. Whether development should be permitted outside of the settlement boundary of Deal
5. The suitability of this site for housing

Other policy considerations in respect of this application include:

1. The provision of affordable housing on this site in line with the Council's adopted policy and Supplementary Planning Document
2. The suitability of the site for retail and the consideration of alternative sites
3. The design and layout of the site
4. The impact of this development on the highways network

Crime Prevention Officer –

The applicant has considered crime prevention in their Design and Access Statement (D&AS) see page 41 section 5.6 Security. It is also appreciated that the applicant has liaised with the Crime Prevention Officer to discuss fully Secure By Design and Design out For Crime.

Southern Gas Networks –

There is a medium pressure gas main near the site. There should be no mechanical excavations taking place above or within 0.5m of the system. Where required the exact position of the pipe should be confirmed using hand dug trial holes.

Safe digging practices, in accordance with HSE publication HSG47 "Avoiding Danger from Underground Services" must be used to verify and establish the actual position of mains, pipes, services and other apparatus on site before any mechanical plant is used.

KCC Contributions –

The development would give rise to a need to provide the following infrastructure:

- Primary education towards Deal Primary School Phase 1 expansion - £239,637.44
- Community learning towards the upgrade of IT and information learning technology to improve and accommodate the additional learners experience at Deal Adult Education Centre - £3640.71
- Library book stock towards additional book stock required to mitigate the impact of the new borrowers from the development - £6818.25
- Youth services towards the new Deal Youth Centre - £69,012
- Social care towards the Adult Social Care 'Touchdown Zone' and changing place facility within Deal library - £10,828.92
- Three Wheelchair accessible homes
- High Speed Fibre Optic Broadband (100mb/s) should be provided.

Viability Appraiser –

As the proposed development is an outline permission there is limited information available especially in regards the design, specification and layout of the scheme. There is also significant uncertainty in the market as a result of the UK's decision to exit the EU. This has led to a period of uncertainty in relation to many factors that historically have acted as drivers to the property market. Since the referendum there has been little or no empirical evidence of market activity to suggest how the market is or will react.

Based on the evidence currently available, the development could support an additional contribution towards affordable housing of £1,246,500. It is however stressed that the impacts of "Brexit" coupled with the applicant obtaining full cost and design estimates for the development could erode this affordable housing contribution. The values of the viability appraisal should however be reviewed at the reserved matters stage.

Public Representations – Twenty letters of objection have been received, raising the following concerns:

- There is a need for additional drainage infrastructure
- There is existing localised flooding in the Albert Road area, which the development would exacerbate
- The existing site allows water to infiltrate into the ground. The development would reduce infiltration
- There is a lack of information regarding the proposed drainage strategy

- The applicants assured residents that the development would improve the existing flooding problems but the flood risk assessment only suggests that risks will not be increased
- The site lies within a flood risk zone
- Increased traffic and congestion within the area
- Harm to highway and pedestrian safety
- The existing access road is dangerous due to its proximity to the railway line
- The proposed parking area for the existing residents of Albert Road is in an area which has flooded
- The transport assessment is flawed
- There should be no parking on the main spine road
- No information has been submitted regarding Environmental Health, noise or air quality
- The development would be out of keeping and overbearing, harming the character and appearance of the area
- The architectural quality of the buildings is poor
- Deal needs a larger retail unit, not a small one as proposed

In addition sixty-seven letters of support have been received, making the following comments:

- The development would reuse an untidy and derelict site
- This site is the most logical for additional housing in Deal
- There is a need for additional housing in Deal
- The proposals would improve the local highway network
- The new access road which is proposed is much needed
- The development will create a sustainable community
- The development would improve the character and appearance of the area
- Employment creation
- Deal needs additional retail provision, in particular a new food store
- Flood risk has been addressed by the application

- f)
1. **The Site and the Proposal**
 - 1.1 The site is located to the west of the built up area of Deal, within Flood Risk Zone 3. The areas to the north east and south west of the site are within the settlement confines of Deal, whilst the central area is outside of the confines. The south western portion of the site is allocated for employment, under Saved Dover District Local Plan Policy LE5, but is also identified as having a potential for a mixture of uses, under paragraphs 3.194 and 3.195 of the Land Allocations Local Plan, including retail, residential and a new road.
 - 1.2 The site itself measures approximately 5ha and is roughly rectangular in shape. The land is situated between Albert Road to the south east and Minters Yard Industrial Estate to the north west. The site is also bounded to the south west by residential development and to the north by the railway line, a commercial site, including Jewsons and Hutchings Timber Yard, and agricultural land. The site is largely vacant of buildings with the exception of one dwelling, Court Marsh Farm. The north eastern end of the site has been raised in height by around 2m as part of an implemented application for commercial development adjacent to Minters Yard Industrial Estate.
 - 1.3 This outline application has been submitted for the erection of 142 dwellings, 960sqm of B1 offices, a 370sqm A1 retail unit and 280sqm of D1 non-residential

institution (indicatively described as a children's nursery). A new road, designed to provide improved traffic distribution in the area, is also proposed. This road would provide a new link between Albert Road and Southwall Road.

- 1.4 This outline application includes full consideration of access, comprising the new link road, with all other matters (scale, layout, appearance and landscaping) reserved.

2 **Main Issues**

- 2.1 The main issues are:

- The principle of the development
- The impact of the development on the character and appearance of the area
- Impact on the highway network
- Impact on neighbours
- Living conditions of future occupants
- Flood risk and surface water drainage
- Contributions and viability
- Contamination
- Ecology

Assessment

Principle

- 2.2 The site lies partly within and partly outside the settlement confines of Deal, as defined by the Proposals Map. The land to the west of Albert Road is allocated employment land and is included within the settlement confines. The land to the north east of the Minters Yard Industrial Estate, which was formally allocated as employment land, is no longer allocated for any specific purpose and is within the settlement confines. However, a parcel of land between these two employment site falls outside of the settlement confines and is not allocated for any use.

Loss of employment land

- 2.3 The land to the west of Albert Road is allocated as employment land. Whilst no longer allocated as employment land, the land to the north east of the Minters Yard Industrial Estate has an extant permission for employment uses. Policy DM2 of the Core Strategy states that land which is allocated or with extant planning permission for employment uses will not be granted permission for alternative uses unless it has been subsequently allocated for an alternative use, or where the land or buildings are no longer viable or appropriate for employment uses.
- 2.4 Whilst the NPPF is generally supportive of employment uses, paragraph 22 seeks to avoid the long term protection of such sites where there is no reasonable prospect of the site being used for that purpose. Where this is the case, applications for alternative uses should be judged on their merits.
- 2.5 Whilst the majority of the site is proposed for residential use, the scheme does include offices adjacent to the existing employment uses. This office development has been included in the priority list of the East Kent Spatial Development Company, which seek to secure funding for business investment. In addition, whilst not falling within the definition of employment land provided in

the Core Strategy, the proposed non-residential institution (children's nursery) and retail unit would provide some additional employment.

- 2.6 The Minters Yard development has had planning permission since 2008. Whilst part of the approved scheme (DOV/11/00213) has been built out, the vast majority has not. Equally, the land at Albert Road which is allocated for employment land has not been forthcoming since it was allocated in 2002. The applicant has conducted marketing of the site; however, as set out in the Planning Statement and Economic Benefits Statement, there has been little interest in the site for employment uses. There is a known oversupply of employment land within the District, whilst the area lacks the high quality transport links to attract potential businesses (hence the inclusion of the new road within the development). Consequently, it is not considered that the site is attractive for employment uses and there is little prospect of the site coming forward for employment uses.
- 2.7 The applicants Economic Benefits Statement sets out what employment would be generated by the development. During the construction phase, which is projected to span approximately 3 years, the development would support approximately 108 full time equivalent (FTE) construction jobs, together with indirect jobs which would also be supported. Once constructed, it is projected that the A1 unit would generate 14 FTE jobs, the B1 unit would generate 58 FTE jobs and, whilst more difficult to estimate, the D1 unit would generate around 21 FTE jobs. As such, the development would generate a total of around 93 FTE jobs going forward.
- 2.8 Whilst the site has not been allocated for alternative uses, paragraphs 3.194 and 3.195 of the LALP provide a clear intention to support alternative uses, including residential. In addition, and as will be expanded upon in the next section of this report, there is a strong need for additional housing which must be attributed significant weight. On balance, it is therefore considered that the loss of employment land is acceptable.

Principle for residential

- 2.9 Whilst much of the site is located within the settlement confines, a section of the site is not. Policy DM1 of the Core Strategy states that development will not be permitted on land outside of the confines, unless it is specifically justified by other development plan policies, or it functionally requires such a location, or is ancillary to existing development or uses. Whilst there is no specific policy relating to the site, the site is referenced within the Land Allocations Local Plan (LALP), which acknowledges that there may be the potential for development at the Albert Road section of the site and that this could include retail and residential development and a new road. However, the area identified in the LALP does not cover the whole site.
- 2.10 Notwithstanding the above, as the District cannot demonstrate a five year housing land supply and having regard for paragraphs 14 and 49 of the NPPF, the Councils housing policies cannot be considered up-to-date. In such instances permission should be granted unless the development is unsustainable or specific policies in the NPPF direct that permission should be refused.
- 2.11 The Core Strategy housing allocation for Deal is 1,600 dwellings. This figure seeks to meet the local needs of the expanding population of Deal, rather than strategic needs. However, there is limited scope to provide such a provision of housing. The LALP identifies land for approximately 800 dwellings and whilst

extant planning permissions reduce the deficit, there remains a deficit of housing land for 337 dwellings.

- 2.12 The Deal Transport and Flood Alleviation Model suggests that development be focused towards the Albert Road and Southwall Road area and indicates that development of the site may present an opportunity to create a new road linking these two existing roads. This study is a material consideration and adds significant weight in favour of residential development in this location.
- 2.13 The site would be well linked to the existing built up area of Deal and would be well linked to the facilities and services of the town, including bus stops, the train station, and the town centre. Having regard for the significant weight which must be given to the need to provide housing and the sustainability of the sites location it is considered that, subject to material considerations, the principle of residential development on the site is acceptable.

Principle for retail use

- 2.14 Policy DM23 of the Core Strategy provides support for the provision of local shops up to 500sqm in size, provided they are located within the settlement confines or on a site which is allocated for employment use. The proposed retail unit is located within the settlement confines and on land allocated for employment and, as such, is supported by Policy DM23.
- 2.15 The NPPF, whilst generally supportive of retail development, requires that applications which include the provision of retail uses (and other main town centre uses) which are not in a town centre be supported by a sequential assessment to demonstrate that there are no sequentially preferable locations either within or closer to the town centre. The development falls under the threshold of 2,500sqm where a retail impact assessment is required.
- 2.16 The applicant has submitted a sequential assessment as required. The site is located approximately 340m from the primary and secondary frontages of Deal town centre. However, the applicant has undertaken their assessment considering alternative sites within the town centre and a 1 mile radius of the town centre. The report also adopts a flexible approach to the size of units included, with a size of plus or minus 20% of the 370sqm which is being applied for (i.e. between 296sqm and 444sqm). The applicant identified thirteen properties within the search which are either for sale or lease; however, all of these were significantly smaller than lower end of the range and would not provide a suitable alternative site for the retail unit proposed.
- 2.17 It is therefore concluded that there are no available, reasonable alternative sites which are in sequentially preferable locations. As such, the principle of retail use on the site is considered to be acceptable.

Principle for offices

- 2.18 The proposed office building would be located within the settlement confines on land which was granted planning permission under application numbers DOV/07/00404 and DOV/11/00213 for the erection of an office building. Although the approved office building has not been constructed, the latter of these permissions has been implemented and, as such, remains extant. This therefore represents a realistic fallback position. In any case, it is considered that the principle of an office use on this part of the site accords with the development

plan (in particular Core Strategy policy DM2) and the NPPF. The principle of this aspect of the development is therefore considered to be acceptable.

Principle for non-residential institution

- 2.19 The proposed non-residential institution (which is identified on the submitted plans as a children's nursery), is located within the settlement confines. The land which falls within the area which was granted planning permission under application numbers DOV/07/00404 and DOV/11/00213 for the erection of business units. It is therefore necessary to consider Core Strategy Policy DM2, which seeks to retain employment uses unless it is subsequently allocated for alternative uses, or where it is demonstrated that the use is no longer viable or appropriate.
- 2.20 As set out in the section 'loss of employment land', it is not considered that the employment land is viable or appropriate and, as such, the proposed non-residential institution use would accord with Policy DM2 and is therefore acceptable.

Character and Appearance

- 2.21 The layout, scale, appearance and landscaping of the proposal are reserved at this outline stage. Access is not reserved at this stage, with the proposed spine road laid out in detail. This road would link with Albert Road to the south of the sites boundary with this road. The road would provide a relatively direct route through the site before following the route of the existing access which serves the employment uses at Minters Yard Industrial Estate.
- 2.22 The applicant has submitted an indicative layout plan, which suggests that the development would provide a perimeter block layout with street fronting properties. The retail unit is shown to be adjacent to, and fronting, Albert Road, with an area of car parking to its rear. The proposed B1 and D1 units would address the proposed spine road. To the north of the site, are a group of apartment buildings which would front onto the spine road and a smaller estate road. An open space, including a SUDS feature (balancing pond) is shown towards the north of the site.
- 2.23 Having regard for the indicative layout, it is considered that the proposed development could be provided on the site at a density comparable to that of the existing area. The indicative layout also demonstrates that the scheme could be designed to a regular pattern of development which responds to the prevailing spatial character of development within the area.
- 2.24 Whilst this layout is indicative only, it does demonstrate that the amount of development applied for could be successfully accommodated on site, whilst positively responding to the existing character of the area. The indicative layout also indicates that easements can be provided to drainage ditches and the balancing pond, whilst the development would be well-separated from potential sources of unacceptably high noise and disturbance.
- 2.25 Whilst scale is reserved at this stage, the indicative details suggest that the buildings would be mixture of three (9.1 to 11.6m) and four storeys (11.5 to 13.3m) in height, with the four storey buildings concentrated to the northern most corner of the site, together with one four storey building to the Albert Road frontage. This height is, largely, needed to ensure that the living areas of dwellings (living rooms, bedrooms etc.) are provided above the design flood level

(2.3m AOD), with garages provided at ground floor level and designed to cope with flooding. A similar design approach has been adopted at the Golf Road, Cannon Street site (known as Out Downs). The buildings to the north of the site would be little seen from public areas, with clear views only possible from Northwall Road. In the limited views which would be gained, the site would be seen in the context of the commercial units at Minters Yard, Southwall Road and the Jewsons and Hutchings site off Albert Road, which already provide a stark appearance to this fringe area of Deal. The introduction of four storey buildings on the site would not, therefore, be visually harmful.

- 2.26 To Albert Road, there is a prevalence of two storey dwellings. Whilst the areas to the north of the railway line contain more of a mixture of one and two storey buildings, this development is visually detached from the site, by virtue of the railway line and its vegetated verge. To this frontage, the retail unit and a block of flats are proposed, indicatively, together with areas of communal car parking. Whilst the scale of these buildings would be larger than the existing buildings on this part of Albert Road, these buildings would be well separated from their neighbours and, by virtue of their use, would be distinct from the character of the dwellings beyond the site. As such, the indicative scheme to this frontage would not harm the character of the area.
- 2.27 Indicative images of the design of the buildings have been submitted which illustrate how the proposed buildings could appear. Again, whilst these images are indicative only, they demonstrate that a high quality design, responding to the character of the area, would be achieved on the site.
- 2.28 The Environment Agency has stressed the need to ensure that some of the broad principles of the design of the scheme, specifically the need for land raising and undercroft car parking, are considered at this stage. The need to raise the level of living accommodation is fundamental to ensuring that the scheme is acceptable in terms of flood risk (as will be discussed later in this report). For the reasons stated above, it is considered that this vital design requirement can be met on site, whilst maintaining a high quality design
- 2.29 The density of the development also provides the opportunity for meaningful landscaping, around the dwellings, road verges, drainage ditches and the 'SUDS landscape'.

Heritage

- 2.30 Regard must be had for how the development would impact upon the heritage assets which are within the vicinity of the site, and their settings, having regard for the Planning (Listed Buildings and Conservation Areas) Act 1990 (The 'Act'). Section 66(1) of the Act states that, 'In considering whether to grant planning permission for development which affects a listed building or its setting, the local planning authority, or as the case may be, the Secretary of State shall have special regard to the desirability of preserving the building or its setting or any features of special architectural or historic interest it possesses.' As such, it is necessary to have 'special regard' for whether the development would preserve the listed buildings in the vicinity and their settings. Section 72(1) of the same Act, requires that 'special attention' is given to the desirability of preserving or enhancing the character or appearance of a conservation area. Additionally, the NPPF requires that regard must be had as to whether the development would harm the significance of both designated and non-designated heritage assets and, where harm is identified (either substantial or less than substantial), consider whether this harm is outweighed by public benefits.

- 2.31 The site does not contain any listed buildings and is not within a conservation area. The closest listed buildings are located at the junction of Southwall road and Middle Deal Road and comprise 'Walnut Trees', 'Sherrard House' and 'Berkeley House', all of which are listed at Grade II. These buildings are located a significant distance, in excess of 180m, from the site. Given this separation distance and the relationship between the site and these listed buildings, it is not considered that any harm would be caused to these heritage assets, or their settings.
- 2.32 The application is not considered to be in an area which is of high archaeological potential. Furthermore, the majority of the site is either formed from made ground or has been previously developed. As such, it is not considered that the development would be likely to affect heritage assets of archaeological interest. No representations have been made by the County Archaeologist.
- 2.33 For these reasons, and having regard for the statutory duty, it is not considered that any heritage asset would be harmed by the development and the impact would be neutral.

Impact on Residential Amenity

- 2.34 As this application is submitted in outline, the layout of the development which has been shown is indicative only and may change at the reserved matters stage. However, based on the indicative details the development would be well separated from neighbouring properties.
- 2.35 The closest property to the proposed buildings is No.60 Southwall Road, which would be located approximately 24m from the proposed innovation centre, which would be three storeys in height. This building is in approximately the same location as the two storey, pitched roof office building which was granted planning permission under application DOV/11/00213. Given the separation distance between this building and No.60, it is not considered that any loss of light or sense of enclosure would be caused, whilst the building could be designed in such a way to avoid unacceptable overlooking. This would be considered at the reserved matters stage.
- 2.36 The dwellings on Matthews Close would, equally, be around 24m from three storey dwellings within the development. It is considered that this this separation distance would be sufficient to avoid any unacceptable harm to the residential amenities of properties on Matthews Close.
- 2.37 Elsewhere, the nearest properties on Albert Road, to the north and south, to the proposed buildings would be approximately 43m and 30m away respectively. For the same reasons as above, it is considered that the separation distances to these properties would ensure that no loss of amenity would be caused.
- 2.38 Whilst the application is submitted in outline only, with the layout and scale of the buildings reserved at this stage, it is considered that the Illustrative Masterplan demonstrates that the amount of development applied for could be successfully accommodated on the site without causing an unacceptable loss of amenity. Should the details change at reserved matters stage, consideration will be had for the impact on neighbouring properties; however, given the natural limitations on the location of development, for example, the drainage ditches, railway line and location of site boundaries, it is highly unlikely that an unacceptable relationship would be produced.

- 2.39 Regard must also be had for whether the proposed road, for which details have been submitted, would lead to an unacceptable degree of noise and disturbance to neighbours. This road would be well separated from neighbouring properties on Albert Road. At the junction with Southwall Road, the road would be significantly closer to neighbouring properties; however, this access is already used by a number of commercial properties and, were the extant planning permission for business units to be built out (which would not provide a through route to Albert Road), the use of this access would substantially increase. It is therefore considered that the development would be unlikely to cause significantly greater noise and disturbance to neighbouring properties.
- 2.40 Finally, considering the living conditions of future occupiers, the proposed density would allow reasonable separation distances between properties, as suggested by the indicative layout. As such, it is considered that the application has demonstrated that the amount of development proposed could be successfully accommodated whilst providing acceptable living conditions for future residents.

Impact on the Highway

- 2.41 The only reserved matter for which permission is sought is access, full details of which have been submitted to support the application. The development proposes a new road which links Southwall Wall, via the existing access to the Minters Road Industrial Estate to Albert Road. This road has been granted South East Local Enterprise Partnership funding which seeks to support private sector led growth within the south east. The road, which will be part funded by the SELEP and part funded by the developer seeks to provide an quality alternative highway within the North Deal area. At present, this part of Deal has a constrained highway network of relatively narrow roads. The new road will provide an additional route serving the area, notably including a number of businesses which are reliant on the movement of large vehicles.
- 2.42 The northern parcel of the site has extant planning permission for 4251.5sqm (45762.8sqft) of industrial buildings and 970sqm (10440sqft) of office buildings, all accessed via the existing Southwall Road junction. This permission has been partly implemented and, as such, could be built out without any significant improvements to the highway network.
- 2.43 The proposed access road is of sufficient width to allow two vehicles to independently access, egress and traverse the site. The minimum width of the road will be 6.1m, increasing at junctions and where there are significant bends in the road. Plans have been submitted which demonstrate that appropriate visibility (40m by 2.4m by 40m) would be achieved at both the junction of the new spine road with Albert Road and at the junction of the new road linking to the Hutchings Timber and The Builder Centre and the new spine road. Whilst such visibility cannot be achieved at the existing junction between the Minters Yard Industrial Estate and Southwall Road, the development does propose a build out to the north of this junction improving its geometry, following the recommendations of the Stage 1 safety audit, which would improve its accessibility. Furthermore, the development would be unlikely to significantly increase the use of this access, due to the provision of the new road which would provide a relatively direct, purpose designed road free from obstructions or pinch points. Equally, some of the vehicle movements generated by the existing businesses within the Minters Yard Industrial Estate would choose to bypass the junction with Southwall Road and instead use the proposed new road, as this new route would be substantially easier to navigate. Whilst concerns have been

raised by third parties that some vehicles may continue to use the Southwall Road junction (together with Church Lane and Middle Deal Road), it is considered that it is highly likely that the number of vehicles choosing this route would be greatly reduced, producing an overall benefit.

- 2.44 Swept path (or tracking) plans have been submitted to demonstrate that the configuration of the access road would allow for the safe and convenient access and egress of vehicles, including a 16.5m articulated lorry. Whilst in some instances these tracking plans show that the swept path of large vehicles would require a small area of the opposite side of the carriageway, this would not be significant and would not unacceptably harm highway safety or the free flow of traffic, as confirmed by KCC Highways and Transportation. Swept path plans have not been submitted for the junction with Southwall Road; however, this access is already utilised by the commercial properties within the Industrial Estate. The northern part of the site has extant planning permission for 44 industrial units and a large office building which would include the provision of 173 car parking spaces, all accessed via Southwall Road. Having regard for the existing use of this access by HGV's, the fallback position of the extant planning permission and the provision of a new road within the current application which would provide an enhanced alternative route, it is not considered that the use of the existing access to Southwall Road is unacceptable.
- 2.45 For these reasons, it is considered that the access road through the site, its geometry and the proposed junctions with Southwall Road and Albert Road, are acceptable.
- 2.46 Whilst it has been concluded that the access road and its junctions would not cause any harm to the highway network, regard must also be had for the developments impact on the wider road network. The NPPF states that development should only be refused on transport grounds where the residual cumulative impacts of development are severe.
- 2.47 The impacts on the wider road network have been modelled, having regard for observed on-site conditions. This calibration has been assessed and agreed by KCC Highways and Transportation. In considering the impacts of the wider highway network, regard has been had for the extant planning permission for industrial and office development which has been compared to the impacts of the proposed development. The profile of trips generated by the extant permission and the proposed application would vary significantly. For example, the vehicle movements generated by each would be focused around different times of the day and days of the week (e.g. the extant permission would be unlikely to generate significant movements at the weekend). As such, the impacts of each will vary. Both scenarios would produce increased queues at some junctions, for example at certain periods on Manor Road, and decreased queues at others, such as London Road, at different times of the day. The calibrated model concludes that, in some instances, these increases would not be significant whilst, when considered as a whole, the cumulative impacts of the development would not be severe. As such, it is not considered that the developments impacts on the wider highway network could be sustained as a reason for refusal.
- 2.48 Policy DM13 of the Core Strategy requires that the provision of car parking should be a design led process, based upon the characteristics of the site, having regard for Table 1.1 of the Core Strategy. It is arguable as to whether the site is in an edge of centre location or a suburban location, each of which produce slightly different requirements for car parking. However, given the proximity to the town centre and the train station, together with the character of

the development and the streets in the area, it is considered the site is more typical of an edge of centre location. Assuming the development comprises a housing mix approximately in accordance with the housing mix recommended at paragraph 3.43 of the Core Strategy, it is likely that the residential part of the development would need to provide approximately 150 car parking spaces, together with 29 visitor spaces. In addition, the retail unit would give rise to a need for approximately 20 spaces, the business unit would give rise to a need for approximately 38 spaces and the D1 unit, whilst more difficult to estimate, would give rise to a need for approximately 17 spaces.

- 2.49 The illustrative masterplan indicates that each dwelling would be provided with approximately 2 car parking spaces, in excess of the recommended provision. Equally, the retail and non-residential institution uses indicatively show parking which would meet the recommended provision. Whilst it is not clear from the illustrative plan whether the proposed business unit would be provided with the recommended level of car parking, the plans do include areas of land beyond the footprint of the building which could be utilized for car parking.
- 2.50 An open carpark has been proposed to the Albert Road frontage, which would be made available for local residents. The provision of off-street car parking in this location would be likely to discourage vehicles from parking on Albert Road, which is narrow, constrained and, along significant sections, subject to highway restrictions. The provision of non-allocated parking, off the highway, will be vitally important to ensure that the full benefits of the access road are realised. Should parking occur on the new road, it would reduce the free-flow of traffic. Whilst not shown on the indicative plan, the applicant has confirmed that vehicle laybys can be provided to the sides of the main access road through the site. The layout of the scheme provides sufficient space either side of the access road to allow for layby parking, which can be provided as part of the reserved matters details.
- 2.51 It is considered that the amount of development proposed could be provided on the site in a manner which would provide sufficient car parking. The retail unit is also shown to be provided with a HGV parking/unloading space. As such, it is considered that the application has demonstrated that the amount of development applied for can be provided in a manner which incorporates adequate car parking.
- 2.52 Details of cycling provision within the development have not been submitted at this outline stage. However, the submitted Travel Plan confirms that, in accordance with the need to support alternative, sustainable forms of transportation, each dwelling will be provided with cycle parking. The site is well linked to the highway network and the wider network of dedicated cycle routes. The development will need to incorporate a cycle route through the site, to provide improved permeability for cycles. Whilst a route has not been shown on the indicative layout, a pathway, with generous verges to either side, is shown through the southern section of the site. This route could be used to provide a direct and dedicated cycle and pedestrian access through the site. Details of such an access, or a comparable alternative, will be considered at the reserved matters stage.

Flooding and Surface Water Drainage

- 2.53 The site lies within Flood Risk Zone 3. The NPPF states that inappropriate development in areas at risk of flooding should be avoided by directing development away from areas at highest risk, but where development is necessary, the development should be made safe without increasing the flood

risk elsewhere. Where development within areas at risk of flooding is proposed, paragraph 100 of the NPPF requires that the Sequential Test is applied and, if necessary, that the Exception Test is applied.

- 2.54 The aim of the Sequential Test is to steer development to areas with the lowest risk of flooding. However, development may be permitted where there are no reasonably available sites which are appropriate for the development in areas with a lower probability of flooding.
- 2.55 The application has been supported by a site specific flood risk assessment and a sequential test report. These confirm that the site is in Flood Risk Zone 3, where there is a 1 in 200 or greater probability of flooding from the sea in any one year. The site does benefit from a degree of protection from The Deal Coastal Defence Scheme, which was completed in April 2013 (although it should be noted that these flood defences were designed to protect existing settlements and not to open up land for new development).
- 2.56 There is an established need for housing within the Deal area (incorporating the continuous built up areas of Walmer, Sholden and Great Mongeham). The Core Strategy allocates a need for 1,600 dwellings, which is geared around meeting local rather than strategic needs. The Land Allocations Local Plan acknowledges that there are limited opportunities for further development within the town. The six allocated sites within Deal provide approximately 800 dwellings. Whilst extant planning permissions coming forward will reduce this deficit, there remains an unmet housing need of 337 dwellings in Deal.
- 2.57 Given that the need for housing in Deal is based on local rather than strategic need, it is considered that it is appropriate that the sequential assessment should focus upon the Deal area. The submitted sequential report utilised a three pronged approach to establishing whether any reasonably available and appropriate sites with a lower risk of flooding. Firstly, a sifting process was undertaken to establish where sites of comparable size are located. Secondly, enquiries were made to agents (Tersons, Pearson Gore and BTF) to ascertain whether comparable sites are being offered on the market. Finally, the applicant engaged with the Councils Planning Policy Team to ascertain whether there were any comparable sites coming forward. The process considered sites 20% larger or smaller than that which is currently being applied for to broaden the scope of the results and the potential alternative sites. However, in accordance with National Planning Practice Guidance, sites were only considered if they were 'developable' and 'deliverable'.
- 2.58 The sequential process identified one site which is in a sequentially preferable (in terms of flood risk) location and is of comparable size. However, it was concluded that this site, at King's Farm, Dover Road, was not developable (on the basis that it would have an unacceptably harmful impact on the landscape character and would require a secondary access which is not achievable) or deliverable (given that it cannot be delivered within a 5 year period). It is considered that the site is not reasonably available and appropriate and, therefore, the reasons for discounting this site are sound. It is therefore considered that there are no sequentially preferable sites. This conclusion corresponds with the conclusions made by the Deal Transport & Flood Alleviation Model Study, which identifies the application site (and additional land further to the north) as the preferred focus for residential development.
- 2.59 Now that it has been established that there are no reasonably available alternative sites which are appropriate for the development and in an area with a

lower risk of flooding, therefore meeting the Sequential Test, it is appropriate to consider whether the development meets the Exception Test.

2.60 The Exception Test is formed of two parts, both of which must be passed. These parts are:

1. it must be demonstrated that the development provides wider sustainability benefits to the community that outweigh flood risk, informed by a Strategic Flood Risk Assessment where one has been prepared; and
2. a site-specific flood risk assessment must demonstrate that the development will be safe for its lifetime taking account of the vulnerability of its users, without increasing flood risk elsewhere, and, where possible, will reduce flood risk overall.

2.61 The first part of the test relates to sustainability benefits to the community. The development would provide an additional 142 dwellings in a location which is well related to the facilities and services of Deal and well linked to the public transport network. These dwellings would provide a significant and valuable contribution towards the lack of housing land supply. The development would also provide approximately 93 FTE jobs as well as a new, quality, road between Albert Road and Southwall Road. It is considered that these significant benefits would outweigh the flood risk and, as such, the first part of the Exception Test would be met.

2.62 The second part of the test requires that a site-specific flood risk assessment be prepared which demonstrates that the development will be safe over its planned lifetime without increasing flood risk elsewhere. Reductions in flood risk should be sought where possible. The planned lifetime of residential developments is typically considered to be 100 years.

2.63 The submitted Flood Risk Assessment establishes the level of risk from various sources of flooding, having regard for climate change. This concludes that the development is at a low risk of fluvial flooding. It also concludes that the site would not be vulnerable to coastal flooding, particularly given the presence of a flood defences which provide 1 in 300 year protection. The assessment has also tested the impacts of flooding in the event that the flood defences are breached, concluding that there is a residual risk of flooding if there were a 200m breach in the defences at Sandown Castle, but that the site would not be affected by breaches in the defences at Sandwich. Whilst the risk of flooding is therefore very low, there is a requirement to take a precautionary approach. In such extreme events, flooding of the site could reach 1.6m in depth, with a maximum flow velocity of up to 0.7m/s. The design flood event concludes that it would take 2 hours and 45 minutes for flood waters to reach the site and a further 12 hours and 30 minutes for the flood water on site to reach its maximum depth. It is necessary to consider whether the development can be designed in a manner which ensures that the residual risk of flooding does not harm the safety of the users and does not increase the risk of flooding elsewhere.

2.64 In order to ensure the safety of occupants of the dwellings, the applicant has proposed that all living accommodation (including sleeping accommodation) is raised above existing ground level. The indicative building heights and images of dwellings show that the buildings will have undercroft car parking at ground floor level, with all living accommodation at first floor level. This is a similar approach to that used nearby in the recent development at Ark Lane, Golf Road and Cannon Street (branded 'Out Downs'). The effect of this approach on the scale

and design of the buildings has been considered acceptable earlier in this report. This would ensure that all the areas of buildings which would be inhabited for any significant time would be above the level of the design flood event, should the flood defences be breached. This approach would also not increase the risk of flooding elsewhere. The Environment Agency have confirmed that, subject to conditions which require all living accommodation to be a minimum of 2m above existing ground levels and agreed by the LPA, full details of land raising and the sequential testing of the site itself, no objection is raised. A flood warning and emergency plan should also be submitted by condition for approval. Accordingly, it is considered that the development can be made safe, without increasing the risk of flooding elsewhere.

2.65 Regard must also be had for surface water drainage. The National Planning Policy Statement, at paragraph 103, states that local planning authorities should ensure that flooding is not increased elsewhere, going on to say priority should be given to the use of sustainable drainage systems. In furtherance to this, the Planning Practice Guidance states that sustainable drainage systems are designed to control surface water run off close to where it falls and mimic natural drainage as closely as possible. They provide opportunities to:

- reduce the causes and impacts of flooding;
- remove pollutants from urban run-off at source;
- combine water management with green space with benefits for amenity, recreation and wildlife.

2.66 The Lead Local Flood Authority (LLFA's, in this case KCC) is a statutory consultee, providing professional advice on the provision of surface water drainage. KCC have issued a Drainage and Planning Policy Statement, which sets out how applications will be assessed. In particular, SUDS Policy 1 within this plan, in conformity with the hierarchy suggested by the Planning Practice Guidance, sets out the hierarchy for dealing with surface water. The full hierarchy is as follows:

1. to ground,
2. to a surface water body,
3. a surface water sewer, highway drain, or another drainage system, or
4. to a combined sewer where there are absolutely no other options, and only where agreed in advance with the relevant sewage undertaker.

2.67 KCC, in association with eight other Lead Local Flood Authorities across south east England have also prepared a document called 'Water, People, Places' which provides advice on the incorporation of SUDS into development. This guidance advises that, where a site lies over a water table which is relatively close to the surface, SUDS should be selected and designed to be on the surface or shallow in depth.

2.68 Surface water drainage is a well-known issue within the locality, with numerous flooding events within the Albert Road area. The LLFA has investigated one of these flooding events, which occurred on 21st May 2014, concluding that this flood was caused by an electrical fault at the Golf Road pumping station, resulting in the foul sewers backing up with rainwater.

2.69 The Council has prepared the Deal Flood and Transport Alleviation, which formed part of the evidence base for the Land Allocations Local Plan. The report

sought to establish the broad extent and general location of future growth in the North and Middle Deal areas, by investigating transport, flood, environment and heritage constraints and opportunities. The study concluded that the application site, together with additional land to the north of the site, represents the preferred location.

- 2.70 The application has been supported by a Surface Water Management Strategy (SWMS) which is contained within the Flood Risk Assessment. The existing site, which is largely undeveloped, discharges surface water in an unmanaged manner, with a mixture of run-off to the on-site and off-site drainage ditches (ordinary watercourses) and rivers together with some infiltration. It is also likely, given that the site contains a farm house and until recently a warehouse building, that some, albeit limited, surface water may discharge to the existing surface water sewer in Albert Road. The ditches on the site do not appear to be regularly maintained.
- 2.71 As described above, the preference is for surface water to be dealt with on-site by infiltration. If this is not possible, surface water should be discharged to a surface water body. The third approach, if the first two preferred methods are not practicable, is to drain via a combined sewer and, only if none of the preferred approaches are viable, and in exceptional circumstances, surface water can be discharged via a combined sewer.
- 2.72 The site is within an area where surface water infiltration is restricted, due to the presence of made ground to the north of the site and high ground water levels, which are likely to be approximately 1m below ground level. As such deep ponds and infiltration basins will not be viable solutions in this instance. However, shallower features, which can be incorporated above the level of groundwater, such as shallow ponds and infiltration basins, permeable paving and other SUDS features are viable. However, it is acknowledged that due to relatively low permeability of the soil, infiltration from these features would be insufficient on their own. Whilst infiltration features will still be incorporated to deal with as much surface water as possible, they cannot be relied upon solely.
- 2.73 For the above reasons, the application proposes to utilise the sites connection to the main river which crosses the site, improving this existing infrastructure, through clearance and reprofiling of the channels, to ensure that their ability to drain water is adequate to meet the needs of the development. The improvements to the drains and Main River may also assist in the surface water drainage on Albert Road, which discharges via a surface water pipe to the ditch which runs along the southern boundary of the site.
- 2.74 Following the conclusion that the most appropriate method of dealing with surface water drainage is by a mixture of infiltration and discharge to surface features, the SWMS, analyses the effectiveness of these features to reach an overall strategy capable of coping with a 100 year storm, adjusted up by 30% to allow for climate change. This concludes that, in addition to the 0.48ha of permeable paving which would be incorporated into the scheme, a 1600sqm attenuation pond at a depth of 0.75m would be required. The indicative layout provides a wetland area capable of accommodating such a pond. To the northern part of the site, which is raised, underground cellular storage systems are proposed, which together would provide over 700 cubic metres of storage capacity. Whilst detailed designs for the surface water features will be required, the submitted scheme demonstrates that the site is capable of being designed in a manner which would ensure that surface water can be effectively managed in a way which would not increase the risk of flooding.

- 2.75 The Internal Drainage Board have advised that they support the removal of the existing culvert between the ordinary watercourse and the Southwall Sewer, which will reduce the risk of localised surface water flooding, but have recommended that conditions should be attached to any grant of planning permission requiring the submission and approval of a detailed drainage design and full details of the future maintenance of SUDS.
- 2.76 The LLFA have advised that they are satisfied with the details for surface water drainage included within the application, but have recommended that the detailed drainage design is submitted by condition. However, it has been advised that careful consideration is given to whether foul sewerage discharges could impact upon surface water flows.
- 2.77 Having regard for the proposed broad design for surface water management, together with the consultation responses received, it is considered that surface water can be successfully managed within the proposed development.
- 2.78 Turning to foul drainage, Southern Water have advised that there is currently inadequate capacity in the local network to provide foul sewerage disposal to the proposed development. However, subject to the provision of additional off-site sewers or improvements to existing sewers, which can be secured through a request made under Section 98 of the Water Industry Act 1991, the needs generated by the development can be met. Southern Water has therefore requested that, should permission be granted, conditions are attached requiring that full details of foul and surface water drainage are submitted to and approved in writing by the LPA.
- 2.79 Whilst it is agreed that there is a legal mechanism for securing the necessary improvements to the foul drainage network, it is important to ensure that, in advance of planning permission being granted, there is confidence that a suitable solution exists which is both implementable and which would not increase the risk of localised flooding. As previously commented upon, the capacity of the foul sewerage network has led to localised flooding events, whilst significant and understandable concerns have been raised in this respect by third parties.
- 2.80 The applicant has commissioned Southern Water to undertake a Level 2 Capacity Check to establish what additional infrastructure would be required to meet the foul sewerage needs of the development, without increasing the risks of flooding on-site or elsewhere. This work has established that the foul sewer along Albert Road would require upgrading from a 450mm diameter pipe to a 1050mm diameter pipe, along a length of 79m (including a stretch of pipe under the railway crossing). In addition, a new attenuation tank, with a capacity of 270sqm will need to be provided at the Golf Road pumping station to provide improved storage capacity. These works will be sufficient to ensure that the development would not increase the risks of localised flooding. Whilst other solutions may exist which would be equally acceptable, this study provides a specific and workable mechanism for securing foul sewerage disposal. Southern Water are undertaking investigations of their systems to ascertain whether alternative works may be undertaken. The applicant has confirmed that they intend to pay for these upgrading works, together with the upgrading of an additional stretch of narrower pipe further to the south along Albert Road. Subject to a condition requiring full details of the proposed method for sewerage disposal, it is considered that the application has demonstrated that foul sewerage can be accommodated successfully and with the works to improve the existing drainage

ditches and upgrading of pipes in Albert Road, would be likely to provide a reduction in the risk of flooding in Albert Road.

- 2.81 For these reasons it is considered that the development passes the Sequential Test and both parts of the Exception Test and is acceptable in terms of flood risk and drainage.

Ecology

- 2.82 In accordance with the Habitats Directive and the Wildlife and Countryside Act 1981, it is necessary to ensure the application (a 'project') does not harm a European Site. The Land Allocations Local Plan establishes that residential development across the district will cause in combination effects on the Pegwell Bay and Sandwich Bay SPA and Ramsar Site. However, the LALP also provides a suggested mitigation against these cumulative impacts of development, setting out a mitigation strategy to avoid potential impacts, comprising a financial contribution to provide monitoring and wardening at Sandwich Bay and towards the Pegwell Bay and Sandwich Bay Disturbance Study. The applicant has agreed to pay this contribution, amounting to £6,139.23. Consequently, it is not considered that the development would cause a likely significant effect on the SAC or SPA. A legal agreement will be required in order to secure this contribution.
- 2.83 In furtherance to the impacts on the off-site Thanet Coast and Sandwich Bay, Ramsar, SAC and SPA, regard must be had for whether the development would cause any harm to habitats or species on or adjacent to the application site, having regard for Natural England's Standing Advice.
- 2.84 The application has been supported by a Ecological Report for the site, which considers both the flora and fauna of the site.
- 2.85 The site is generally of relatively low floristic value. Whilst the site includes an area of recolonising Open Mosaic Habitat, which is a priority habitat, this is very young and its loss is not therefore considered to be unacceptable. A hedge would also be lost; however, this hedge is around 30m in length, is of poor quality and is disconnected from other vegetation. The ditches on the site are of low floristic diversity. For these reasons, it is not considered that the flora on the site presents a constraint to development.
- 2.86 The site also contains Japanese Knotweed to the north of the site, which is an invasive species. The Wildlife and Countryside Act 1981 (as amended), makes it an offence to cause to grow in the wild any such species. In accordance with the recommendations of the Ecological Report, this species should be eradicated from the site.
- 2.87 The site contains a derelict farmhouse which provides suitable habitat for bats, whilst the open, vegetated land which covers most of the site and is adjacent to surface water features, provides suitable habitat for reptiles and dormice. As such, it is necessary to establish the presence or likely absence of these protected species.
- 2.88 The Ecological Report confirms that the building has been assessed and emergence surveys have been carried out. This work identified a Soprano Pipistrelle roost within the building, with one bat being recorded, whilst the site itself is used by bats for foraging and commuting. Given the low usage of the site, the loss of this roost is unlikely to have a significant effect on local populations,

whilst it is considered that the lack of five-year housing land supply represents an overriding public interest. Safeguarding measures during demolition and the provision of replacement roosts are recommended as mitigation. The works will also require a separate licence from Natural England. The lighting used within the development will also need to be considered at the reserved matters stage to ensure that it does not unduly harm the attractiveness of the site for bats.

- 2.89 Surveys have also been undertaken for reptiles, with low populations of slow-worm, common lizard and grass snakes identified. Given the low numbers identified, the report recommends managed habitat destruction to encourage reptiles to migrate from the site in a controlled manner. This would be supplemented by searches of vegetation and artificial refugia. This approach would also reduce the likelihood of hedgehogs being harmed, if present.
- 2.90 Dormouse surveys were carried out on three occasions over three months, but no evidence of dormice was recorded. It is therefore reasonable to conclude that their presence on the site is unlikely.
- 2.91 Whilst the site provides sub-optimal habitat for Water Vole, evidence of this species has been identified outside of the application site. These individuals could visit the site and, therefore, safeguarding measures have been recommended to prevent disturbance or injury. This includes the maintenance of a 5m buffer to retained ditches and further survey work to any ditches requiring works. A separate licence would be required from Natural England for any works affecting Water Vole habitat. Enhancements to be incorporated into the detailed design of the scheme have also been recommended.
- 2.92 The site includes trees, particularly to its boundaries, which could provide nesting opportunities for birds. The report, therefore, recommends that any vegetation clearance works are undertaken outside of the breeding bird season.
- 2.93 The Council's Principal Ecologist has confirmed that the appraisal is "thorough and makes useful recommendations that should be followed up by means of condition, or legal obligation". In accordance with this recommendation, it is considered that the development would not cause any unacceptable harm to protected species or habitat, subject to the inclusion of conditions.

Contributions

- 2.94 Core Strategy Policy DM5 requires that for schemes of this scale, the Council should seek an on-site provision of 30% affordable housing. However, the policy confirms that the amount of affordable housing or financial contribution to be delivered will be determined by economic viability having regard to individual site and market conditions. The Council's Delivering Affordable Housing SPD states that the Council will have regard to the particular costs associated with development and whether the provision of affordable housing would prejudice other planning objectives that need to be given priority.
- 2.95 Policy DM27, which is included in the Land Allocations Local Plan (LALP), requires that planning applications for residential development will be expected to provide, or contribute towards the provision of open space to meet the needs generated by the development.
- 2.96 The development will be required to provide mitigation for the "in combination impacts" of the development on the Special Protection Area. In this instance, a contribution of £6,139.23 towards the mitigation strategy would be required.

- 2.97 The Councils Principal Infrastructure and Delivery Officer is satisfied that there is sufficient capacity in the area in terms of equipped children's play, following the provision of a new enlarged play area at North Deal Playing Field. However, further elements, including an outdoor gym, pathways and a dog exercise area, all of which will increase the capacity of the facility, are required. These works would allow the area, which is closely and conveniently located in relation to the application site, to meet the open space needs which would be generated by the development. The total cost of this project, with maintenance, equates to £232,407. Having regard for the need which would arise from this application, having regard for Table 1.4 of the LALP, a proportionate contribution for this project equates to £56,834. It is considered that this request is well evidenced, with a specific project identified and this request can, therefore, be sustained.
- 2.98 The development will also increase pressure on local services and facilities and, consequently, KCC have reviewed the likely additional infrastructure which would be required to meet the needs of the development, having regard for the CIL Regulations. The development would generate a need for additional primary school places, which could be accommodated by the expansion of Deal Primary School. A proportionate contribution to fund this expansion would equate to £239,637.44. The development would also increase demand for community learning (£3640.71), libraries (£6818.25), youth services (£69,012) and social care (£10,828.92).
- 2.99 The contribution for primary school provision would go towards increasing the capacity of Deal Primary School. It is considered that this request has been well evidenced and a specific project has been identified. This request can, therefore, be sustained.
- 2.100 The contribution for community learning would provide for an upgrade of the IT and information learning technology at Deal Adult Education Centre. The information submitted to support this request is generalised and does not specify a specific project, although KCC have evidenced the number of additional clients that would be generated by the development. It is not considered that the evidence submitted is sufficient to uphold this request.
- 2.101 The contribution for library book stock does not identify where the book stock would be provided. Furthermore, five contributions for library book stock have already been secured for the closest library to the site, Deal Library, and no evidence has been submitted to demonstrate that the occupants of the development would patronise an alternative facility. This contribution would therefore be contrary to the CIL Regulations which place a restriction of five contributions towards any single project. This request cannot, therefore, be sustained.
- 2.102 The youth services contribution relates to the new Deal Youth Centre. This facility is already open and operational. Contributions cannot reasonably be sought for retrospective projects. The evidence submitted by KCC does not demonstrate that this contribution would fund any additional capacity at this facility and, as such, this request cannot be sustained.
- 2.103 Finally, in terms of social care, the contribution requested does relate to a specific site but does not evidence how the requested figure has been reached. It is not, therefore, considered that this request can be sustained.

- 2.104 The applicants have submitted a financial viability assessment which seeks to demonstrate that the development is unable to provide all of the contributions which have been requested. This assessment, attached at Appendix 1, concludes that, with a S106 contribution of £150,000, the developer profit would be 17.37%.
- 2.105 In these circumstances the Council will expect 'open book' negotiations and that specialist independent advice in assessing the economic viability of development will be sought. In this instance the Council has instructed the District Valuation Service (DVS) to carry out the assessment.
- 2.106 The report by DVS, which is attached at Appendix 2 of this report (with the applicants permission), appraises the Gross Development Value (GDV) of the development and the costs associated with developing the site, to establish whether the development would be viable, should contributions be sought. The applicant has asserted that the properties (including both dwellings and flats) on the development would sell for an average price of approximately £270,000. Having regard for the recent sales values of similarly sized properties within the locality, including the development at Sholden, the DVS have accepted this figure. The DVS has also accepted the applicants projected values of the retail, business and non-residential institution uses, which equate to £490,000, £460,000 and 1,230,000 respectively.
- 2.107 The applicant has adopted construction costs based upon standard BCIS endorsed tender costings for Kent (1st quarter 2016 figures), which are an accepted method for estimating the costs of building. These figures have therefore been accepted by the DVS. The cost of the road, £1,800,000 has also been accepted, as have the demolition costs, the costs of infrastructure and services, site remediation, the provision of SUDS and foul drainage. The fees relating to professional services, sales and marketing, legal work and finance are all based on standard percentages and have also been accepted.
- 2.108 The applicant has assumed that construction would take approximately 22 months and sales would take approximately 36 months, with sales commencing six months prior to the end of the construction period. The timings of construction and sales is relevant, as it affects the cash flow of the development and, consequently, the costs of financing the development. There is some disagreement between that applicant and the DVS in relation to the construction and sales periods and whether the development would need to be constructed in phases, with the applicant assuming that the development would be built out in one phase and the DVS assuming that a phased development would be more appropriate, with sales starting 12 months after pre-construction.
- 2.109 There is also some disagreement in respect of the expected developer profit, with the applicant seeking a 20% profit, on the basis that banks are unwilling to lend on schemes with a lower profitability, and the DVS assuming a profit of around 17.5%. On the basis that no strong evidence has been submitted to demonstrate that the development would not come forward were a profit level of less than 20% be applied, the DVS's profit level of 17.5% is adopted. On this basis, the development could provide a contribution of £1,246,500 in excess of the £150,000 which has been set aside in the applicant's viability appraisal. As such, the development would remain viable with an overall financial contribution of £1,396,500.
- 2.110 Notwithstanding the above, the DVS have cautioned that as this application is in outline, it is difficult to establish with certainty the costs and gross development

value of the scheme. It has also been commented that the impacts of 'Brexit' are unknown. It has therefore been advised that the viability of the scheme should be reassessed at the reserved matters stage, where more detail will be known about the costs of providing infrastructure, the detailed design of buildings, the costs of finance and the market conditions.

- 2.111 The applicant has agreed that the position suggested by the DVS, in terms of the current ability of the development to provide a contribution and the need for a re-evaluation at the reserved matters stage, is not unreasonable and has adopted their conclusions. At present, therefore, £1,396,500 is available for contributions and the provision of affordable housing, subject to a re-evaluation of viability at the reserved matters stage. It should be noted that the re-evaluation of viability could increase or decrease the scale of contributions available.
- 2.112 In accordance with policy CP6, the full contributions requested for primary school provision and open space provision can, at this stage, be sought. It is recommended that a condition be attached requiring a scheme for the provision of affordable housing be submitted for approval, which should be informed by the re-evaluation of viability. It is also recommended that a legal agreement be submitted and agreed prior to the issuing of any grant of permission, requiring securing the provision of the other contributions, again subject to the re-evaluation of viability.

Overall Conclusions

- 2.113 The site is within a highly sustainable location, largely within the settlement confines of Deal.
- 2.114 Whilst the site is within Flood Risk Zone 3, it is not considered that there are any sequentially preferable sites for the provision of much needed housing in Deal, whilst the applicant has demonstrated that the development could be constructed in a manner which is safe and would not increase the risk of flooding elsewhere. The development would incorporate improvements to the surface water drainage network which would be sufficient to handle additional flows from the development, whilst being highly likely to relieve some of the existing pressure on the network.
- 2.115 The development includes a new link road between Albert Road and Southwall Road which would provide a quality, unimpeded alternative route for local traffic, together with a car park for local residents which would discourage vehicles from parking on Albert Road.
- 2.116 It has also been demonstrated that the development of the site could, subject to reserved matters approval, be carried out in a manner which would not cause unacceptable harm to the character and appearance of the area, the living conditions of neighbours or future occupiers, contamination or ecology.
- 2.117 Whilst the application would not provide all of the affordable housing requirements which would arise from the development, it has been demonstrated that the development would not be viable should these requirements be sought, subject to viability being re-evaluated at the reserved matters stage. This appraisal has been independently assessed.
- 2.118 On balance, whilst the development would not provide all of the requested contributions, the development would provide a valuable contribution towards the need for housing within Deal, a modest generation of employment and a new,

quality, road in an area which experiences congestion. It is therefore recommended that planning permission be granted

g)

Recommendation

I Subject to the submission and agreement of a S106 agreement to secure contributions, PERMISSION BE GRANTED subject to conditions to include:-

(i) Details of acoustic fencing (ii) details of plant to the retail unit (iii) restriction of delivery and opening times to retail unit (iv) details of a Dust Management Plan (v) restriction of burning on site during development (vi) details of a contaminated land assessment, together with further investigation and risk assessment, remediation, verification of remediation and ongoing monitoring, as appropriate (vii) details of sustainable surface water drainage strategy and foul sewerage, including maintenance (viii) details of works to drains, sewers and rivers (ix) no infiltration of groundwater other than that which is agreed (x) details for the long term management of surface water drainage infrastructure (xi) replacement of existing culvert between the ordinary watercourse which runs along the southern boundary of the site (behind Matthews Close) and the Southwall Sewer with an open channel (xii) details of the buffer zones around watercourses (xiii) all living accommodation to be raised a minimum of 2m above existing ground levels, with details of existing ground levels and all finished floor levels to be submitted (xiv) details of all land raising (xv) sequential assessment of the application site (xvi) flood resistance and flood resilience measures (xvii) details of a flood warning and emergency plan, together with a timetable for its implementation (xviii) provision of a construction management plan, including details of facilities provision of parking facilities for site personnel and visitors, details of vehicle routing and wheel washing (xix) details of vehicle loading/unloading and turning (xx) provision of measures to prevent the discharge of surface water onto the highway (xxi) provision of off-site highway improvements (xxii) provision and permanent retention of the vehicle loading/unloading and turning facilities (xxiii) completion and maintenance of the access shown on the submitted plans (xxiv) details of the proposed roads, footways, footpaths, verges, junctions, street lighting, sewers, drains, retaining walls, service routes, surface water outfall, vehicle overhang margins, embankments, visibility splays, accesses, carriageway gradients, driveway gradients, car parking and street furniture (xxv) footways, carriageways including a turning facility, highway drainage, visibility splays, street lighting, street nameplates and highway structures to be carried out prior to first occupation (xxvi) details of cycle routes through the site and cycle parking provision (xxvii) submission of a scheme for the provision of affordable housing (xxviii) enhancements for Water Voles (xxix) eradication of Japanese Knotweed (xxx) bat mitigation (xxxi) full details of all external lighting (xxxii) reptile mitigation (xxxiii) bird mitigation (xxxiv) approval of the details of the layout, scale, landscaping and appearance (xxxv) the development hereby permitted shall be begun not later than the expiration of 2 years from the date of approval of the last of the Reserved Matters to be approved.

II Powers to be delegated to the Head of Regeneration and Development to settle any necessary planning conditions and to agree a s106 agreement, in line with the issues set out in the recommendation and as resolved by Planning Committee.

Case Officer

Luke Blaskett

Appendix 1 – Applicants Viability Appraisal (Strutt and Parker)

Canterbury

Strutt & Parker LLP
2 St Margaret's Street
Canterbury, Kent CT1 2SL
Telephone 01227 451123
Facsimile 01227 762509

canterbury@struttandparker.com
www.struttandparker.com



Mr H Evans
Quinn Estates
77 Bekesbourne Lane
Littlebourne
Canterbury
Kent
CT3 1UZ

Direct dial: 01227 473703
Direct fax: 01227 459657
Email: ian.friend@struttandparker.com
Our ref: ILF/HG

01 June 2016

By Email Only

Dear Huw,

Albert Road, Deal, KENT

Further to my independent financial appraisal of the proposed development scheme currently being considered for Albert Road on the outskirts of the town of Deal ("the Property"), I understand that Dover District Council have instructed the District Valuer Service (DVS) to assess our appraisal.

The DVS had asked for further supporting evidence for the following:

1. Transactional evidence in support of 3 bed houses
2. Evidence for the commercial unit values
3. Residential sales period of 36 months

I will set out our supporting evidence using the numbering above.

Transactional evidence for 3 bed houses:

We are aware of several new build housing schemes on the outskirts and within the town of Deal. As mentioned in our original report we have given due regard to Timperley Place and Sholden Fields, which are medium/large scale housing developments being undertaken by Persimmon Homes and Ward Homes respectively. These developments are of a similar scale and location to the proposed scheme, with Timperley Place within close proximity and are in our opinion very closely comparable. The 3 bed properties being offered within the scheme range from 914 sqft to 969 sqft with capital values achieved from £220,000 - £240,000. There are also 4 bed properties of 1,207 sqft which are trading at capital values of £260,000.

In terms of Sholden Fields, there are 3 bed properties ranging from 883 sqft to 958 sqft with capital values achieved from £225,000 - £262,500.

Lastly we are aware of Outdowns, a small scale housing development within the town of Deal. As previously mentioned in our original report we are aware of the sales of 3 and 4 bed terraced houses ranging from £285,000 - £295,000. We understand that recent re-sales of 14 and 17 Outdowns have achieved capital values of £330,000, however these are 4 bedroom houses of 1,507 sqft and in our opinion not directly comparable to the 3 bed properties proposed. Furthermore we are of the opinion that Outdowns being a smaller niche development within the town of Deal and in a more accessible and serviceable area is not comparable to the proposed scheme. We have however given it due regard as a useful indicator for



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values within Deal. We have therefore applied a discount to the proposed 3 bed properties in consideration of their smaller size and secondary location.

To summarise, the proposed 3 bed properties at Albert Road due to their size and location of the scheme, would command a slight premium over the Timperley Place and Sholden Fields developments, whilst their secondary location and size of scheme requires a discount in relation to Outdowns. I am of the opinion that their edge of town location close to an existing industrial estate and railway line that a capital value of £280,000 best represents their considered market value.

Evidence for Commercial unit values:

Retail – we are aware of several retail units along the high street within Deal having achieved rents between £15 - £20 psf, with units in a more secondary location within Deal achieving between £12 - £13 psf. These units range between 1,017 sft to 2,817 sqft.

In terms of net initial yields we are aware of recent sales achieving between 8.4% and 9.82%.

We have adopted a rent of £13.75 psf to reflect the new build premium, a 2 year void period to reflect the large size (3,983 sqft), secondary location and rent free provision, with a yield adopted at 9%.

Nursery – we are not aware of any comparable leases within Deal and have used our understanding and knowledge of the market to assess the proposed rent, void period and yield.

We have adopted a rent of £13 psf to reflect the new build premium, a 1 year void period to reflect the large size (3,078 sqft), secondary location and rent free provision, with a yield adopted at 8%.

Office – we are aware of several office units within Deal having achieved rents between £14 - £27 psf. These units range between 296sqft to 406 sqft and are considerably smaller than the proposed accommodation. We have assumed some suites would be provided to reflect the above mentioned unit sizes.

In terms of net initial yields we are aware of recent sales achieving between 8.4% and 9.82%.

We have adopted a rent of £14 psf to reflect the new build premium, a 3 year void period to reflect the large size (10,333 sqft), current supply, secondary location and rent free provision, with a yield adopted at 9%.

Residential sales period of 36 months:

In terms of sales period we have had due regard to recently produced figures taken from major house builders accounts, these are as follows and reflect national average sales per week as at Qtr 1 2016:

Linden Homes – 0.72 per week
Barratt Homes – 0.71 per week
Taylor Wimpey – 0.77 per week
Kier – 0.7 per week

We have then calculated a range to reflect the south-east which equates to 0.69 – 0.8 per week, which works out between 36 – 42 units per year.

My assumption of 36 months equates to a very best case scenario of 50 units per year or 0.98 per week. This is calculated alongside a very best case scenario build period of 22 months (BCIS figures) itself reflecting a 6 month remediation and site preparation time, with sales then starting 10 months post house construction. The build and sales periods are phased to reflect a de-risked project.

I have worked on the basis of best case scenario for the purpose of viability and to be wholly transparent.

As a cross check, I have therefore run a separate appraisal to show a phased construction and sales period reflecting known house builders average build times and sales periods. This represents a riskier scenario with a longer construction period and an extended sales period to reflect the phasing.

My appraisal is attached, however in summary I have adopted a construction period of 34 months reflecting 60 units per year (an industry standard average figure) and an allowance for the commercial units. I have then allowed for a sales period of 47 months reflecting 36 units per year or 0.7 per week in line with house builder evidence.

This sales period start 16 months after construction start to allow for remediation and site preparation as outlined above.

The outcome is a slight decrease in finance cost and a 17.37% margin on GDV.

I hope the information within this letter helps to answer the questions put forward. Please do not hesitate in contacting me should you require any further information.

Kindest regards

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian L Friend'.

Ian L Friend MRICS

Encs. Appraisal

Licensed Copy

Development Appraisal

Deal

Albert Road, Deal

Draft

Report Date: 01 June 2016

Prepared by Ian Friend MRICS

APPRAISAL SUMMARY**LICENSED COPY**

Deal

Albert Road, Deal

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Rate ft ²	Unit Price	Gross Sales
2 Bed apartments (4-5 storeys)	54	58,126	236.90	255,000	13,770,000
3 Bed Houses (3 storeys)	88	108,932	226.20	280,000	24,640,000
Retail units - A1	1	3,983	123.02	490,000	490,000
Nursery - D1	1	3,079	149.40	460,000	460,000
Innovation Centre - B1	1	10,333	119.04	1,230,000	1,230,000
Freehold reversion - apartments	1	0	0.00	16,200	16,200
LEP funding	1	0	0.00	800,000	800,000
Totals	147	184,453			41,406,200

NET REALISATION**41,406,200****OUTLAY****ACQUISITION COSTS**

Fixed Price (11.61 acres @ £90,000)		1,000,000	
Stamp Duty	4.00%	40,000	
Agent Fee	1.25%	12,500	
Legal Fee	0.35%	3,500	
Town Planning		350,000	
Survey		7,500	
			1,413,500

CONSTRUCTION COSTS

Construction	ft ²	Rate ft ²	Cost
2 Bed apartments (4-5 storeys)	66,851 ft ²	132.00 pf ²	8,824,332
3 Bed Houses (3 storeys)	108,932 ft ²	109.00 pf ²	11,873,588
Retail units - A1	3,983 ft ²	115.00 pf ²	458,045
Nursery - D1	3,079 ft ²	120.00 pf ²	369,480
Innovation Centre - B1	10,333 ft ²	129.00 pf ²	1,332,957
Totals	193,178 ft²		22,858,402

Contingency	5.00%	1,142,920	
Demolition		25,000	
Road/Site Works		1,800,000	
S106		150,000	
			3,117,920

Other Construction

Services and infrastructure		355,000	
Site remediation		225,000	
SUDS		205,000	
Foul drainage upgrade		325,000	
Warranties		145,000	
Landscaping		177,500	
Communal car park		25,000	
			1,457,500

PROFESSIONAL FEES

Professional Fees	6.50%	1,485,796	
			1,485,796

MARKETING & LETTING

Marketing		75,000	
			75,000

DISPOSAL FEES

Sales Agent Fee	1.25%	507,577	
Sales Legal Fee	0.35%	142,122	
			649,699

FINANCE

APPRAISAL SUMMARY**LICENSED COPY****Deal****Albert Road, Deal**

Debit Rate 6.500% Credit Rate 1.500% (Nominal)

Land	204,942	
Construction	2,042,943	
Other	908,474	
Total Finance Cost		3,156,358

TOTAL COSTS**34,214,176****PROFIT****7,192,024****Performance Measures**

Profit on Cost%	21.02%
Profit on GDV%	17.37%
Profit on NDV%	17.37%
IRR	16.32%
Profit Erosion (finance rate 6.500%)	2 yrs 12 mths

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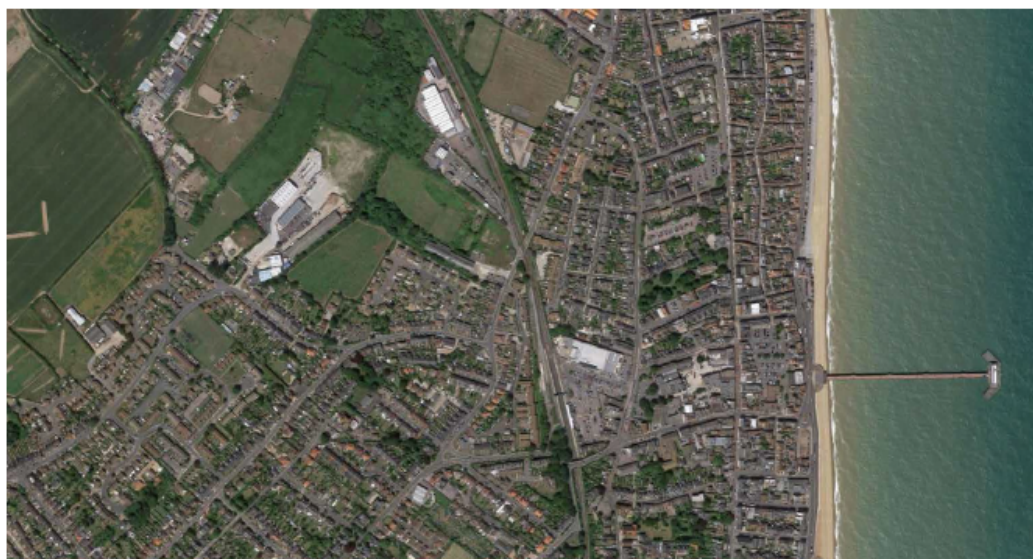
Deal
Albert Road, Deal

Project Timescale Summary	
Project Start Date	Feb 2016
Project End Date	May 2021
Project Duration (Inc Exit Period)	64 months

Phase Phase 1

	Start Date	Duration	End Date	
Project	Feb 2016	64 Month(s)	May 2021	
Purchase	Feb 2016	0 Month(s)		
Pre-Construction	Feb 2016	0 Month(s)		
Construction	Feb 2016	34 Month(s)	Nov 2018	
Post Development	Dec 2018	0 Month(s)		
Letting	Dec 2018	0 Month(s)		
Income Flow	Dec 2018	0 Month(s)		
Sale	Jul 2017	47 Month(s)	May 2021	
Cash Activity	Feb 2016	64 Month(s)	May 2021	
				1 61

Draft



Land at Albert Road, Deal, Kent - Viability Report

Prepared for: Quinn Estates Ltd

Date: 5th March 2016

Prepared by: Ian Friend MRICS

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1. Executive Summary

- 1.1 I have been instructed by Quinn Estates Limited to carry out an independent financial appraisal of the proposed development of land at Albert Road within the coastal town of Deal in East Kent ("the Property"). This report is required to assess the viability implications of the proposed development in respect of affordable housing and Section 106 costs. Full details relating to the Property and proposed development can be found in the Design and Access Statement prepared by Clague Architects and the Planning Statement prepared by Goddard Planning Consultancy.
- 1.2 This Viability Report accompanies and supports an application for 'the creation of a mixed use development incorporating 142 residential units, 960 sq.m B1 office, 370 sq.m of A1, 280 sq.m of D1 and a link road between Albert Road and Southwall Road'. The scheme comprises 142 residential dwellings, a nursery, a retail unit and an office unit on a site of approximately 4.7 hectares (11.6 acres).
- 1.3 This Viability Report seeks to establish whether or not the proposed development can tolerate a full package of policy compliant contributions in respect of affordable housing and Section 106 costs. If not, the quantum of Section 106 costs and affordable housing which can be tolerated whilst maintaining an acceptable level of viability is considered.
- 1.4 I have given due regard to the National Planning Policy Framework ("NPPF"), The Royal Institution of Chartered Surveyors Guidance Note 1st Edition *Financial Viability in Planning* and the "Harman" report being *Viability Testing Local Plans* produced by the Local Government Association, The Home Builders Federation and the NHBC chaired by Sir. John Harman June 2012. The guidance contained in these documents has assisted in formulating the opinions set out in this report.
- 1.5 Having undertaken detailed analysis of the proposed development I have carried out a viability appraisal which seeks to establish the profit margin which the scheme can generate with a fixed land value equal to the Market Value of the Property. This fixed land value is the viability benchmark sum, which equates to the value of the site reflecting its existing use as light industrial and historical agricultural land together with 'hope value' to reflect the planning potential of the site. This is further cross checked against strategic land comparable sales. For the purpose of this viability report we have adopted a viability benchmark sum of £1,000,000. Taking into account the revenue generated by the proposed development and all associated costs I have reached the conclusion that the scheme will generate an acceptable margin of 17.13% whilst still allowing for Section 106 contributions amounting to £150,000. Should an affordable housing provision of 30% be introduced the developer's return

Land at Albert Road, Deal, Kent

drops below 17.13% to just 6.25%, rendering the scheme unviable against the viability benchmark sum. The conclusion reached, therefore, is that the scheme as proposed is deliverable but no additional Section 106 costs or affordable housing provision can be made, whilst maintaining an acceptable level of viability in planning terms.

2. Background

- 2.1 Full details relating to the Property can be found in the Design and Access Statement and Planning Statement, nevertheless the Property comprises disused light industrial, residential and agricultural land which forms a site of approximately 4.7 hectares (11.6 acres) located off Albert Road and Southwall Road to the north west of the coastal town of Deal.
- 2.2 The site is largely rectangular and comprises now redundant arable land and scrubland together with several areas of hard-standing, previously used in connection with the industrial estate. Furthermore to the east of the site is a now redundant residential dwelling. The site is spilt by a watercourse running south to north and is bound to the north and west by small industrial estates, to the south by residential properties and to the east by Albert Road and the main railway line.
- 2.3 Access into the site is directly off Albert Road with a separate access off Southwall Road leading through an existing industrial estate.
- 2.4 The National Planning Policy Framework refers to ensuring viability and delivery of development at Sec. 173-177 and states "to ensure viability, the costs of any requirement likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should when taking account of the normal cost of development and mitigation provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable".

3. Basis of Appraisals

- 3.1 The appraisals and figures provided herein do not strictly speaking fall within the scope of the RICS (Royal Institution of Chartered Surveyors) "Red Book" and is not a formal valuation in that context. However, the principles of good practice have been followed and detailed justification for the indicative values and/or component valuation appraisals are provided. More to the point, the appraisal is in direct line with the RICS Guidance on Financial Viability in Planning.
- 3.2 The report is provided purely to assist planning discussions with Dover District Council.
- 3.3 The viability report is provided on a confidential basis and we therefore request that the report should not be disclosed to any third parties (other than Dover District Council and their advisers), under the Freedom of Information Act 2000 (Section 41 and 43/2) or under the Environmental Information Regulation. The report is not to be placed in the public domain. In addition, we do not offer Dover District Council, their advisers and/or any third parties a professional duty of care.
- 3.4 In appraising the proposed development we have taken note of and utilised guidance on Council policy as set out in:

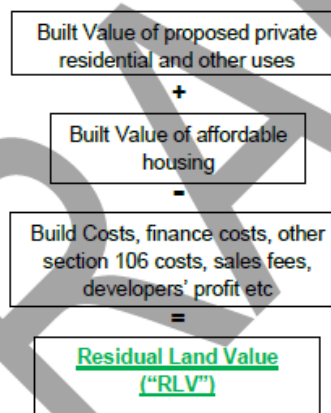
Land at Albert Road, Deal, Kent

- a) Dover District Council Local Plan 2002
- b) Dover District Council Affordable Housing SPD 2007
- c) Dover District Council Core Strategy 2010
- d) Addendum to the Affordable Housing SPD 2011
- e) KCC Guide to Development Contributions and the Provision of Community Infrastructure
- f) The National Planning Policy Framework ("NPPF")

4. Viability and Planning

4.1 Scheme viability is normally assessed using residual valuation methodology.

4.2 A summary of the residual process is:



RLV is then compared to a **Viability Benchmark Sum ("VBS")**. If RLV is lower and/or not sufficiently higher than the VBS – project is not technically viable.

4.3 If the RLV driven by a proposed scheme is reduced to significantly below an appropriate VBS, it follows that it is commercially unviable to pursue such a scheme, and the scheme is unlikely to proceed.

4.4 The RLV approach (as summarised above) can be inverted so that it becomes a 'residual profit appraisal' based upon the insertion of a specific land cost/value (equivalent to the VBS) at the top. By doing this, the focus is moved onto the level of profit driven by a scheme. This is a purely presentational alternative.

Land at Albert Road, Deal, Kent

5. VBS (or Land Cost/Value Input, also referred to as Site Viability Benchmark Sum)

- 5.1 The Royal Institution of Chartered Surveyors ("RICS") published their long awaited Guidance Note on this subject in 2012 (Financial Viability in Planning – RICS Guidance Note – GN 94/2012 August 2012).
- 5.2 The RICS have consulted more extensively than any other body on this subject to date and I believe that their latest guidance now represents the best possible consolidated guidance on this subject. However, due regard has also been given to the Harman guidance already referred to. The fundamental difference between the two is the approach to the VBS. Harman believes the dominant driver should be Existing Use Value ("EUV") (whereupon I believe they mean Current Use Value, or "CUV" which, based upon RICS guidance, excludes all hope value for a higher value through alternative uses). On the other hand, RICS states that the dominant driver should be Market Value (assuming that any hope value accounted for has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan).
- 5.3 A few local authorities and their advisors are still trying to disregard premiums applicable to EUVs or CUVs (i.e. EUV/CUV only - which was the basis being incorrectly enforced for several years) but the reference to 'competitive returns' in the new National Planning Policy Framework and planning precedent has now extinguished this stance.
- 5.4 There has been concern about how one can identify and logically justify what premium should be added to an EUV or CUV and what exactly EUV means. It is not as straight-forward as one might initially think.
- 5.5 There has also been some concern about Market Value potentially being influenced by land transaction comparables and/or bids for land that are excessive (thus triggering an inappropriate benchmark). However, I believe that any implied suggestion that developers deliberately (or might deliberately) over-pay for land in order to avoid having to deliver S.106 affordable housing contributions is misguided. Land buyers and developers seek to secure land for as little money as possible. They do not seek to overpay and are aware of the associated planning and financial risks should they do so. My view is that, if professional valuers disregard inappropriate land transaction comparables (e.g. where over-payments appear to have occurred accidentally or for some other legitimate but odd reason) and other inappropriate influences in deriving Market Value, both of which they should, Market Value is on-balance the more justifiable, logical, reasonable and realistic approach – albeit not perfect.
- 5.6 I believe that the premium over EUV or CUV to identify an appropriate VBS is in fact the same as the percentage difference between EUV or CUV and Market Value. In other words, both approaches should lead to the same number. However, Market Value is the logical side to approach this conundrum from.

Land at Albert Road, Deal, Kent

- 5.7 As such, I have followed the latest RICS Guidance herein as well as recent Planning Inspectorate decisions including that by Clive Hughes BA (Hons) MA DMS MRTPI in Land at The Manor, Shinfield, Reading under Reference APP/X0360/A/12/2179141.
- 5.8 Of particular note, the RICS guidance says:
- a) Site Value either as an input into a scheme specific appraisal or as a benchmark is defined in the guidance note as follows, "Site Value should equate to the Market Value subject to the following assumption that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan."
 - b) An accepted method of valuation of development sites and land is set out in RICS Valuation Information Paper (VIP) 12. This paper is shortly to be re-written as a Global Guidance Note.
 - c) Reviewing alternative uses is very much part of the process of assessing the Market Value of land and it is not unusual to consider a range of scenarios for certain properties. Where an alternative use can be readily identified as generating a higher value, the value for this alternative use would be the Market Value.
 - d) The nature of the applicant should normally be disregarded as should benefits or dis-benefits that are unique to the applicant.
 - e) The guidance provides this definition in the context of undertaking appraisals of financial viability for the purposes of town planning decisions: *An objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations, whilst ensuring an appropriate site value for the landowner and a market risk adjusted return to the developer in delivering that project.*
 - f) With regard to indicative outline of what to include in a viability assessment it is up to the practitioner to submit what they believe is reasonable and appropriate in the particular circumstances and for the local authority or their advisors to agree whether this is sufficient for them to undertake an objective review.
 - g) For a development to be financially viable, any uplift from current use value to residual land value that arises when planning permission is granted must be able to meet the cost of planning obligations whilst ensuring an appropriate site value for the landowner and a market risk adjusted return to the developer in delivering that project (the National Planning Policy Framework refers to this as 'competitive returns' in paragraph 173 on page 41). The return to the landowner will be in the form of a land value in excess of current use value but it would be inappropriate to assume an uplift based upon set percentages, given the heterogeneity of individual development sites. The land value will be based upon market value which will be risk-adjusted, so it will normally be less than current market prices for development land for which planning permission has been secured and planning obligation requirements are known.
 - h) Sale prices of comparable development sites may provide an indication of the land value that a landowner might expect but it is important to note that, depending on the planning status of the land, the market price will include risk-adjusted expectations of the nature of the permission and associated planning obligations. If these market prices are used in the negotiations of planning

Land at Albert Road, Deal, Kent

obligations, then account should be taken of any expectation of planning obligations that is embedded in the market price (or valuation in the absence of a price). In many cases, relevant and up to date comparable evidence may not be available or the heterogeneity of development sites requires an approach not based on direct comparison. The importance, however, of comparable evidence cannot be over-emphasised, even if the supporting evidence is very limited, as evidenced in Court and Land Tribunal decisions.

- i) The assessment of Market Value with assumptions is not straightforward but must, by definition, be at a level which makes a landowner willing to sell, as recognised by the NPPF. Appropriate comparable evidence, even where this is limited, is important in establishing Site Value for a scheme specific as well as area wide assessments.
- j) Viability assessments will usually be dated when an application is submitted (or when a CIL charging schedule or Local Plan is published in draft). Exceptions to this may be pre-application submissions and appeals. Viability assessments may occasionally need to be updated due to market movements or if schemes are amended during the planning process.
- k) Site purchase price may or may not be material in arriving at a Site Value for the assessment of financial viability. In some circumstances the use of actual purchase price should be treated as a special case.
- l) It is for the practitioner to consider the relevance or otherwise of the actual purchase price, and whether any weight should be attached to it, having regard to the date of assessment and the Site Value definition set out in the guidance.
- m) Often in the case of development and site assembly, various interests need to be acquired or negotiated in order to be able to implement a project. These may include: buying in leases of existing occupiers or paying compensation; negotiating rights of light claims and payments; party wall agreements, over sailing rights, ransom strips/rights, agreeing arrangements with utility companies; temporary/facilitating works, etc. These are all relevant development costs that should be taken into account in viability assessments. For example, it is appropriate to include rights of light payments as it is a real cost to the developer in terms of compensation for loss of rights of light to neighbouring properties. This is often not reflected in Site Value given the different views on how a site can be developed.
- n) It is important that viability assessments be supported by adequate comparable evidence. For this reason it is important that the appraisal is undertaken by a suitably qualified practitioner who has experience of the type, scale and complexity of the development being reviewed or in connection with appraisals supporting the formulation of core strategies in local development frameworks. This ensures that appropriate assumptions are adopted and judgement formulated in respect of inputs such as values, yields, rents, sales periods, costs, profit levels and finance rates to be assumed in the appraisal. This should be carried out by an independent practitioner and ideally a suitably qualified surveyor.
- o) The RICS Valuation Standards 9th Edition ("Red Book") gives a definition of Market Value as follows:

Land at Albert Road, Deal, Kent

- The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
- The Red Book also deals with the situation where the price offered by prospective buyers generally in the market would reflect an expectation of a change in the circumstances of the property in the future. This element is often referred to as 'hope value' and should be reflected in Market Value. The Red Book provides two examples of where the hope of additional value being created or obtained in the future may impact on the Market Value:
 - the prospect of development where there is no current permission for that development; and
 - the prospect of synergistic value arising from merger with another property or interests within the same property at a future date.
- The guidance seeks to provide further clarification in respect of the first of these by stating that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan.
- The second bullet point above is particularly relevant where sites have been assembled for a particular development.
- It should be noted that hope value is not defined in either the Valuation Standards. That is because it is not a basis of value but more a convenient way of expressing the certainty of a valuation where value reflects development for which permission is not guaranteed to be given but if it was, it would produce a value above current use.
- To date, in the absence of any guidance, a variety of practices have evolved which benchmark land value. One of these, used by a limited number of practitioners, has been to adopt Current Use Value ("CUV") plus a margin or a variant of this (Existing Use Value ("EUV") plus a premium). The EUV / CUV basis is discussed below. The margin is an arbitrary figure often ranging from 10% to 40% above CUV but higher percentages have been used particularly in respect of green-field and rural land development.
- In formulating this guidance, well understood valuation definitions have been examined as contained within the Red Book. In arriving at the definition of Site Value (being Market Value with an assumption), the Working Party / Consultant Team of this guidance have had regard to other definitions such as EUV and Alternative Use Value ("AUV") in order to clarify the distinction necessary in a financial viability in a planning context. Existing Use Value is defined as follows:
 - "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other

Land at Albert Road, Deal, Kent

characteristics of the property that would cause Market Value to differ from that needed to replace the remaining service potential at least cost.”

- It is clear the above definition is inappropriate when considered in a financial viability in planning context. EUV is used only for inclusion in financial statements prepared in accordance with UK accounting standards and as such, hypothetical in a market context. Property does not transact on an EUV (or CUV) basis.
- It follows that most practitioners have recognised and agreed that CUV does not reflect the workings of the market as land does not sell for its CUV, but rather at a price reflecting its potential for development. Whilst the use of CUV plus a margin does in effect recognise hope value by applying a percentage increase over CUV it is a very unsatisfactory methodology when compared to the Market Value approach set out in the Guidance and above. This is because it assumes land would be released for a fixed percentage above CUV that is arbitrary inconsistently applied and above all does not reflect the market.
- Accordingly, the guidance adopts the well understood definition of Market Value as the appropriate basis to assess Site Value, subject to an assumption. This is consistent with the NPPF, which acknowledges that “willing sellers” of land should receive “competitive returns”. Competitive returns can only be achieved in a market context (i.e. Market Value) not one which is hypothetically based with an arbitrary mark-up applied, as in the case of EUV (or CUV) plus.
- So far as alternative use value is concerned, the Valuation Standards state where it is clear that a purchaser in the market would acquire the property for an alternative use of the land because that alternative use can be readily identified as generating a higher value than the current use, and is both commercially and legally feasible, the value for this alternative use would be the Market Value and should be reported as such. In other words, hope value is also reflected and the answer is still Market Value.

6. The Site

- 6.1 Extensive details relating to the Property can be found in the Design and Access Statement and Planning Statement which accompany the planning application. In essence, however, the Property comprises a previously developed brownfield site, totalling 11.6 acres, which is now no longer fit for purpose in its current use and is now redundant.
- 6.2 Following extensive remediation, including an upgrade of the Southern Water network, the proposed re-development of the site comprises 142 residential dwellings, a nursery, retail unit and an innovation centre together with a new link road between Albert Road and Southwall Road to help alleviate localised traffic congestion.
- 6.3 Therefore a viable, residential led, planning permission is sought to inject life back into this extensive brownfield site whilst retaining a feasible commercial and retail element with significant added benefits as detailed in the conclusion of the Design and Access Statement.

Land at Albert Road, Deal, Kent

7. Market Value of Existing Site (Viability Benchmark)

- 7.1 There has been, and continues to be, much debate with regards to establishing what level of land value should be available from a viability assessment in order that there is every reasonable likelihood that the landowner will be enticed to make his land available for development. With existing commercial developments where an alternative use for residential is sought, the base value lies in the existing use of the commercial buildings. However, this is not the case with agricultural land or 'greenfield' land where there is an increasing acceptance that a range of between £100,000 to £150,000 per gross acre is a minimum benchmark, above which there may at least be a reasonable likelihood that an agricultural site will be released for development. This is no doubt partly predicated on a tendency for option and promotion agreements to commonly contain minimum land price provisions which, in a current market, are typically within these parameters.
- 7.2 A research paper undertaken by Turner Morum on behalf of the DCLG in 2011 looks at the typical incentives required to bring land forward for development. On page 5, the research paper states, 'In a situation where a property is occupied and used for a particular purpose, for it then to be realised as a new development its residual development value must exceed its Current Use Value by a certain margin. This "Surplus of Value" must be of sufficient magnitude to induce the current owner to, for example, shut the business or relocate. Either way, substantial relocation/close down costs and/or tax implications are likely to arise hence there needs to be a significant enhanced value over and above Current Use Value to make it feasible and worthwhile for an owner occupier to sell/relocate. In previous analyses our experience is that a surplus residual development value of at least 20 per cent over Current Use Value is required. We are of the opinion that such a surplus comprises the minimum amount for which an owner such as this would be prepared to sell up or relocate and this guide minimum appears broadly to apply in respect of existing commercial or residential uses.....We believe it would not be reasonable to assume that a landowner would willingly close a business or relocate unless the surplus, before tax, was an absolute minimum of 20 per cent higher than the value of the property for Existing Use..... In summary, we would recommend that a premium hurdle rate uplift of 25 per cent on Current Use Value is assumed to realise redevelopment of 'brown' land.'
- 7.3 With regard to greenfield, or previously undeveloped sites; on page 7, the research paper states, "despite low base values, landowners still need to be enticed to bring their land forward for development In this case, however, required levels of premium are routinely protected by way of minimum land price provisions, usually contained within option or collaboration agreements and long term conditional contracts. Levels vary, but typically, we expect to see figures of circa £100,000 to £150,000 per gross acre. The average net gross percentage across the five fairly typical examples used is 56%. By applying the above minimum prices and net areas, it can be seen that development proposals will normally need to support land values of £200,000 to £300,000 per net developable acre if the land is to come forward for development. Additionally, most option style agreements also provide for promoters/developers to receive a discount, typically 10% to 20%, to open market value and the above minimum land prices are after the application of such discounts (and other deductible promotional costs). Consequently, we would recommend that minimum land value requirements of at least £200,000 per acre gross are assumed for the release of greenfield land."
- 7.4 Taking into account all of the above guidance I consider it prudent to adopt a low end Viability Benchmark Sum in order to be wholly transparent. As such, I have been conservative and adopted the lowest possible value at which the farmland would trade in the market place which I place at £50,000 per acre. While this is above farmland value, it reflects the strategic nature of the land on an

Land at Albert Road, Deal, Kent

unconditional basis. I make reference to other strategic farmland acquisitions which include 77 acres of farmland in Axminster acquired by The Crown Estate at £45,000 per acre on an unconditional basis.

- 7.1 In addition to the farmland, due regard needs to be given to the remainder of the site which was previously developed brownfield land with sites typically trading between £100,000 and £150,000 for similar un-serviced light industrial plots. Furthermore we are also aware of 5.8 acres of employment land acquired in an open market arm's length transaction for £425,000 in 2015 reflecting just under £75,000 per acre.
- 7.2 We have then blended the two values to reach a figure of £75,000 per acre to which we have added a 20% premium to reflect planning potential to arrive at a blended figure of £90,000 per acre.
- 7.3 This gives us a Market Value, or Viability Benchmark Sum, of £1,000,000 which has been adopted for the purposes of attesting viability.

8. Alternative Use Value (AUV) (Development Scheme)

- 8.1 In looking at the market solution for the site detailed analysis has been undertaken and conclusions reached by Clague Architects and Goddard Planning Consultancy that the most viable alternative use for the site lies in the proposed development being 'the creation of a mixed use development incorporating 142 residential units, 960 sq.m B1 office, 370 sq.m of A1, 280 sq.m of D1 and a link road between Albert Road and Southwall Road'. It is not necessary to appendix the Design and Access Statement and Planning Statement to this report but for ease of reference I attach the proposed site layout plan in **Appendix A**.

9. Development Value Appraisal

- 9.1 I have undertaken a detailed analysis of the development opportunity to establish the quantum of Section 106 costs and affordable housing provision which the proposed development can tolerate, adopting the viability benchmark sum of £1,000,000, whilst retaining an acceptable profit margin. In order to do this it is necessary to run a development appraisal using the Argus Software Package, a widely used and recognised appraisal tool.
- 9.2 Having established the Viability Benchmark sum I have then run an appraisal which is attached as **Appendix B**. A further appraisal is attached at **Appendix C**, which reflects a policy compliant scheme with a full affordable housing provision of 30%. These are summarised as follows:

Revenue (Gross Development Value) – detailed analysis has been undertaken in respect of the marketing and sale of comparable apartments and family houses within Deal and surrounding East Kent villages. Of particular note are the housebuilder schemes, Timperley Place and Sholden Fields, by Persimmon Homes and Ward Homes respectively. The tone of values is £210 psf to £250 psf with capital values ranging from £222,950 to £262,500 for a 3 bedroom semi-detached property of approximately 900 sq.ft. Furthermore a scheme of new build houses, Outdowns, within Deal is trading at capital values of between £285,000 and £300,000 for a terraced 3 bedroom house of approximately 1,300 sq.ft. As such, a tone of values for the 3 bed houses has been adopted at between £225 psf and £230 psf reflecting their size and location on the outskirts of Deal.

Land at Albert Road, Deal, Kent

In terms of the apartment units, the majority of the new build schemes are within the premium eastern end of Deal approaching the seafront. These units produce a tone of values between £ 260 psf and upwards of £400 psf. As such, for the purposes of this viability exercise I have discounted the values to reflect the size and outskirts location of the apartment units and adopted a tone of values of between £235 psf and £240 psf.

This generates capital values for the 2 bedroom apartments at £255,000 and the larger 3 bedroom houses at £280,000. The net result is a Gross Development Value of £38.41 million to which I add the retail unit at £123psf, nursery at £150 psf and commercial offices at £120 psf being top end pricing for each respective use in Dover District.

Construction Costs – All construction costs are based on BCIS endorsed tender priced costings rebased for Kent as at Quarter 1 2016. For semi-detached and terraced estate housing the average is £105 psf and £112 psf respectively with 3-5 storey Flats reported at an average of £135 psf. In terms of the commercial elements the innovation centre (office) average is £129 psf with the retail unit at £115 psf and the nursery at £120 psf.

Other Construction Costs – As with edge of settlement brownfield sites such as this, there will always be a considerable remediation and infrastructure upgrade cost. One of the major cost considerations after remediation is the access road upgrade, which has been independently assessed at not less than £1.8 million. Furthermore there is a considerable SUDS obligation and the requirement for a Southern Water foul network upgrade, which we have allowed for in line with standard market tender costs. Other costs such as landscaping, warranties and the communal car park have been assessed in line with standard market costings.

Fees and Finance – acquisition costs include not only stamp duty land tax, agent's fees and legal fees but also an allowance for town planning costs incurred to date. Professional fees have been separately assessed at 6.5% to reflect the already incurred planning costs; along with marketing costs at less than 1% of GDV, agent's fees and legal costs. A finance rate of 6.5% has been adopted over a construction period of 22 months and a sales period of 36 months with cash activity over a 52 month period. Finance rate includes all bank charges and arrangement fees and is in line with the better rates for development finance in the marketplace to date.

- 9.3 With a fixed land value of £1,000,000, being the viability benchmark sum, the proposed development generates a profit on GDV of 17.13%. Whilst we would typically maintain that the threshold ought to be a profit margin of 20% it is being argued by some that the market has improved over the last 18 months and the likes of the District Valuer Service are insisting that developers are able to acquire sites on a reduced profit margin of just 17.5%. We reserve our position on this point, but in order to be entirely transparent, we have adopted a threshold for the viability at 17.5% on a without prejudice basis. As can be seen from the attached appraisal, the profit at 17.13% is considered to be on the cusp of being viable.

10. Analysis and Commentary

- 10.1 Having established that the proposed development is marginally viable at 17.13%, an additional cost being the policy compliant affordable housing provision of 30% is then added to the mix. In terms of calculating the value of the affordable units we have used a blended rate, between affordable rent and shared ownership, of 60% of open market value (in terms of £ per sqft) as recognised by affordable housing providers. This appraisal is also attached and shows a significantly reduced profit, well below an acceptable level of viability, at just 6.25%. As such, it has been clearly demonstrated in an entirely transparent manner that the proposed development is viable but not if an affordable housing provision is then introduced.

11. Conclusion

- 11.1 The conclusion that I have reached is that the proposed development can tolerate up to £150,000 of Section 106 costs as described whilst maintaining an acceptable level of viability at 17.13%. Any additional costs or affordable housing requirements over and above this will push the viability below an acceptable level within the realms of the NPPF.



.....
Ian Friend MRICS
Senior Surveyor Development & Valuation
Strutt & Parker LLP

5th March 2016

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Development Appraisal

Deal - 30% AFH

Albert Road, Deal

Draft

Report Date: 15 March 2016

Prepared by Ian Friend MRICS

APPRAISAL SUMMARY

LICENSED COPY

Deal - 30% AFH
Albert Road, Deal**Summary Appraisal for Phase 1**

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Rate ft ²	Unit Price	Gross Sales
2 Bed apartments (4-5 storeys)	54	58,126	200.05	215,333	11,628,000
3 Bed Houses (3 storeys)	88	108,932	204.60	253,273	22,288,000
Retail units - A1	1	3,983	123.02	490,000	490,000
Nursery - D1	1	3,079	149.40	460,000	460,000
Innovation Centre - B1	1	10,333	119.04	1,230,000	1,230,000
Freehold reversion - apartments	1	0	0.00	16,200	16,200
LEP funding	1	0	0.00	800,000	800,000
Totals	147	184,453			36,912,200

NET REALISATION**36,912,200****OUTLAY****ACQUISITION COSTS**

Fixed Price (11.61 acres @ £90,000)		1,000,000	
Stamp Duty	4.00%	40,000	
Agent Fee	1.25%	12,500	
Legal Fee	0.35%	3,500	
Town Planning		350,000	
Survey		7,500	
			1,413,500

CONSTRUCTION COSTS

Construction	ft ²	Rate ft ²	Cost
2 Bed apartments (4-5 storeys)	66,851 ft ²	132.00 pf ²	8,824,332
3 Bed Houses (3 storeys)	108,932 ft ²	109.00 pf ²	11,873,588
Retail units - A1	3,983 ft ²	115.00 pf ²	458,045
Nursery - D1	3,079 ft ²	120.00 pf ²	369,480
Innovation Centre - B1	10,333 ft ²	129.00 pf ²	1,332,957
Totals	193,178 ft²		22,858,402

Contingency	5.00%	1,142,920	
Demolition		25,000	
Road/Site Works		1,800,000	
S106		150,000	
			3,117,920

Other Construction

Services and infrastructure		355,000	
Site remediation		225,000	
SUDS		205,000	
Foul drainage upgrade		325,000	
Warranties		145,000	
Landscaping		177,500	
Communal car park		25,000	
			1,457,500

PROFESSIONAL FEES

Professional Fees	6.50%	1,485,796	
			1,485,796

MARKETING & LETTING

Marketing		75,000	
			75,000

DISPOSAL FEES

Sales Agent Fee	1.25%	451,403	
Sales Legal Fee	0.35%	126,393	
			577,795

FINANCE

Debit Rate 6.500% Credit Rate 1.500% (Nominal)			
Land		126,205	
Construction		1,638,374	
Other		1,855,626	
Total Finance Cost			3,620,205

TOTAL COSTS**34,606,119**

Deal - 30% AFH
Albert Road, Deal

PROFIT**2,306,081****Performance Measures**

Profit on Cost%	6.66%
Profit on GDV%	6.25%
Profit on NDV%	6.25%
IRR	9.74%
Profit Erosion (finance rate 6.500%)	1 yr

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Development Appraisal

Deal

Albert Road, Deal

Draft

Report Date: 15 March 2016

Prepared by Ian Friend MRICS

APPRAISAL SUMMARY

LICENSED COPY

Deal
Albert Road, Deal**Summary Appraisal for Phase 1**

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Rate ft ²	Unit Price	Gross Sales
2 Bed apartments (4-5 storeys)	54	58,126	236.90	255,000	13,770,000
3 Bed Houses (3 storeys)	88	108,932	226.20	280,000	24,640,000
Retail units - A1	1	3,983	123.02	490,000	490,000
Nursery - D1	1	3,079	149.40	460,000	460,000
Innovation Centre - B1	1	10,333	119.04	1,230,000	1,230,000
Freehold reversion - apartments	1	0	0.00	16,200	16,200
LEP funding	1	0	0.00	800,000	800,000
Totals	147	184,453			41,406,200

NET REALISATION**41,406,200****OUTLAY****ACQUISITION COSTS**

Fixed Price (11.61 acres @ £90,000)		1,000,000	
Stamp Duty	4.00%	40,000	
Agent Fee	1.25%	12,500	
Legal Fee	0.35%	3,500	
Town Planning		350,000	
Survey		7,500	
			1,413,500

CONSTRUCTION COSTS

Construction	ft ²	Rate ft ²	Cost
2 Bed apartments (4-5 storeys)	66,851 ft ²	132.00 pf ²	8,824,332
3 Bed Houses (3 storeys)	108,932 ft ²	109.00 pf ²	11,873,588
Retail units - A1	3,983 ft ²	115.00 pf ²	458,045
Nursery - D1	3,079 ft ²	120.00 pf ²	369,480
Innovation Centre - B1	10,333 ft ²	129.00 pf ²	1,332,957
Totals	193,178 ft²		22,858,402

Contingency	5.00%	1,142,920	
Demolition		25,000	
Road/Site Works		1,800,000	
S106		150,000	
			3,117,920

Other Construction

Services and infrastructure		355,000	
Site remediation		225,000	
SUDS		205,000	
Foul drainage upgrade		325,000	
Warranties		145,000	
Landscaping		177,500	
Communal car park		25,000	
			1,457,500

PROFESSIONAL FEES

Professional Fees	6.50%	1,485,796	
			1,485,796

MARKETING & LETTING

Marketing		75,000	
			75,000

DISPOSAL FEES

Sales Agent Fee	1.25%	507,577	
Sales Legal Fee	0.35%	142,122	
			649,699

FINANCE

Debit Rate 6.500% Credit Rate 1.500% (Nominal)			
Land		126,205	
Construction		1,624,249	
Other		1,503,408	
Total Finance Cost			3,253,862

TOTAL COSTS**34,311,680**

Deal
Albert Road, Deal

PROFIT**7,094,520****Performance Measures**

Profit on Cost%	20.68%
Profit on GDV%	17.13%
Profit on NDV%	17.13%

IRR	16.62%
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Profit Erosion (finance rate 6.500%)	2 yrs 11 mths
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Draft

DRAFT

DVS Property Specialists
for the Public Sector

VIABILITY ASSESSMENT REPORT

Land at Albert Road Deal,
Kent

On Behalf of:

Dover District Council

Reference: 1584672/MD

Date: 5th July 2016

Version: 1.1

Prepared by:

Marcus Durkie MRICS

Development Consultant &

RICS Registered Valuer

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1. Introduction & Background

- 1.1. DVS is instructed by Dover District Council to consider the applicant's Financial Viability Assessment (FVA), prepared by Ian Friend of Strutt and Parker LLP.
- 1.2. The instruction is to assess the submitted viability assessment and all of its inputs and advise on whether the applicants proposed development scheme can support the LPA's Affordable Housing/Planning Obligations.

2. Development Proposal

- 2.1. The proposal is to provide a mixed use development incorporating 147 residential units, 960 m2 B1 office, 370 m2 of A1 retail, 280 m2 of D1 along with a link road between Albert Road and Southwall Road.
- 2.2. In summary the development will provide the following accommodation.

	Units	Area per unit ft2	Total Area ft2	Total Area M2
2 bed apartments	54	1076.4	58,126	5,400
3 bed houses	88	1237.86	108,932	10,120
Retail Units	1		3,983	370
Nursery	1		3,014	280
Innovation Centre	1		10,333	960
Total			184,388	17,130

3. Information Relied Upon

- 3.1. In preparing this report I have had regard to the following documents:
 - Viability assessment report and appraisal completed by Ian Friend of Strutt and Parker LLP
 - Email from Ian Friend dated 17th June 2016 containing comparable evidence
 - Revised development appraisals from Ian Friend MRICS

4 Benchmark Land Value

- 4.1 The applicant has assessed a Benchmark Land Value of £1,000,000. In reaching this opinion of value the applicant has adopted a rate of £90,000 per acre, reflecting a blended rate of £50,000 per acre (farmland) and £75,000 per acre (industrial land) a 20% premium has then been added to reflect planning potential, to reach a figure of £90,000 per acre.
- 4.2 From studies of other viability assessments within the South East and the rest of the country I believe that a Benchmark Land Value of £1,000,000 or £86,207 per gross acre is in line with other similar sites. I have therefore accepted this for the purposes of our assessment

Proposed Scheme

5 Residential and Commercial Revenue

Market Housing

- 5.1 The applicant has assessed a total residential revenue of £38,410,000, and has been calculated as follows:

Private Sales Values

Type	Number	Sq ft	Average £/ft ²	Total
2 Bed Apartments	54	58,126	236.9	£13,770,000
3 Bed Houses	88	108,932	226.0	£24,640,000
Total	142	167,058	229.9	£38,410,000

- 5.2 The applicant has adopted a tone of values of £235 to £240/ft² for the 2 bed apartments. The applicant comments that the majority of new build schemes are located within the eastern end of Deal where values range from £240 to £400/ft². I assume that applicant is referring to the Quarterdeck development on Beach Street. I would agree with the applicant that values would be considerably higher than on the proposed development due to its location. From our research I am willing to accept the applicant's tone of values.

Land at Albert Road, Deal, Kent CT14 9RB

- 5.3 In reaching their opinion of value for the 3 bed houses the applicant has had regard to the developments at Timberley Place, Sholden Fields and Out Downs.
- 5.4 The applicant asserts that a tone of values of between £210 and £250/ft² (£222,950 to £262,500) are being achieved for a 3 bedroom house of 900 ft² at Timberley Place and Sholden Fields. Out Downs, an eco-development of 3 and 4 bedroom houses located at the junction of Golf Road and Cannon Street and within walking distance of the marina. The applicant asserts that capital values of £285,000 and £300,000 are being achieved for 3 bed terraced houses of approximately 1,300/ft² (£219.2/ft²).
- 5.5 Subject to this the applicant has adopted an average rate of £226.20/ft² or £280,000 for the 3 bed houses.
- 5.6 I have undertaken my own research and have had regard to the following comparable evidence in reaching my opinion of value for the 3 bed houses.

Comparable Evidence

Address	Sale Date	Sale Price	Area ft ²	£/ft ²
23, Hyton Drive, Church Lane, Sholden, Deal, Kent, CT14 9WG	30 th Mar 2016	£234,950	883	£266
55, Hunters Walk, Sholden, Deal, Kent, CT14 9WB	17 th Feb 2016	£252,000	915	£275
21, Hunters Walk, Sholden, Deal, Kent, CT14 9WB	1 st Feb 2016	£229,950	883	£261
13, Swift Crescent, Deal, Kent, CT14 9FQ	29 th Jan 2016	£244,950	915	£268

Land at Albert Road, Deal, Kent CT14 9RB

14, Hunters Walk, Sholden, Deal, Kent, CT14 9WB	29 th Jan 2016	£239,950	926	£259
19, Hunters Walk, Sholden, Deal, Kent, CT14 9WB	29 th Jan 2016	£227,450	883	£258
29, Out Downs, Deal, Kent, CT14 6FH	28 th Aug 2015	£295,000	1281	£230
14, Out Downs, Deal, Kent, CT14 6FH	4 th Dec 2015	£330,000	1506	£219
17, Out Downs, Deal, Kent, CT14 6FH	22 nd Jan 2016	£324,995	1507	£216

5.7 The comparable evidence within Sholden is located to the western edge of Deal and would therefore in our opinion command a lower value.

5.8 I would note that the above sales at Out Downs reflect re-sales, it has however been confirmed to me that that of number 17 and 14 Out Downs are 4 bed properties and would therefore attract a higher sales value.

5.9 I note that the final phase of the Out Downs development of 3 terraced houses are currently on the market with asking prices of £330,000. It has been confirmed to me by the developer that there have been no offers at this level.

5.10 Taking into account the current evidence available an average sales value of £280,000 per 3 bed house is not unreasonable and have accepted this for the purposes of my assessment. These values should however be reviewed at the reserved matters stage.

Commercial Values

Retail Units

- 5.11 The applicant has adopted a rate of £123/ft² capital value or £490,000 for the retail unit.

The applicant has provided transactional evidence suggesting rates of between £12.29 and £26.40/ft² and yields of between 6%-9.82%. The applicant has adopted a rate of £13.75/ft² a 2 year void period and a 9% yield. I believe this to be not unreasonable and have accepted this for the purposes of my assessment.

Nursery

- 5.12 The applicant has adopted a rate of £149/ft² or £460,000 for the D1 Nursery. Again no comparable evidence or supporting evidence has been supplied to substantiate the rates adopted.

The applicant has adopted a rate of £13/ft² a 1 year void period and an 8% yield. Whilst the applicant has not supplied any supporting comparable evidence, I am content given the wider D1 market with Kent that this does not seem unreasonable.

Innovation Centre

- 5.13 The applicant has adopted a rate of £119.04/ft² capital value or £1,230,000 for the innovation centre.

We recognise that Deal is predominantly a secondary office location, we are unsure of the specification of the proposed innovation centre and whether this would command a premium over above those the rates adopted by the applicant. However given the size of the development I consider the rates adopted by the applicant to be not unreasonable.

Ground Rents

- 5.14 The applicant has confirmed that their opinion of the freehold reversion value of all 54 flats is £162,000 and not £16,200 as detailed within their initial development appraisal. I consider this to be reasonable and have accepted this for the purposes of my assessment.

S106

- 5.15 The applicant has adopted a figure for statutory payments of £150,000. On the basis that this is the amount the applicant can viably support. We have adopted this for the purposes of our assessment. But would note our conclusions in paragraph 10 of this report.

6 Construction Costs

New Build Construction Costs

- 6.1 The applicant has adopted construction costs based on BCIS endorsed tender priced costings rebased for Kent as at 1st Quarter 2016 as follows:

Semi-detached houses - £105/ft²

Terraced houses - £112/ft²

Flats - £135/ft²

Retail units - £115/ft²

Nursery - £120/ft²

Innovation Centre - £129/ft²

The applicant has determined a total construction costs of £22,858,402 (excluding contingency and demolition).

- 6.2 I find these costs to be acceptable and have adopted them for the purposes of my assessment.

6.3 Road Site Works

The applicant has adopted a cost of £1,800,000, I find these to be reasonable and have adopted them for the purposes of my assessment.

Contingency

- 6.4 The applicant has adopted a 5% contingency. I find a figure of 5% on the base build build-cost to be reasonable and have adopted this figure for the purposes of my assessment

6.5 Demolition

The applicant has adopted a demolition cost of £25,000. I believe this to be acceptable and have accepted this for the purposes of this assessment.

7 Additional Cost Headings

Abnormal Costs

7.1 The applicant has adopted the following costs estimates:

Services and Infrastructure - £355,000

Site Remediation - £225,000

SUDS - £205,000

Foul drainage upgrade - £325,000

I find these to be not unreasonable and have accepted these for the purposes of my assessment.

Professional Fees

7.2 The applicant has adopted professional fees of 6.5% of costs. I believe this is reasonable and have accepted this for the purposes of our assessment.

Sales & Marketing Fees

7.3 The applicant has adopted a sales agent fee of 1.25% and marketing fee of £75,000 I believe this is reasonable and have accepted this for the purposes of my assessment.

7.4 Legal Fees

The applicant has adopted a sales legal fee of 0.35% or £142,122 I find this to be reasonable and have accepted this for the purposes of my assessment.

7.5 Finance

The applicant has adopted a finance rate of 6.5% plus a credit rate of 1.5% I find this to be reasonable and have accepted this for the purposes of my assessment.

7.6 Project Programme

The applicant has assumed 22 a month construction period and a 36 month sales period, starting 6 months prior to the end of the construction period. The residential sales programme equates to approximately 4 sales per month or 0.910 per week.

7.7 The applicant has provided additional commentary/evidence in support of their sales period. The applicant has had regards to national average sales per week as at Qtr 1 2016 which details sales of between 0.70 and 0.767 properties per week.

The applicant has also provided details of the sales programme at Out Downs which have been confirmed as follows:

Phase 1-3 – 13X 4 bed town houses and 3x2 bed apartments

First Sale – 27th July 2011

Last Sale – 1st August 2013

24 Months – 0.67 properties per month

Phase- 4-5 17 X 3 bed town houses

First Sale 11th Jan 2013

Last Sale 22nd November 2013

11 months – 1.5 properties per month

Phase 6- 23 X 1 and 2 bed apartments

First Sale 12th September 2014

Last Sale 17th June 2016

22 months - 1.05 per month

Phase 7 – 11x3 bed town houses and 2X 2 bed apartments

Two sales currently going through completion

Whilst I do have some reservations in regards the length of the sales programme the evidence at Out Downs is compelling. However, given the potential sales period it would be appropriate to phase the development accordingly.

7.8 Phased Development

Further to my queries in relation to the sales period the applicant has provided a further appraisal assuming a three phased development. The applicant has adopted an S-curve approach (construction costs) for each phase resulting in an increased profit of 19.48% of GDV.

7.9 I have completed my own assessment based on this approach to reach a 20.55% profit on GDV.

7.10 I am however not entirely in agreement with this approach. Whilst an S-curve approach is suitable for the development of flats, housing development is more closely linked to sales rates, this allows developers to slow or increase construction depending on achieved sales. Taking into account an assumed sales rate of 50 units per year, I have assumed a six month site remediation followed by a 34 month construction period, my cash-flow for the 3 bed houses assumes construction costs would be on a straight line basis (instead of s-curve) to allow for overlapping of different phases of the development. I have then assumed a 34 month sales period starting 12 months post pre-construction.

This results in a profit of 20.45% of GDV

8 Developer Return

8.1 The applicant asserts that developers profit for a speculative residential development should be reflected at 20% on GDV, however, they have adopted a threshold of 17.5% given the arguments that the market has improved over the last 18 months and in line with District Valuer Services views.

8.2 The applicant's revised development appraisal produces a profit of 19.48%, the applicant has however now commented that due to the current uncertainty in the market a 20% profit level is a fairer reflection.

8.3 Based on my assessment my appraisal produces a profit of between 20.45% and 20.55% of GDV.

9 Viability

- 9.1 The applicant initial assessment asserts that the scheme can support a £150,000 Section 106 contribution, but cannot viably support an Affordable Housing contribution while maintaining an acceptable level of profit at 17.13%
- 9.2 The applicant's revised appraisal details a profit of 19.48%, however, the applicant has commented that a 20% profit rate is now a fairer reflection for this site and therefore no additional contribution is viable.
- 9.3 Our analysis suggests the proposed scheme generates a profit of circa 20.5% of GDV. On the basis of a target hurdle rate of 17.5% of GDV, this would result in an additional contribution of **£1,246,500** subject to the inputs I have adopted within my appraisal.

10 Conclusion

- 10.1 As the proposed development is an outline permission there is limited information available especially in regards the design, specification and layout of the scheme.
- 10.2 I also recognise that there is significant uncertainty in the market as a result of the UK's decision to exit the EU. This has led to a period of uncertainty in relation to many factors that historically have acted as drivers to the property market. Since the referendum there has been little or no empirical evidence of market activity to suggest how the market is or will react. Whilst major house builders have seen their shares slump, firms such as Redrow have commented that it is too early tell whether Brexit will have an impact on sales "given the long-term underlying demand for new homes following decades of undersupply".
- 10.3 I would comment that based on the evidence currently available to me, the development could support an additional contribution towards Affordable Housing of **£1,246,500**. I would however stress that the impacts of "Brexit" coupled with the

Land at Albert Road, Deal, Kent CT14 9RB

applicant obtaining full cost and design estimates for the development could erode this affordable housing contribution.

**Marcus Durkie MRICS
Principal Surveyor**

**Reviewed by Simon de Whalley
Head of Development Viability and Disposal**