

**Planning and Rights of Way Panel 22<sup>nd</sup> November 2022**  
**Planning Application Report of the Head of Green City & Infrastructure**

<b>Application address:</b> 21-35 St Denys Road, Southampton			
<b>Proposed development:</b> Demolition of former car showroom and outbuildings and the erection of two blocks comprising 35 apartments, with associated parking, access and landscaping (Resubmission 21/00324/FUL).			
<b>Application number:</b>	22/00347/FUL	<b>Application type:</b>	FULL
<b>Case officer:</b>	Anna Lee	<b>Public speaking time:</b>	15 minutes
<b>Last date for determination:</b>	30.11.2022	<b>Ward:</b>	Portswood
<b>Reason for Panel Referral:</b>	More than 5 letters of support have been received contrary to the recommendation	<b>Ward Councillors:</b>	Cllr Cooper Cllr Mitchell Cllr Savage
<b>Applicant:</b> Petra Developments Ltd & Fortitudo Ltd		<b>Agent:</b> Chapman Lily Planning Ltd	

<b>Recommendation Summary</b>	<b>Refuse</b>
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<b>Community Infrastructure Levy Liable</b>	<b>Yes</b>
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<b>Appendix attached</b>			
1	Development Plan Policies	2	Relevant Planning History
3	Full Consultation Comments	4	DVS Viability Review

**Recommendation in Full**

**Refuse for the following reasons:**

**01.Reason for Refusal: Overdevelopment**

The proposal would, by reason of the level of development, result in harm to the established character of the area and not achieve a satisfactory residential environment for prospective occupants in the following way:

- (i) The layout, scale, bulk and massing of the development would appear unduly dominant within the St Denys Road and Osborne Road North street scenes and would be out of keeping with the character and appearance of the area;
- (ii) The proposed layout and excessive level of site coverage (with buildings and hard surfacing exceeding 50% of the site) is symptomatic of a proposal that

results in an overdevelopment of the site that is out of character with the established pattern of development within the vicinity.

- (iii) The layout of the buildings, due to the positioning of habitable windows on and close to neighbouring boundaries (74 Belmont Road) results in poor outlook that would adversely impact neighbouring occupiers.
- (iv) Due to the absence of sufficient private and useable amenity space that is directly accessible by all occupants of the development, including those with a disability, the proposal fails to provide an acceptable residential environment for occupants of the development. This is particularly having regard to the two-bedroom units of the development which could provide accommodation for families with small children.

Overall, the proposal would appear as an over-intensive form of development that would fail to add to the overall quality of the area or function well for its potential residents and would unacceptably affect the amenity of neighbouring residents. The development would be contrary to saved policies SDP1(i), SDP6, SDP7 SDP9, and H7 of the City of Southampton Local Plan (2015) and saved policies CS5, CS13 and CS18 of the Local Development Framework Core Strategy (2015), sections 2, 3 and 4 of the Council's Residential Design Guide Supplementary Planning Document (September 2006) with particular reference to paragraphs 2.2.1 – 2.2.10, 3.9.1 - 3.9.5 and 4.4 - 4.4.4 and the relevant guidance contained within the National Planning Policy Framework 2021.

## **02. Reason for Refusal: S106 contributions not secured**

In the absence of a completed Section 106 Legal Agreement, the proposals fail to mitigate against their direct impacts and do not, therefore, satisfy the provisions of Policy CS25 of the adopted Local Development Framework Core Strategy (2015) as supported by the Council's Developer Contributions Supplementary Planning Document (2013) in the following ways:-

- (i) Site specific transport works for highway improvements in the vicinity of the site which are directly necessary to make the scheme acceptable in highway terms have not been secured in accordance with Policies CS18, CS19, and CS25 of the Southampton Core Strategy (2015) and the adopted Developer Contributions SPD (2013);
- (ii) In the absence of a mechanism for securing a (pre and post construction) highway condition survey it is unlikely that the development will make appropriate repairs to the highway, caused during the construction phase, to the detriment of the visual appearance and usability of the local highway network;
- (iii) In the absence of either a scheme of works or a contribution to support the development, the application fails to mitigate against its wider direct impact with regards to the additional pressure that further residential development will place upon the Special Protection Areas of the Solent Coastline. Failure to secure mitigation towards the 'Solent Disturbance Mitigation Project' in order to mitigate the adverse impact of new residential development (within 5.6km of the Solent coastline) on internationally protected birds and habitat is contrary to Policy CS22 of the Council's adopted LDF Core Strategy as supported by the Habitats Regulations;

- (iv) The provision of affordable housing in accordance with Policy CS15 of the Core Strategy - noting the viability submission as independently verified, whilst requiring an obligation for an ongoing review mechanism in line with good practice;
- (v) Submission, approval and implementation of a Carbon Management Plan setting out how the carbon neutrality will be achieved and/or how remaining carbon emissions from the development will be mitigated in accordance with policy CS20 of the Core Strategy and the Planning Obligations SPD (September 2013) has not been secured;
- (vi) In the absence of a Training & Employment Management Plan committing to adopting local labour and employment initiatives, in accordance with Policies CS24 & CS25 of the Local Development Framework Core Strategy Development Plan Document - Adopted Version (as amended 2015) and the adopted SPD relating to Planning Obligations (September 2013); and,
- (vii) Restrictions to ensure that future occupiers are aware that they will not benefit from parking permits in surrounding streets covered by Controlled Parking Zones.

*The Panel will note that this second reason for refusal could be overcome following the submission of a satisfactory scheme and the completion of a s.106 legal agreement.*

## **Background**

This application is a resubmission of a proposal for 48 flats that was refused under officer delegation (LPA ref: 21/00324/FUL). The full reasons for refusal are set out in **Appendix 2** of this report. The current scheme seeks to address these previous reasons for refusal and officers consider that the scheme still results in harm to the wider context. The Planning Panel are not bound to accept the recommendations of officers, or the previous reasons for refusal, but must show reasonable planning grounds for taking a contrary position. Reasons for refusal should be fully substantiated and not based on vague, generalised or inaccurate assertions and should be supported by objective analysis.

### **1. The site and its context**

- 1.1 The site has an area of 0.27 hectares and comprises a vacant garage/car sales lot, located at the corner of St Denys Road and Thomas Lewis Way. The topography of the site falls from west to east with a level difference of approximately 5 metres. The surrounding area is predominantly residential in character with two-storey housing located on the adjacent side of St Denys Road and to the south on St Denys Road.
- 1.2 A detached two-storey dwelling (72c Belmont Road) is also located to the rear of 72 Belmont Road and sits adjacent to the southern site boundary. A 3-storey flatted development is located to the west, at 74

Belmont Road. Belmont Road comprises a mix of flatted development and housing. Parking restrictions prevent on-street parking on St Denys Road and there is a bus stop outside the site. Belmont Road has unrestricted parking.

## **2. Proposal**

2.1 The proposal seeks to redevelop the site to provide a residential development set within two blocks with parking to the rear and the side adjacent to no 74 Belmont Road. A total of 35 units are proposed at a density of 130 dwellings per hectare (dph); inc. 30 no. 2-bed and 5 no. 1-bed. Block A is a three-storey building which provides nine units (3 on each floor). All the units comprise 2 bedrooms and provide a lounge/kitchen/diner and bathroom and en-suite in one of the bedrooms. The 6 units in the upper floors have all have balconies. Within block B there are 26 flats within a 5-storey building with a mix of 1 and 2 bedrooms. Many of the units have balconies and all the units have kitchen/lounge/diners, ensuite and bathroom. This scheme follows an earlier one and has reduced the number of dwellings from 48 flats (comprising 58 bedrooms in total) to 35 flats (comprising 65 bedrooms in total – representing a more intensive form of development).

2.2 All units comply with the nationally prescribed internal space standards, with the smallest 1-bed unit being 51sq.m and the majority of the units measuring 72sq.m. The usable community amenity space is approximately 420sq.m (180sq.m on ground floor amenity space and 240sq.m on the roof terrace) and the balconies range in size from 2.5sq.m and 7sq.m but with many being 2.5sq.m. The amount of amenity space required is 700sq.m and therefore this development falls short of the requirement.

2.3 In terms of design and materiality, the buildings are flat roofed and have clad corner box-bay windows. Brick is proposed as the main material on the elevations with glass balustrades on the balconies.

2.4 There are 30 off-street parking spaces; 7 within an area adjacent to 74 Belmont Road and 23 spaces, including 2 disabled spaces, located to the rear of the site. Both parking areas are accessed via St Denys Road and the main parking area enables on-site turning for a refuse lorry. There is integral cycle and refuse storage for all the units within the ground floor of block B accessed via the main entrance.

## **3. Relevant Planning Policy**

3.1 The Development Plan for Southampton currently comprises the “saved” policies of the City of Southampton Local Plan Review (as amended 2015) and the City of Southampton Core Strategy (as amended 2015) and the City Centre Action Plan (adopted 2015). The most relevant policies to these proposals are set out at **Appendix 1**.

3.2 Major developments are expected to meet high sustainable construction standards in accordance with Core Strategy Policy CS20 and Local Plan “saved” Policy SDP13.

3.3 The National Planning Policy Framework (NPPF) was revised in 2021. Paragraph 219 confirms that, where existing local policies are consistent with the NPPF, they can be afforded due weight in the decision-making process. The Council has reviewed the Development Plan to ensure that it is in compliance with the NPPF and are satisfied that the vast majority of policies accord with the aims of the NPPF and therefore retain their full material weight for decision making purposes, unless otherwise indicated.

#### **4. Relevant Planning History**

4.1 A schedule of the relevant planning history for the site is set out in **Appendix 2** of this report.

4.2 As stated above, a recent similar scheme for 48 units was refused (planning 21/00324/FUL on 26.11.2021 for a poor mix of units due to a high number of one-bed units (38 were proposed), together with an overdevelopment of the site due to height, bulk, massing and site coverage, in addition to the scheme being overly dominant within the streetscene and resulting in detrimental harm to the character of the area. The full reasons for refusal are set out in **Appendix 2** of this report. The current scheme seeks to address these previous reasons for refusal.

#### **5. Consultation Responses and Notification Representations**

5.1 Following the receipt of the planning application a publicity exercise in line with department procedures was undertaken which included notifying adjoining and nearby landowners, placing a press advertisement **06.05.2022** and erecting a site notice **06.05.2022**. At the time of writing the report **27** representations have been received from surrounding residents. This includes 17 letters of support and 10 in objection. The following is a summary of the points raised:

##### **5.2 Objections**

***Harmful in terms of loss of light and outlook and results in an overdevelopment o the site and is too high.***

##### **Response**

Noted see section 6 below.

##### **5.3 Dangerous access point and remote refuse collection point**

##### **Response**

The application has been assessed by the Council’s Highways Development Management team and they have not raised the access design or location of the access point as a highway safety issue. Large flatted developments are

typically served by management companies which would be responsible for moving refuse containers to and from the collection point. If the scheme were to be supported, this would be secured by condition. This issue was not raised by the Council as a concern with the previous application (with a similar arrangement).

5.4 ***The site provided employment and therefore should be used for commercial purposes instead of housing.***

**Response**

The site is not safeguarded for employment use and therefore the use is open to market need. Housing development would in itself support construction related employment as well as fulfilling a need to further accommodation in the city.

5.5 ***Insufficient amenity space for the future occupiers and to offset the impacts of the development in terms of carbon emissions.***

**Response**

Noted see section 6 below.

5.6 ***Units too small and would lead to poor quality housing and overcrowding***

**Response**

The units comply the technical standards as section in section 2 of the report.

5.7 ***Conflicts with the Council's commitments to make the city safer for cyclists and more sustainable and would result in increased traffic to an already congested area***

**Response**

The Council's Highway Team have not raised a concern that the development would be unsafe for cyclists. The site is located within a sustainable location close to public transport and lies 200m from the district centre and also proposes redevelopment of previously developed land. If approved measures for carbon off-setting could be secure together with energy and water efficiencies. Therefore, the development does not conflict with the Council's commitments.

5.8 ***Close to junction with Thomas Lewis Way so harmful to future occupiers in terms of noise and air pollution***

**Response**

The Council's Air Quality and Environmental health team have not raised an objection to the proposed development on these grounds. Mitigation measures such as window specifications can be included if the scheme were recommended for approval.

5.9 **In Support**

***Under the NPPF brownfield development is encouraged in favour of sustainable development, and this application will help contribute to the recent levelling up bill for the provision of new homes.***

**Response**

Agreed, however, the provision of housing needs to be balance against other material planning considerations.

- 5.10 ***The scheme will improve the existing site and provide well-designed housing which will support the economy short, medium and long term and would enhance the character of the area.***

**Response**

Disagree - see reasoning in section 6 below.

- 5.11 ***The sustainable location and maximises the use of the land without needing to develop green field sites.***

**Response**

Agreed - see section 6 below.

- 5.12 ***Site is suitable for flats rather than houses and is in a good location for transport links.***

**Response**

Noted, but the character of the area includes houses (see opposite, for instance). All development on this site would benefit from its location close to existing services and transport links.

**Consultation Responses**

5.13	Consultee	Comments
	<p><b>SCC Highways Development Management Team</b></p>	<p><b>No objection raised:</b> The proposed development will result in less daily vehicular movements and therefore would see less impact as a direct result of turning movements.</p> <p>The straddles both high and standard accessibility zone and the level of parking provided is less than the maximum (just a matter of by how much). Having said that, the junctions in the nearby vicinity all contain parking restrictions and therefore any potential overspill parking is not considered to be a highway safety matter and more of an amenity issue.</p> <p>With respect to S106 legal agreement, highway contributions would be sought to improve sustainable travel in the nearby area to accommodate the travel needs of the proposed development – specifically St. Denys Road/Belmont Road junction. Improvements aimed at pedestrian and cycle facilities to improve safety and traffic calming at this junction which will likely see an increase in multi-modal footfall due to it being a desire route towards Portswood district centre.</p>

		<p>Subject to this and the following conditions, the application can be supported.</p> <p>Planning conditions:</p> <ul style="list-style-type: none"> <li>• Refuse Vehicles Turning Head and Access point.</li> <li>• Sightlines and Boundary treatment;</li> <li>• Drainage detail to avoid surface water migrating onto the public highway.</li> <li>• Construction management plan</li> <li>• Cycle Parking. Horizontal stands to be provided as shown on the site plan.</li> </ul> <p>The full comments from the Highway Engineer are included as <i>Appendix 3</i>.</p>
	<p><b>SCC Archaeology</b></p>	<p><b>No objection raised:</b> No objection subject to the following conditions being applied;</p> <ul style="list-style-type: none"> <li>• Archaeological damage-assessment (Pre-Commencement Condition)</li> <li>• Archaeological evaluation investigation (Pre-Commencement Condition)</li> <li>• Archaeological evaluation work programme (Performance Condition)</li> <li>• Archaeological investigation (further works) (Performance Condition)</li> <li>• Archaeological work programme (further works) (Performance Condition)</li> </ul> <p>The full comments from the Council's Archaeologist are included as <i>Appendix 3</i>.</p>
	<p><b>Independent Design Advisory Panel</b></p>	<p><b>Objection raised</b> The Panel recognised that improvements had been made from the previous review. Setting the building line back from St Denys Road to allow for a proper boundary frontage including street trees is a positive move.</p> <p>The reduction in height of the north block to 3 storeys is also a welcome move, but the raising of the overall height of the entire south block to 5 storey is too great a mass. The Panel's previous comments referred to increased height to the corner of the block defining the junction to Thomas Lewis Way a principal highway. The general height of the</p>



		<p>block would be better at 4 storeys, with the corner element only being expressed at 5 storeys.</p> <p>The inclusion of a roof terrace on the north block could potentially be beneficial, although no design is shown as to how this roof terrace will be laid out in detail to encourage resident use. This would need to be a properly design roof garden. Also given the potential noise from Thomas Lewis Way, the mainline railway and St Denys Road, its attractiveness will be less than if the development had a better quality of rear amenity where the buildings would provide significant acoustic protection.</p> <p>The private residential entrances remain poor, and no entrance is provided to the blocks from the public street.</p> <p>The panel had previously referred to the idea of utilising the levels to provide parking under the apartment blocks and the surface car parking is leading to a generally poor quality of residential environment.</p> <p>The open parking area to St Denys Road is particularly poor and needs at the very least the removal of the parking space closest to St Denys Road to allow for landscaping including tree planting backed by a wall to help reduce the view across an open parking area.</p> <p>Overall and despite recognising some positive changes, the panel remained of the view, principally for the reasons outlined above, that this development still did not meet the requirements of a “well designed place” required by the NPPF</p>
	<p><b>SCC Design Officer</b></p>	<p><b>Objection raised</b> I support and endorse the observations of the Design Advisory Panel.</p>
	<p><b>SCC Community Infrastructure Levy (CIL)</b></p>	<p>The development is CIL liable as there is a net gain of residential units. With an index of inflation applied the residential CIL rate is currently £103.75 per sq. m, to be measured on the Gross Internal Area floorspace of the building.</p>

		<p>Should the application be approved a Liability Notice will be issued detailing the CIL amount and the process from that point.</p> <p>If the floor area of any existing building on site is to be used as deductible floorspace the applicant will need to demonstrate that lawful use of the building has occurred for a continuous period of at least 6 months within the period of 3 years ending on the day that planning permission first permits the chargeable development.</p>
	<p><b>SCC Ecology team</b></p>	<p><b>No objection raised</b></p> <p>The application site consists of a building, an extensive area of hard standing, scrub and amenity grassland. The hard-standing has no ecological value however, the ecology report supporting the planning application has assessed the amenity grassland and scrub as being of low and moderate ecological value respectively. Mitigation measures will therefore be required for the loss of this vegetation.</p> <p>The building was assessed as having negligible potential for bat roosts, but the vegetation was considered to offer potential for nesting birds. In addition, the vegetation provides a corridor for foraging bats to access suitable habitat in surrounding gardens</p> <p>All nesting birds receive protection under the Wildlife and Countryside Act 1981 (as amended). Vegetation clearance should therefore be undertaken outside the breeding season which runs from March to August inclusive. The foraging value of any retained vegetation, plus new landscape planting, can be reduced by night-time illumination. To minimise impacts lux levels around tree canopies will need to be no greater than 1lux. In addition, external lighting should be LED with no UV component, use warm white (2700K to 3000K) luminaires, with a peak wavelength higher than 550nm.</p> <p>The ecological survey report details a number of mitigation and enhancement measures which I support.</p>

	<p>I have no objection to the proposed development. If planning permission is granted, I would like the following conditions applied to the consent:</p> <ul style="list-style-type: none"> <li>• Ecological Mitigation Statement (Pre-Commencement)</li> <li>• Protection of nesting birds (Performance)</li> <li>• Lighting [Pre-Commencement Condition]</li> </ul> <p><b>Officer comment:</b> The above details would be secured via condition if approved.</p>
<p><b>SCC Employment and Skills</b></p>	<p><b>No objection raised</b> An Employment and Skills Plan obligation will be required for this development and applied via the section 106 Agreement.</p>
<p><b>SCC Land Contamination</b></p>	<p><b>No objection raised</b> No objection subject to a condition to secure a full land contamination assessment and any necessary remediation measures.</p>
<p><b>SCC Environmental Health</b></p>	<p><b>No objection raised</b> Environmental Health has no objection in principle to what is an extension of the residential area. There does not appear to be any detail relating to the demolition of existing buildings and consideration for the appropriate identification, removal and disposal of any asbestos containing material.</p> <p>There is no detail of the construction phases and how noise, vibration, dust and potential nuisance to neighbours will be minimised. Conditions are recommended to include no fires and standard working hours.</p> <p>Glazing to the habitable areas needs to be appropriate to the location (and elevation) close to a busy road junction. Ventilation may need to be mechanical due to the proximity of the road with the option of natural ventilation if the occupant chooses. Refuse store to be provided and this is to be such that it can be washed out.</p> <p><b>Officer comment:</b> These matters would be conditioned if the scheme were to be</p>

	approved.
<p><b>SCC Sustainability (Flood Risk)</b></p>	<p>In line with National Planning Policy Framework (revised 2021) and the Southampton Core Strategy Policy CS20 (Adapting to Climate Change) (amended 2015), major developments are required to incorporate sustainable drainage systems unless there is clear evidence that this would be inappropriate. This is to reduce the risk of flooding to the site and areas within the catchment to which the site will drain to. Drainage proposals should be developed in accordance with the Non-Statutory Technical Standards for Sustainable Drainage and Southampton SuDS Design Guidance.</p> <p>The existing site is considered to be brownfield with a fully impermeable surface, with surface water discharge spilt between a surface water sewer and combined foul water sewer. The proposal for this site includes some soft landscaping which will help support a reduction in surface water runoff, and also intends to separate out the surface water from the combined system which will also support betterment. The proposal seeks to attenuate the 1 in 100 year plus climate change allowance of 40% with a restricted discharge of 5l/s.</p> <p>The Drainage Strategy indicates that use of infiltration-based SuDS is not viable due to ground conditions. The same drawing also references an attenuation tank as an alternative solution, however the connecting pipework and outfall location is unclear and will need to be confirmed.</p> <p>The Drainage Strategy (Feb 2021) is reliant upon a new surface water connection to Osbourne Road South which has not yet been confirmed with Southern Water. Confirmation that this connection, with a maximum discharge of 5l/s, will be required prior to approval otherwise an alternative location will need to be sought. It will not be deemed acceptable for surface water to be discharged to the combined foul water sewer.</p>

		<p>Exceedance of the surface water drainage system has been considered, with a low level wall to the car parking areas identified to attenuate exceedance flows to prevent runoff impacting neighbouring properties on Osbourne Road South. This should be implemented to avoid any potential increases to property.</p> <p>An oil interceptor has been included on the final downstream manhole. This should be implemented to improve water quality.</p> <p>Information on who will be responsible for the management and maintenance of the drainage will be required.</p> <p>Southern Water will need to confirm that there is sufficient capacity within the combined sewer to manage the increase in foul water discharge from the site. This will be important to ensure that properties, particularly those downstream, are not subjected to an increase risk of flooding from foul water services.</p> <p>If the case officer is mindful to approve this application, then the above needs to be conditioned and in addition the drainage works approved need to be installed and verified.</p> <p><b>Officer comment:</b> These matters would be conditioned if the scheme were to be approved.</p>
	<p><b>SCC Housing Team</b></p>	<p>As the scheme comprises of 35 dwellings in total the affordable housing requirement from the proposed development is 35% (CS15- sites of 15+ units = 35%). The affordable housing requirement is therefore <b>12 dwellings</b> (12.25 rounded down).</p> <p><b>Officer Comment:</b> SCC Housing have acknowledged the findings of the DVS viability review, which found the scheme is not viable and cannot provide any contribution towards affordable housing at this time. This is discussed in more detail in the Planning Considerations section of this report.</p>

<p><b>SCC Sustainability team</b></p>	<p><b>No objection raised</b>  No objection subject to the following conditions being applied.</p> <ul style="list-style-type: none"> <li>• Energy &amp; Water (Pre-Construction)</li> <li>• Energy &amp; Water (Performance)</li> </ul> <p><b>Officer comment:</b> The above details would be secured via condition if approved.</p>
<p><b>SCC Trees &amp; Open Spaces Team</b></p>	<p><b>No objection raised</b>  No significant trees on site. Trees on neighbouring land to the South are to have the Root Protection Areas (RPAs) protected by use of a cellular confinement system, as per manufacturers specification. I would like to ensure this is followed by conditioning the works carried out in accordance with the Arb method statement.</p> <p>There are a lot of new trees indicated on plans but with no real detail of species, size or underground provision of appropriate soil levels and condition. A range of suitable species with a mix of native and non-native ornamentals is acceptable with a request that trees fronting the road are larger, longer-lived species and are given adequate soil volumes to achieve maturity and be retained long term. This would need to be conditioned via a landscape plan.</p> <p><b>Officer comment:</b> The above details would be secured via condition if approved.</p>
<p><b>Environment Agency</b></p>	<p><b>No objection raised</b>  We request that a condition be attached to any planning permission granted that if, during development, contamination not previously identified is found to be present at the site then no further development shall be carried out until a remediation strategy detailing how this contamination will be dealt has been agreed and implemented as approved.</p> <p>This is to ensure that the development does not contribute to, and is not put at unacceptable risk from or adversely affected by, unacceptable levels of water pollution from previously unidentified contamination sources</p>

		<p>at the development site.</p> <p>We have reviewed the submitted remedial method statement report. As noted in the report, the site is underlain by unproductive strata. The report concludes this will greatly reduce the controlled water risks. We confirm that we are in agreement with this conclusion.</p> <p>However, there is always a risk that contaminated perched water (as observed beneath the site) could reach preferential pathways (such as surface water drains), which in turn could result in impacts to controlled water receptors such as the River Itchen. Although such risks are substantially reduced, some risks may still exist. We would agree these are sufficiently small and that they can be satisfactorily managed by mitigation of any potential sources of gross contamination. As such, we agree that the existing underground storage tanks and interceptors should be removed. Grossly impacted perched water and soil encountered in any excavation should also be removed. We support the following recommendation specified in the report:</p> <p>"Therefore, although the recorded concentrations will require remedial works, as described in section 5, these will be limited to removing groundwater from the tank/interceptor removal excavations and the inclusion of in-situ treatment products being included in the granular backfill material."</p> <p>This should help mitigate any risks. We would also ask that any free phase contamination oils encountered anywhere else on site are also removed. Provided this is undertaken, we would agree that the risks to controlled waters is likely to be small and we would have no further recommendations.</p> <p><b>Officer comment:</b> The above details would be secured via condition if approved.</p>
	<p><b>Hampshire Constabulary Crime</b></p>	<p>Clear definition of the different spaces within the development reduces the opportunities for crime and disorder.</p>

**Prevention Design  
Advisor**

Access to the elevations of the apartment blocks from the public realm must be prevented. Apartment blocks must sit within an area of semi-private space, this space must be enclosed within a robust boundary treatment at least 1.2m high. Ground floor apartments with doors that can be accessed from the surrounding semi-private space must be protected by a private garden which is the sole preserve of the resident of the apartment with the doors that can be accessed from the space. The private garden must be at least 1.5m wide and enclosed within a robust boundary treatment at least 1.2m high. Windows on the ground floor accessible from the semi-private space must be defended by planting. Hampshire Constabulary cannot support this application if the dwellings do not have this basic level of protection.

The cycle store is shown with a double doorset, in this situation this is not ideal, with the second leaf often becoming insecure, which increases the opportunities for crime and disorder. To reduce the opportunities for crime and disorder a single robust doorset should be fitted. The door should be fitted with a lock that provides for authorised access only. The cycle store should be fitted with cycle anchor points and lighting.

The proposal provides 35 apartments but only 30 on-site parking spaces. We would be concerned if the effect of this development was to place an additional burden on the existing on-street parking provision. One allocated parking space for each apartment should be provided on site. Not all of the parking spaces are shown as being fitted for electric vehicle charging, we would recommend that all parking spaces have the fittings for electric vehicle charging.

To provide for the safety and security of residents and visitors lighting throughout the development should conform to the relevant sections of BS 5489-1:2020. To secure this we would ask that detailed lighting scheme condition is attached to any consent:



	<p><b>Officer comment:</b> The above details would be secured via condition if approved.</p>
<p><b>SCC Air Quality Team</b></p>	<p><b>No objection raised</b> Subject to a detailed Construction Management Plan condition.</p> <p><b>Officer comment:</b> The above details would be secured via condition if approved.</p>
<p><b>Natural England</b></p>	<p>The application could have a likely significant effect on:</p> <ul style="list-style-type: none"> <li>• Solent and Dorset Coast SPA</li> <li>• Solent Maritime SAC</li> <li>• Solent and Southampton Water SPA</li> </ul> <p>Your Authority will need to undertake a Habitats Regulations Assessment (HRA) to determine whether the proposal is likely to have a significant effect on the sites named above, proceeding to the appropriate assessment stage where significant effects cannot be ruled out. The following information is required to inform an HRA:</p> <ul style="list-style-type: none"> <li>• Consideration of this project's effects on total nitrogen and nutrient loading within the Solent catchment, including a nutrient budget calculation.</li> <li>• Details of proposed mitigation measures to address any nutrient impacts, including appropriately funded management and monitoring, and details of how the measures will be secured for the lifetime of the development.</li> <li>• An outline of measures designed to mitigate the adverse impact of recreational disturbance arising from this development on designated sites in the New Forest.</li> </ul> <p><b>Officer Response:</b> A Habitats Regulations Assessment (HRA) would be provided for this application were the proposal to be recommended for approval.</p>
<p><b>Southern Water</b></p>	<p><b>No objection raised</b> No objection subject to request an informative is attached to the consent requesting details of the proposed means of foul sewerage and</p>

	surface water disposal.
<p><b>City of Southampton Society</b></p>	<p><b>Objection raised</b></p> <p>We object to this proposal.</p> <p>We recognise that the developers have to a large extent addressed the first two reasons for the refusal of the earlier application (21/00324/FUL) namely, Overdevelopment and Housing Mix.</p> <p>However, our main criticism is that the site is not suitable for residential development on the basis of traffic pollution from Thomas Lewis Way and St Denys Road ' a situation that is exacerbated when traffic stops, with engines idling, at the traffic lights.</p> <p>In the Delegated Report to the earlier application the Air Quality Consultant states: 'the development is not located in the immediate vicinity of an Air Quality Management Area' and goes on to say: 'I would, however, request that an air quality statement be provided by the developer which sets out why the impact of the development on air quality is unlikely to be significant'.</p> <p>Our argument is NOT based on the added pollution caused by any additional traffic movements resulting from the proposed development, but by the existing pollution at the cross-roads. This needs to be measured before adding any additional pollution from the proposed development.</p> <p>Furthermore, we do not feel that the difficulties of traffic turning right into or out of the site has been addressed. Traffic is frequently stationary along St Denys Road, in both directions, when the traffic lights are red at both the intersection with Thomas Lewis Road and Belmont Road. This situation does not only arise during the peak traffic movements at Rush Hours. At such times right turns into or out of the site are restricted and dangerous.</p> <p>In summary, we object to this application on the grounds of air pollution and traffic</p>

	<p>management. This site is better suited to commercial rather than residential use.</p> <p><b>Officer comment:</b> An Air Quality Assessment has since been submitted and the Council's Air Quality Team raises no objection to the proposal subject to a Construction Management Plan condition.</p>
<b>Hampshire Swifts</b>	<p>The Royal Institute of British Architects (RIBA) and British Standard BS 42021:2022 Integral nest boxes recommend an average of 1 integral nest brick per dwelling, between 4 and 10 on a small block of flats, or between 10 and 40 or more on a major apartment development, such as this. Swift bricks are a universal nest brick as they are readily used not just by Swifts but also by House Sparrows, Starlings (provided the entrance is large enough), Great Tits, Blue Tits and other species. Swift bricks should be installed in accordance with British Standard BS 42021:2022 Integral nest boxes.</p> <p><b>Officer comment:</b> If the scheme were to be approved these swift bricks would be sought and secured via condition.</p>

## 6. Planning Consideration Key Issues

6.1 The key issues for consideration in the determination of this planning application are:

- The principle of development;
- The previous reasons for refusal;
- Design and effect on character;
- Residential amenity;
- Parking highways and transport;
- Air quality and the Green Charter;
- Mitigation of direct local impacts, affordable housing and viability and;
- Likely effect on designated habitats.

### 6.2 Principle of Development

6.2.1 The principle of additional housing on this previously developed land in a sustainable location is supported. The site is not allocated for additional housing and the proposed dwellings would represent windfall housing development. The LDF Core Strategy identifies the Council's current housing need, and this scheme would assist the Council in meeting its targets. As detailed in Policy CS4 an additional 16,300

homes need to be provided within the City between 2006 and 2026. The NPPF and the Council's saved policies seek to maximise previously developed land potential in accessible locations.

6.2.2 The NPPF requires Local Planning Authority's (LPA) to identify a five-year supply of specific deliverable sites to meet housing needs. Set against the latest Government housing need target for Southampton (using the standard method with the recent 35% uplift), the Council has less than five years of housing land supply. This means that the Panel will need to have regard to paragraph 11(d) of the NPPF, which states that where there are no relevant development plan policies, or the policies which are most important for determining the application are out-of-date, it should grant permission unless:

- the application of policies in the Framework that protect areas or assets of particular importance provides a clear reason for refusing the development proposed; or
- 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 (the so-called "tilted balance")

6.2.3 There are no policies in the Framework protecting areas or assets of particular importance in this case, such that there is no clear reason to refuse the development proposed under paragraph 11(d)(i). It is acknowledged that the proposal would make a contribution to the Council's five-year housing land supply. There would also be social and economic benefits resulting from the construction of the new dwelling(s), and their subsequent occupation, and these are set out in further detail below to enable the Panel to determine 'the Planning Balance' in this case.

6.2.4 Whilst the site is not identified for development purposes, the Council's policies promote the efficient use of previously developed land to provide housing. Policy CS1 of the Core Strategy supports significant residential growth in the city centre to assist in addressing the city's housing need.

6.2.5 With regard to the departure from Policy CS16 of the Core Strategy, this policy requires the provision of 30% family homes within new developments of ten or more dwellings. The policy goes on to define a family home as that which contains 3 or more bedrooms with direct access to private and useable garden space that conforms to the Council's standards. The proposal does not incorporate any family units. The policy states that the provision of a family housing is dependent on *'the established character and density of the neighbourhood and the viability of the scheme'*. Due to the mixed nature of the area and having regard to the size of two-bed units which may also become home to children, it is considered that the mix of accommodation is acceptable in this instance. Furthermore, the supporting text of the Council's housing policies sets out that single person households are likely to make up 80% of the increase in

households during the plan period and therefore, the proposal meets a specific need by providing smaller units.

6.2.6 In terms of the level of development proposed, policy CS5 of the Core Strategy confirms that in an area of medium accessibility locations such as this, density levels should generally accord with the range of 50-100 d.p.h, although caveats this in terms of the need to test the density in terms of the character of the area and the quality and quantity of open space provided. The proposal would achieve a residential density of 129 d.p.h which, although it exceeds the range set out above, needs to be tested in terms of the merits of the scheme as a whole. This is discussed in more detail below.

### 6.3 Previous Reasons for Refusal

6.3.1 The previous scheme for was refused for three reasons as set out in **Appendix 2** of this report. The third reason for refusal related to failure to mitigate against the impacts of the development due to a legal agreement not being completed. However, the first and second reasons for refusal related to failure to address relevant planning considerations. The second reason related to the housing mix proposed which over provided 1-bed units.

6.3.2 Background policy evidence in the form of the Partnership for South Hampshire's (PSH) 'South Hampshire Strategic Housing Market Assessment' (SHMAA) from 2014 indicates the following housing mix need for market housing in Southampton:

1-bed 10.5%  
2-bed 31.7%  
3-bed 43.9%  
4-bed+ 13.9%

This data indicates that although there is a need for 1-bed units, there is a very clear need for 2-bed units. The revised proposal provides 5 no. 1-bed units and 30 no. 2-bed units. It could be argued that the amended scheme over provides 2-bed units but given the clear demand and the need, officers consider that it would be unreasonable to refuse the scheme on this basis. As such the revised proposal is considered to have addressed the previous reason for refusal.

6.3.3 With respect to the first reason for refusal, officers do not believe the scheme has provided sufficient changes to address the previous reason for refusal as explained further below.

### 6.4 Design and effect on character

6.4.1 The NPPF states in paragraph 124 that planning policies and decisions should support development that makes efficient use of land whilst taking into account a number of considerations including 'd) *the desirability of maintaining an area's prevailing character and setting (including residential*

*gardens), or of promoting regeneration and change; and e) the importance of securing well-designed, attractive and healthy places.'*

6.4.2 Furthermore, paragraph 130 seeks to ensure that developments function well and add to the overall quality of an area and ensure a high-standard of amenity for existing and future users. It leads onto say that development should be *'sympathetic to local character and history, including the surrounding built environment and landscape setting, while not preventing or discouraging appropriate innovation or change (such as increased densities)'* The NPPF also confirms, at paragraph 134, that *'Development that is not well designed should be refused, especially where it fails to reflect local design policies and government guidance on design'*. It is once again noted that the proposed units would add to the Council's housing need but as stated above development must respect the character of the area and it is the officer's opinion that this scheme does not as set out below.

6.4.3 It is recognised that, because of the nature of the adjoining highways, on-street refuse collection would difficult to achieve. As a consequence, a refuse truck turning head has been incorporated to the rear of the site which adds to the amount of hard surfacing on site. The applicants have amended the scheme and set Block A back from St Deny's Road to provide landscape setting including trees and a boundary hedge, which is a positive amendment from a streetscene perspective. However, the provision of a parking court adjacent to no 47 Belmont Road provides a very car dominant frontage which is not commonplace within the streetscene as the vegetation boundary does not continue at this point. Access from this car park to the development is unclear. No objection is raised to the height of block A. However, although the Design Advisory Panel have previously suggested that Block B could accommodate more height given the width of the Thomas Lewis Way junction, a full five storey height building is not considered to be the correct design response. A building that steps up to a fifth floor on the corner would be more appropriate.

6.4.4 Given the site context comprises two and three storey buildings, the provision of a full five-storey building on this corner location would be both very prominent and dominant. The resulting development would be out of keeping with the area and not respect the scale or layout of existing adjacent properties. As a consequence of the proposed quantum of units, the scale, bulk and massing would appear over-bearing and unduly dominant within the St Denys Road and Osborne Road North street scenes. The impact is further heightened by the number of the parking spaces required to serve the scheme reducing the availability of residential amenity and providing a development which has more than 50% site coverage contrary to the RDG. This failure to meet guidance is a symptom of an over-development. The previous scheme, although it proposed more units, comprised 58 bedrooms whereas this revised scheme, due to the provision of two-bed units, comprises 65 bedrooms. Therefore, enabling an increase in occupiers which further highlights the deficiencies in this scheme especially as children could occupy the units. It is recognised that

this vacant brownfield site on a busy transport corridor would be appropriate for a flatted scheme of higher density having regard to the surrounding residential character. However, the proposed scheme seeks an excessive quantum of flats, which result in an over-development of the site.

6.4.5 No objection has been raised to the design detail of the proposal (bar the height) nor the materiality of the scheme. The amount of space given to parking and servicing needs is not acceptable. Redevelopment of a site should enhance the character of the area especially in visual terms both in the built and soft landscaped form. This proposal, due to the proposed massing and height as well as site coverage would not enhance the street scene. In summary, due to the height, design, layout and density the proposal would fail to respect the context of the local area and would not comply with policies CS5 and CS16 of the Core Strategy and the RDG.

## 6.5 Residential amenity

6.5.1 The starting point to assess the quality of the residential environment for future occupants is the minimum floorspace set out in Nationally Described Space Standards (NDSS) (1 bed = 39 or (37 square metres sq.m with shower) & 2 bed = 61sqm) and the minimum garden sizes of 20sqm per flat set out in the Council's Residential Design Guide (para 2.3.14 and section 4.4). NDSS - [Title \(publishing.service.gov.uk\)](http://publishing.service.gov.uk). The scheme is compliant with the national space standards, but the quantum of external amenity space is not acceptable when assessed against the Council's standards set out in the Residential Design Guide.

6.5.2 Furthermore, given the set back of the buildings in the site, the amount of on-site private useable 'garden' amenity space has reduced from the previous scheme. The refused scheme had two decent areas of communal amenity space as well as a roof terrace. This is not the case here and given the potential for further occupiers, including families, this is not considered to be acceptable.

6.5.3 All habitable rooms will have access to outlook and natural daylight. The habitable windows proposed to the rear of block A have been set further away from 72C Belmont Road enabling acceptable outlook. However, there is no defensible space to the ground floor windows to enable privacy from other occupiers of the development when using the outdoor space. Furthermore, access to the parking area fronting St Deny's Road does not have access from the site so users need to leave the site to access the car park. There is no main access to either block from the road frontages as the entrances are located adjacent to the vehicular access, thereby hidden from the streetscene. Overall, the proposal does not provide an ideal residential environment and therefore is contrary to policy SDP1(i) of the current Local Plan.

6.5.4 In terms of the impact on neighbouring occupiers, given window design of 72C Belmont Road and the proposed site levels, it is considered that

the amended scheme would not cause unreasonable overlooking, loss of privacy or loss of daylight/sunlight to 72C Belmont Road as there are no habitable windows on the north elevation of 72C Belmont Road. The scheme is located approximately 13 metres away from the rear elevation of 74 Belmont Road but the window configuration has been amended to prevent overlooking from the lounge/kitchen/diner and a bedroom proposed on this side elevation with 74 Belmont Road. However, given the siting of block A is less than 15 metres of the rear elevation of no 74 Belmont Road the proposal would harm the current occupiers outlook given the rooms are also bedrooms and lounge/kitchens. No 97 Osborne Road South has a habitable bedroom window in the side elevation facing the site. The scheme has been reduced in height to two-storey instead of three previously proposed which is positive.

## 6.6 Parking highways and transport

6.6.1 The residential proposal will result in the vehicular trips being less intensive than the current use. A total of 30 car parking spaces are provided which is less than the maximum standard of 65 spaces. The 2011 Census concludes 32% of households in Portswood ward do not have access to a car. In this instance, the number of car parking spaces is accepted given the location of the site, within a sustainable location for both employment, services and transport.

6.6.2 The Council's policy is that the provision of less parking than the maximum standards set out can be permissible subject to justification. In this case, no highway objection has been raised on this ground given that parking overspill and parking in close proximity to junctions is unlikely to occur. Officers believe the level of parking is a reasonable balance is provided in terms of the amount of parking within this site on the edge of a high accessibility area and in close proximity to Portswood District Centre. Furthermore, the lack of available parking space in the area, and the existing controlled parking zones, will discourage occupiers from having a car if they can't park it on-site. Sufficient on-site turning has been provided to serve the refuse vehicle, and sufficient sightlines have been provided to serve the site to prevent an objection on highway safety grounds.

6.6.3 Further details would be sought if the scheme were to be approved (including, for instance, details of electric vehicle charging which has also recently been added as a requirement under the current Building Regulations) and, therefore, given no objection has been raised to the proposal from the Highways Development Management Team the proposal is considered to address the above concerns relating to parking and highway safety.

## 6.7 Air Quality and the Green Charter

6.7.1 The Core Strategy Strategic Objective S18 seeks to ensure that air quality in the city is improved and Policy CS18 supports environmentally sustainable transport to enhance air quality, requiring new



developments to consider impact on air quality through the promotion of sustainable modes of travel. Policy SDP15 of the Local Plan sets out that planning permission will be refused where the effect of the proposal would contribute significantly to the exceedance of the National Air Quality Strategy Standards.

6.7.2 There are 10 Air Quality Management Areas (AQMA) in the city which all exceed the nitrogen dioxide annual mean air quality standard. In 2015, Defra identified Southampton as needing to deliver compliance with EU Ambient Air Quality Directive levels for nitrogen dioxide by 2020, when the country as a whole must comply with the Directive.

6.7.3 The Council has also recently established its approach to deliver compliance with the EU limit and adopted a Green City Charter to improve air quality and drive-up environmental standards within the city. The Charter includes a goal of reducing emissions to satisfy World Health Organisation air quality guideline values by ensuring that, by 2025, the city achieves nitrogen dioxide levels of 25µg/m<sup>3</sup>. The Green Charter requires environmental impacts to be given due consideration in decision making and, where possible, deliver benefits. The priorities of the Charter are to:

- Reduce pollution and waste;
- Minimise the impact of climate change
- Reduce health inequalities and;
- Create a more sustainable approach to economic growth.

6.7.4 The application site is 800 metres from the nearest Air Quality Management Zone but as the proposal is for a major development an air quality assessment has been undertaken for this development, which concludes that, subject to mitigation, the scheme would not be at risk from poor air quality or unduly exacerbate poor air quality in the area. Furthermore, the application has introduced measures to respond to the Green Charter and the air quality impact of the development including:

- Provides a lower number of parking spaces;
- Reduces the intensity of the use;
- Making better use of the site;
- Bringing the site back into use;
- Being designed to meet water requirements; and
- Securing a detailed landscaping scheme which results in the introduction of further soft landscaping;

The application has addressed the effect of the development on air quality and the requirements of the Green Charter by redeveloping an existing developed site to provide housing units in a sustainable area with garden areas for occupiers. Together with no objection being raised by the Council Air Quality Management team and securing a construction management plan the scheme complies with the above requirement and no objection to the scheme is raised on these grounds.

6.8 Mitigation of direct local impacts, affordable housing and viability

6.8.1 As with all major development the application needs to address and mitigate the additional pressure on the social and economic infrastructure of the city, in accordance with Development Plan policies and the Council's adopted Planning Obligations SPD (2013). Given the wide ranging impacts associated with a development of this scale, an extensive package of contributions and obligations would be required as part of the application if the application were to be approved. The main areas of contribution for this development, in order to mitigate against its wider impact, is for the provision of affordable housing and highway works.

6.8.2 Contributions would be secured via a Section 106 legal agreement with the applicant (had the scheme been acceptable in other terms). In terms of highway works these would be improvements aimed at pedestrian and cycle facilities to improve safety and traffic calming at the adjacent junction together with restrictions to prevent occupiers being eligible for residents parking permits. In addition, the scheme triggers the Community Infrastructure Levy (CIL).

6.8.2 Policy CS15 sets out that *"the proportion of affordable housing to be provided by a particular site will take into account the costs relating to the development; in particular the financial viability of developing the site (using an approved viability model)."* The application is accompanied by a viability assessment which sets out that the development would not be viable and able to commence should the usual package of financial contributions and affordable housing be sought. In particular, the assessment sets out that the development would not be able to meet the requirement to provide Affordable Housing on the site. The viability appraisal has been assessed and verified by an independent adviser to the Council; in this case the District Valuation Service (DVS). A copy of their report is appended to this report at **Appendix 4**.

6.8.3 The DVS report has assessed the scheme, incorporating a site value of £970,000, with CIL contributions totalling £315,608 and S106 contributions totalling £110,140 and concludes the scheme is not viable and cannot provide any contribution towards affordable housing, whilst giving the applicant the necessary profit to ensure delivery is forthcoming. According to DVS's appraisal the scheme produces a residual land value of £85,552 – when the Benchmark Site Value is £970,000 meaning that there is a deficit of approximately £885,000 on the land value inputs before any affordable housing can be delivered. The latest NPPF guidance suggests a profit level of 15-20% of Gross Development Value (GDV) is a suitable return for developers. The applicant's viability assessment adopted a developer profit of 14.71% of GDV. DVS have agreed the adopted a blended profit (Market Housing 17.55% / Affordable Housing 6%).

6.8.4 Officers accept that the scheme would be not viable with an affordable housing element. If the scheme were to be approved the s106 legal agreement would build in review mechanisms in line with our normal practices so that an assessment of the viability can be relooked at as the scheme progresses; and if the situation improves satisfactorily then contributions can be sought. The review process will take any account any vacant building credit as a material consideration and contributions would only become viable once the deficit has been covered.

6.8.5 Given the acute need for affordable housing in the city with 8,600 applicants currently on the housing register seeking affordable housing to rent, it is extremely disappointing that this scheme cannot support any section 106 affordable housing based on existing scheme viability. It should however be noted that the applicants have advised they are in discussions with Register Providers of Affordable Housing and it is likely that they will explain their delivery model at Panel. However, any 'affordable' units delivered outside of the s.106 process cannot be taken into consideration at the planning application stage as they may not be delivered if the scheme were approved. They also wouldn't be subject to the same controls following delivery. As such the potential deliver of non section 106 affordable housing units cannot be given any weight in the determination of this planning application. Ultimately the provision of nil affordable housing is planning policy compliant with adopted development plan policy CS15. Going forward the new local plan (City Vision) will need to be supported by up-to-date viability evidence underpinning the plan.

## 6.9 Likely effect on designated habitats

6.9.1 The proposed development, as a residential scheme, has been screened (where mitigation measures must now be disregarded) as likely to have a significant effect upon European designated sites due to an increase in recreational disturbance along the coast and in the New Forest. As such, in the absence of a mechanism to secure a scheme of mitigation measures, the application should also be refused for this reason. In the event that the recommendation had been favourable it would have been supported by a Habitats Regulations Assessment, in accordance with requirements under Regulation 63 of the Conservation of Habitats and Species Regulations 2017, outlining this issue in more detail.

## 7. Summary

7.1 The principle of new residential development is considered acceptable. It is acknowledged that the proposal would make a contribution to the Council's five-year housing land supply, and that currently there is a shortfall in Southampton meaning that the 'tilted balance' is engaged. Whilst the delivery of housing, and the associated social and economic benefits resulting from the construction of the new dwellings, is material, the adverse impacts of the development when assessed against the

policies in the Framework taken as a whole and as set out in the report, would significantly and demonstrably outweigh the benefits.

7.2 The Council's housing land supply shortfall is relatively small. The Council is also progressing a Local Plan review and a full update to its Strategic Land Availability Assessment (which is identifying a significant increase in supply) and working with other local authorities across Hampshire to meet unmet needs through the Partnership for South Hampshire Strategy. These factors can be taken into account when deciding what weight can be given to the tilted balance and, in this instance, it is considered that this assessment alongside the stated harm of the proposal suggest that the proposals are unacceptable. Having regard to s.38(6) of the Planning and Compulsory Purchase Act 2004, and the considerations set out in this report, the application is recommended for refusal.

## **8. Conclusion**

8.1 The positive aspects of the scheme are judged to be outweighed by the negative impacts, namely overdevelopment of the site and the effect on the character and neighbour amenity from the chosen form of development, alongside the current failure to secure planning obligations. It is recommended that planning permission should not be granted for the reasons set out above.

### **Local Government (Access to Information) Act 1985**

**Documents used in the preparation of this report Background Papers** 1. (a) (b) (c) (d) 2. (b) (c) (d) (e) (f) (g) 4.(f) (g) (vv) 6. (a) (b) 7. (a)

**Anna Lee for 22/11/2022 PROW Panel**

**POLICY CONTEXT**

Core Strategy - (as amended 2015)

CS4	Housing Delivery
CS5	Housing Density
CS13	Fundamentals of Design
CS15	Affordable Housing
CS16	Housing Mix and Type
CS18	Transport: Reduce-Manage-Invest
CS19	Car & Cycle Parking
CS20	Tackling and Adapting to Climate Change
CS22	Promoting Biodiversity and Protecting Habitats
CS23	Flood Risk
CS25	The Delivery of Infrastructure and Developer Contributions

City of Southampton Local Plan Review – (as amended 2015)

SDP1	Quality of Development
SDP4	Development Access
SDP5	Parking
SDP6	Urban Design Principles
SDP7	Urban Design Context
SDP8	Urban Form and Public Space
SDP9	Scale, Massing & Appearance
SDP10	Safety & Security
SDP11	Accessibility & Movement
SDP12	Landscape & Biodiversity
SDP13	Resource Conservation
SDP14	Renewable Energy
H1	Housing Supply
H2	Previously Developed Land
H7	The Residential Environment

Supplementary Planning Guidance

Residential Design Guide (Approved - September 2006)

Planning Obligations (Adopted - September 2013)

Parking Standards SPD (September 2011)

Other Relevant Guidance

The National Planning Policy Framework (2021)

The Southampton Community Infrastructure Levy Charging Schedule (September 2013)

**Relevant Planning History**

<b>Case Ref</b>	<b>Proposal</b>	<b>Decision</b>	<b>Date</b>
21/00324/FUL	Demolition of former car showroom and outbuildings and the erection of two blocks comprising 48 apartments, with associated parking, access and landscaping (Amended Description)	Application Refused (see full reasons below)	26.11.2021
11/01856/FUL	Redevelopment of the site for use as a petrol station. Erection of a single storey sales kiosk and installation of 6 pumps with canopy.	Application Refused	31.05.2012
10/01213/FUL	Redevelopment of the site for use as a petrol station. Erection of a single storey sales kiosk and installation of 6 twin sided pumps with canopy.	Application Refused	26.01.2011
09/01243/FUL	Redevelopment of the site for use as a petrol station. Erection of a single storey sales kiosk, installation of 6 twin sided pumps with canopy and a car wash (after removal of existing building)	Withdrawn	26.01.2010
901299/W	Extension and alterations to form new workshop at Berkeley Garage	Conditionally Approved	30.01.1991
1600/M22	Redevelopment of the sites as an extension to adjoining garage/car sales business at 99 Osborne Road and 35 St. Denys Road.	Temporary Consent	07.07.1981
1566/M16	Permanent retention of temporary extension to an existing building for use as vehicle showroom at Berkeley Garage (Southampton) Ltd. 21-33 St. Denys Road.	Conditionally Approved	29.01.1980
1566/M15	Permanent retention of an 8000 gallon underground storage tank under existing forecourt at Berkeley Garage (Southampton) Ltd. 21-33 St. Denys Road.	Conditionally Approved	29.01.1980
1566/M14	Permanent retention of land at rear of garage as employees car park at Berkeley Garages (Southampton) Ltd.	Conditionally Approved	29.01.1980
1566/M13	Retention of garage building at rear of showroom/workshop at Berkeley Garages (Southampton) Ltd. 21-33 St. Denys Road. Temporary until 31.12.1984	Conditionally Approved	29.01.1980
1566/M12	Permanent retention of part of forecourt for the sale and display of motor vehicles at Berkeley Garages (Southampton) Ltd, 21-33 St. Denys Road.	Conditionally Approved	29.01.1980

1566/M11	Permanent retention of land forward of proposed road improvement line on part of petrol filling station at Berkeley Garage (Southampton) Ltd. 21-33 St. Denys Road.	Conditionally Approved	29.01.1980
1305/P33	The erection of 1 floodlight standard and the retention of 3 other floodlight standards at 21-33 St. Denys Road.	Conditionally Approved	22.03.1966
1303/142	Alterations to garage workshop	Conditionally Approved	22.02.1966
12701/76	Office addition above ground floor store	Conditionally Approved	28.07.1964
1203/21	Alterations to an existing service station to provide an inspection pit.	Temporary Consent	11.07.1961
1174/P32	Use of land for the display and sale of cars	Conditionally Approved	04.04.1960
1100/AA	Use of land for car parking	Conditionally Approved	18.12.1956
1047/H	Garage and petrol station (OUTLINE)	Conditionally Approved	28.09.1954

Reasons for reason for planning application 21/00324/FUL

### **01. Overdevelopment**

The proposed development by reason of its layout, scale, bulk, massing and close proximity to the northern boundary would appear unduly dominant within the St Denys Road and Osborne Road North street scenes and would be out of keeping with the character and appearance of the area. The lack of spacing around the blocks combined with the quantum of development and level of site coverage (with buildings and hard surfacing exceeding 50% site coverage) is symptomatic of a site overdevelopment. As such the development would be contrary to saved policies SDP1, SDP7 and SDP9 of the City of Southampton Local Plan (2015) and policies CS5 and CS13 of the Local Development Framework Core Strategy (2015) and Section 03 of the Council's approved Residential Design Guide SPD (2006).

### **02. Housing Mix**

The proposed housing mix of 38 x 1-bed and 10 x 2-bed units provides a disproportionate number of 1-bed units and would fail to provide a suitable range of housing to assist in providing a mixed and balanced community having regard to the character of the neighbourhood. The scheme would be at odds with the evidenced market housing need within the South Hampshire Strategic Housing Market Assessment (2014) which indicates a need for 10.5% of new dwellings in Southampton to be 1-bed up to 2036. As such the development would be contrary to policy CS16 of the Local Development Framework Core Strategy (2015).

### **03. S106 agreement**

In the absence of a completed Section 106 Legal Agreement, the proposals fail to mitigate against their direct impacts and do not, therefore, satisfy the provisions of Policy CS25 of the adopted Local Development Framework Core Strategy (2015) as

supported by the Council's Developer Contributions Supplementary Planning Document (2013) in the following ways:-

(i) Site specific transport works for highway improvements in the vicinity of the site which are directly necessary to make the scheme acceptable in highway terms have not been secured in accordance with Policies CS18, CS19, and CS25 of the Southampton Core Strategy (2015) and the adopted Developer Contributions SPD (2013);

(ii) In the absence of a mechanism for securing a (pre and post construction) highway condition survey it is unlikely that the development will make appropriate repairs to the highway, caused during the construction phase, to the detriment of the visual appearance and usability of the local highway network;

(iii) In the absence of either a scheme of works or a contribution to support the development, the application fails to mitigate against its wider direct impact with regards to the additional pressure that further residential development will place upon the Special Protection Areas of the Solent Coastline. Failure to secure mitigation towards the 'Solent Disturbance Mitigation Project' in order to mitigate the adverse impact of new residential development (within 5.6km of the Solent coastline) on internationally protected birds and habitat is contrary to Policy CS22 of the Council's adopted LDF Core Strategy as supported by the Habitats Regulations.

(iv) The provision of affordable housing in accordance with Policy CS15 of the Core Strategy - noting the viability submission as independently verified, whilst requiring an obligation for an ongoing review mechanism in line with good practice;

(v) Submission, approval and implementation of a Carbon Management Plan setting out how the carbon neutrality will be achieved and/or how remaining carbon emissions from the development will be mitigated in accordance with policy CS20 of the Core Strategy and the Planning Obligations SPD (September 2013); and

(vi) Employment and Skills Plan.



**Highway Engineer Response**

Access

The existing access furthest to the East is proposed to be stopped up. Works to reinstate the kerbs to full height and related footway works would need to be provided and secured via the Section 106.

The other current existing access will be used for the main car park access with a new one being formed to the west for a separate car park. Suitable drainage measures should be provided at the new access as it appears that the levels fall towards to the highway and therefore risk of surface water migration. Some form of drainage channel should suffice along the edge of the driveway where it adjoins the public footway.

The new access also shows that the y-distance for visibility is at 40m looking left for exiting vehicles. This falls just under the recommended 43m as per Manual for Streets - this is considered acceptable considering that the x-distance could be reduced to 2m and 40m does cover the signalised junction. The height restriction should be applied along the site frontage 600mm in order to secure pedestrian sightlines.

Car Parking

The TA suggests that the site is in a High Accessible Zone (HAZ) and therefore maximum parking standards would be 26. The proposal contains 30 parking spaces which exceeds this.

However, it would appear that the development is actually for 35 units and therefore max parking standards in a HAZ should be 35.

In addition, the site actually straddles between a HAZ and 'standard' accessible zone. Therefore the site may need to be assessed on a site-by-site basis and weighing up the potential impacts from being in either accessibility zones.

Under a standard accessibility zone, the maximum parking standard would be 65 parking spaces.

2011 Census data has been used to justify the level of parking provided. Based on the data, the predicted car ownership for this development ranges from 34 to 40 (depending how you round the figures and calculations).

Electric Vehicle Charging points are proposed but the level of provision will need to be 15% for active spaces (ready to be used) and all other spaces to be passive (infrastructure installed for further charging points to be easily and readily installed in the future).

Cycle Parking

The level of cycle parking is considered acceptable.

Servicing

The level of bins appear to be appropriate and location to be suitable as it is proposed that a refuse vehicle can enter and leave the site in a forward gear. For this reason, it is important for the turning head as shown on the site plan to be kept clear at all times. Suitable signage and marking will need to be provided to help enforce this – and if there is on site management for these flats, a management plan should be required to ensure further its effectiveness and allow further measures to be provided if or when is needed.

#### Trip Generation and Impact

The change of use will generate lower daily vehicular trips but as the nature of the site changes, so will the nature of the trips. Active travel and sustainable connectivity will need to be encouraged as per the Council Policies and can be especially effective for residential trips as there are more reasons to travel and where choice of travel can be more flexible.

Furthermore, access should be prioritised for pedestrians, cyclists and wheelchair/pushchair users. It seems that the Western block has steps on both accesses and therefore would suggest a ramp to be provided so it is accessible for all.

#### Archaeology response

##### ARCHAEOLOGICAL POTENTIAL

The application site is in Local Area of Archaeological Potential 10 (Portswood, Highfield and northern St Denys), as defined in the Southampton Local Plan and Core Strategy. The designation of all LAAPs is supported by evidence in the Southampton Historic Environment Record (HER). A brief outline of the evidence for the application site area is provided here (further details are available in the HER).

Prehistoric evidence has been found in the area, notably an important Mesolithic site on the shore of the Itchen at St Denys. The projected course of the Roman road between the Roman settlement at Bitterne Manor and Winchester is approximately 180m to the east of the application site. Previous work in St Denys has shown that there was a significant settlement in the area throughout the Roman period, although the full extent of the settlement is unknown. The area also includes the historic village of Portswood, the Priory of St Denys and associated watercourses, all of which date to the medieval period. The part of St Denys Road to the north of the application site is on the line of a road that led to St Denys Priory, shown on a map of the Manor of Portswood dating to 1658. The area of the application site was within the Manor of Portswood, owned by St Denys Priory in the medieval period.

The 1846 map of Southampton shows the application site to lie across two large fields, with a tree-lined field boundary running north/south across the site. At that time, the area was part of the Portswood House Estate. The 1846 map includes contours; the application site lies towards the base of a slope above the Itchen flood plain. The 1867-1883 map shows plots laid out and houses built, with a probable house and associated outbuildings on part of the site. Between 1896/7 and 1909-1910 this was replaced by a row of terraced houses fronting onto St Denys Road, some of which survived until at least 1946. Throughout the 19th and early

20th centuries, most of the application site consisted of gardens. The current garage is first shown in 1959 and was gradually extended until 2002 (Proposed Remedial Strategy document).

The submitted Design & Access Statement includes a Heritage Statement. The Heritage Statement includes some historic maps. However, it does not include an archaeological desk-based assessment and therefore does not meet the requirements of NPPF paragraph 194 (2021 NPPF). The Heritage Statement concludes that it is highly unlikely any archaeological interest would remain on the site, due to several phases of past development and known underground tanks. However, the assumption is incorrect. It cannot be assumed that the 19th century development caused anything other than minor disturbance, and the garage building (which only occupies part of the site) appears to have been built at least partly on a raised plinth. The Proposed Remedial Strategy for contamination includes a plan showing underground tanks in the former forecourt area to the north of the garage, between the building and St Denys Road, and a smaller area to the southeast; however, there are no tanks under the garage or on other parts of the site.

Archaeological remains are frequently found to survive several phases of development, including 20th century construction methods. Archaeological remains from a number of periods may survive on the site, potentially dating back to at least the Roman period. Archaeological remains would be non-designated heritage assets under the National Planning Policy Framework.

## PROPOSED DEVELOPMENT & ARCHAEOLOGICAL MITIGATION

The proposed development involves demolition of the former car showroom and outbuildings and the erection of two blocks of apartments, with associated parking, access and landscaping (resubmission 21/00324/FUL). Under the Proposed Remedial Strategy, underground tanks, etc, in the forecourt area will be removed. No details of proposed foundations are provided. The Drainage and Flood Risk document mention proposed drainage and attenuation, and the SUDS plan shows a large attenuation tank.

Development here threatens to damage potential archaeological deposits, and a phased programme of archaeological investigations will be needed, as follows:

- Watching brief on all further geotechnical/ground investigation works.
- Archaeological evaluation trenching to fully assess the nature, state of preservation and significance of archaeological remains across the site. This should ascertain the presence / absence of archaeology on the site and allow recommendations to be made for any further archaeological work required. (Depending on site accessibility, it is recommended that this takes place prior to determination of the application, to prevent hold-ups during development.)
- Further archaeological work as necessary, which may include archaeological excavation of certain areas.

Archaeological damage-assessment. Full details of all proposed ground disturbance will need to be provided, so that the impact on any potential archaeological deposits can be assessed, alongside the results of the evaluation excavation. (Ground disturbance includes below-ground demolition/grubbing out of foundations, removal

of the underground tanks, other enabling works, level reductions, foundations, services/soakaways, etc.)

No grubbing out of old foundations etc to take place until the archaeological evaluation and any follow-on archaeological excavation has taken place.

Written schemes of investigation (WSIs) will need to be submitted to cover all aspects of the archaeological work. The WSI for the evaluation excavation will need to include the results an archaeological desk-based assessment using data from the Southampton Historic Environment Record.

**Application 22/00347/FUL**

**APPENDIX 4**

**DVS Viability Review dated 26.09.2022**



Valuation Office  
Agency

**DVS** Property Specialists  
for the Public Sector

Viability Review Report  
Viability Report for  
21-35 St Denys Road  
Southampton  
SO17 1GJ

Report for:

██████████  
Southampton Council

Prepared by:

██████████ MRICS  
Principal Surveyor  
RICS Registered Valuer  
DVS

██████████ @voa.gov.uk

Case Number:1800945

Client Reference: 22/00347/FUL

Date: 26 September 2022  
Redacted : 3 November 2022

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## 1.0 Executive Summary

### 1.1 Proposed Development Details.

This report provides an independent review of a viability assessment in connection with:

<b>Proposed Development</b>	Demolition of former car showroom and outbuildings and the erection of two blocks comprising 35 apartments, with associated parking, access and landscaping (Resubmission 21/00324/FUL)
<b>Subject of Assessment:</b>	21-35 St Denys Road Southampton SO17 1GJ
<b>Planning Application Ref:</b>	22/00347/FUL
<b>Applicant / Developer:</b>	Fortitudo Ltd
<b>Applicant's Viability Advisor:</b>	S106 Affordable Housing

### 1.2 Instruction

In connection with the above application Southampton Council's Planning Department require an independent review of the viability conclusion provided by the applicant in terms of the extent to which the accompanying appraisal is fair and reasonable and whether the assumptions made can be relied upon to determine the viability of the scheme.

A site-specific viability assessment review has been undertaken, the inputs adopted herein are unique to this site and scheme and may not be applicable to other viability assessments undertaken or reviewed by DVS.

### 1.3 Viability Conclusion

**Further to the independent assessment undertaken, it is my considered conclusion that the proposed is unable to support any affordable housing provision.**

## 1.4 Non-Technical Summary of Viability Assessment Inputs

	S106 Affordable Housing	DVS	Agreed?
<b>Assessment Date</b>	March 2022	Sept 2022	N
<b>Scheme</b>	New build two 3-5 storey blocks comprising 35 apartments (5 X 1 bed ; 30 X 2 bed) , with associated parking, access and landscaping, site of 21-35 St Denys Road Southampton SO17 1GJ		Y
<b>Net Internal Area Gross Internal Area, Site Area</b>	NIA 2409.8 sq. m ; GIA 3041 sq. m 0.66 acres		Y
<b>Development Period</b>	33 months	28 months	N
<b>Development Value Comprising:</b>	£7,984,720	£8,038,000	N
<b>Market Housing GDV</b>	£6,048,000	£6,187,000	N
<b>Affordable Housing GDV</b>	£1,936,720	£1,851,800	N
<b>Parking GDV</b>	Nil	Nil	Y*
<b>Affordable Housing Assumptions</b>	35% on site Affordable housing; 12 units comprising 4 affordable rent and 8 shared ownership.		Y
<b>CIL (no AH figure) CIL Compliant</b>	(£202,842) £131,847	£315,608	N
<b>Other S106 contributions</b>	Nil	£110,140	N
<b>Construction Cost Inc. Externals</b>	£4,980,802	£5,171,677	N
<b>Abnormals</b>	£123,782	£123,782	Y*
<b>Contingency %</b>	5%	5%	Y
<b>Professional Fees %</b>	7%	7%	Y
<b>Marketing Fees</b>	2.5% (MH)	2.5% (MH)	Y
<b>Disposal Fees</b>	£1,000/ unit (MH)	£500/ unit (MH) £5,000 lump sum (AH)	N
<b>Finance Interest and Sum</b>	6.5% 100% debt funded £352,755	6.5% 100% debt funded £364,788	Y
<b>Land Acquiring Costs</b>	SDLT + £7075	SDLT plus 1.5%	N
<b>Profit Target % GDV and Sum</b>	Blended 14.71% GDV (MH 17.55% /AH 6% ) £1,174,603	Blended 14.71% GDV (MH 17.55% /AH 6% ) £1,182,5107	Y
<b>Benchmark Land Value</b>	£970,000	£970,000	Y
<b>EUV description</b>	A vacant car showroom and premises, capable of occupation without investment		Y*
<b>EUV £</b>	£970,000	Provisionally accepted	Y*
<b>Premium</b>	Nil	Nil	Y
<b>Purchase Price</b>	£765,000 (2013)	£765,000	Y
<b>Alternative Use Value</b>	n/a	n/a	Y
<b>Residual Land Value</b>	£404,311	£85,552	N
<b>Viability Conclusion Plan Policy Compliant</b>	Not viable. Shortfall of £565,689	Not viable. Shortfall of c.£885,000	Y

A site-specific viability assessment review has been undertaken, the inputs adopted herein are unique to this site and scheme and may not be applicable to other viability assessments undertaken or reviewed by DVS.

Y\* = These inputs are based upon restricted information, and may have not been verified, and are adopted in good faith, some inputs are reliant on the professional integrity of the applicant's advisor. **Southampton Council may wish to seek further clarifications on these matters before making a recommendation on this desk top advice.**

## 2.0 Instruction and Terms

2.1 The Client is Southampton City Council.

2.2 The Subject of the Assessment is 21-35 St Denys Road Southampton, SO17 1GJ.

2.3 The date of viability assessment is 23 September 2022. Please note that values change over time and that a viability assessment provided on a particular date may not be valid at a later date.

2.4 Instructions were received on 28 June 2022. It is understood that Southampton Council require an independent opinion on the viability information provided by S106 Affordable Housing, in terms of the extent to which the accompanying appraisal is fair and reasonable and whether the assumptions made are acceptable and can be relied upon to determine the viability of the scheme. Specifically, DVS have been appointed to:

- Assess the Viability Assessment submitted on behalf of the planning applicant / developer, taking in to account the planning proposals as supplied by you or available from your authority's planning website.
- Advise Southampton Council in writing on those areas of the applicant's Viability Assessment which are agreed and those which are considered unsupported or incorrect, including stating the basis for this opinion, together with evidence. If DVS considers that the applicant's appraisal input and viability conclusion is incorrect, this report will advise on the cumulative viability impact of the changes and in particular whether any additional affordable housing and / or s106 contributions might be provided without adversely affecting the overall viability of the development.

2.5 Conflict of Interest Statement - In accordance with the requirements of RICS Professional Standards, DVS has checked that no conflict of interest arises before accepting this instruction. It is confirmed that DVS are unaware of any previous conflicting material involvement and is satisfied that no conflict of interest exists. There has been previous material involvement by DVS.

- 2.5.1 Southampton Council and the applicant are aware that DVS has previously advised on the viability of this site, as part of a former application for a 49 unit apartment scheme. I refer to my retired colleague's report (DVS reference 1768862) dated July 2021. Here DVS concluded the scheme could support all plan policy requirements and identified a small surplus of circa £4,000. It is understood that this application was refused.
- 2.6 Inspection – As agreed, the property/site has not been inspected, and this report is provided on a desk top basis.
- 2.7 DVS/ VOA Terms of Engagement were issued on 22 July 2022 a redacted copy is included as an appendix.

### 3.0 **Guidance and Status of Valuer**

#### **3.1 Authoritative Requirements**

The DVS viability assessment review will be prepared in accordance with the following statutory and other authoritative mandatory requirements:

- The '**National Planning Policy Framework**', which states that all viability assessments should reflect the recommended approach in **the 'National Planning Practice Guidance on Viability'**. This document is recognised as the 'authoritative requirement' by the Royal Institution of Chartered Surveyors (RICS).
- RICS Professional Statement '**Financial viability in planning: conduct and reporting**' (effective from 1 September 2019) which provides the mandatory requirements for the conduct and reporting of valuations in the viability assessment and has been written to reflect the requirements of the PPG.
- RICS Professional Standards PS1 and PS2 of the '**RICS Valuation – Global Standards**'.

#### **3.2 Professional Guidance**

Regard will be made to applicable RICS Guidance Notes, principally the best practice guidance as set out in RICS GN '**Assessing viability in planning under the National Planning Policy Framework 2019 for England**' (effective 1 July 2021).

Other RICS guidance notes will be referenced in the report and include RICS GN '**Valuation of Development Property**' and RICS GN '**Comparable Evidence in Real Estate Valuation**'.

Valuation advice ([see Note 1](#)) will be prepared in accordance with the professional standards of the of the '**RICS Valuation – Global Standards**' and the '**UK National Supplement**', which taken together are commonly known as the RICS Red Book.

Compliance with the RICS Professional Standards and Valuation Practice Statements (VPS) gives assurance also of compliance with the International Valuations Standards (IVS).

(Note 1) Whilst professional opinions may be expressed in relation to the appraisal inputs adopted, this consultancy advice is to assist you with your decision making for planning purposes and is not formal valuation advice such as for acquisition or disposal purposes. It is, however, understood that our review assessment and conclusion may be used by you as part of a negotiation.

The RICS Red Book professional standards are applicable to our undertaking of your case instruction, with PS1 and PS 2 mandatory. While compliance with the technical and performance standards at VPS1 to VPS 5 are not mandatory (as per PS 1 para 5.4) in the context of your instruction, they are considered best practice and have been applied to the extent not precluded by your specific requirement.

### **3.3 RICS 'Financial Viability in Planning Conduct and Reporting'**

In accordance with the above RICS Professional Statement it is confirmed that:

- a) In carrying out this viability assessment review the valuer has acted with objectivity, impartiality, without interference and with reference to all appropriate sources of information.
- b) The professional fee for this report is not performance related and contingent fees are not applicable.
- c) DVS are not currently engaged in advising this local planning authority in relation to area wide viability assessments in connection with the formulation of future policy.
- d) The appointed valuer, [REDACTED] MRICS is not currently engaged in advising this local planning authority in relation to area wide viability assessments in connection with the formulation of future policy.
- e) Neither the appointed valuer, nor DVS advised this local planning authority in connection with the area wide viability assessments which supports the existing planning policy.
- f) The DVS viability review assessment has been carried out with due diligence and in accordance with section 4 of this professional statement
- g) The signatory and all other contributors to this report, as referred to herein, has complied with RICS requirements.

### **3.4 Most Effective and Efficient Development**

It is a mandatory requirement of the RICS 'Financial viability in planning: conduct and reporting' Professional Statement for the member or member firm to assess the viability of the most effective and most efficient development.

The applicant's advisor – S106 Affordable Housing - has assessed the viability based on 'build to sell' apartment scheme development, the appraisal assumes the land will be bought up front.

The DVS valuer passes no comment on whether this is the most effective and most efficient development. DVS has assessed the viability based upon the same scheme assumptions. The impact on viability of different scheme e.g. build to rent has not been appraised, however should this be pursued another viability assessment may be necessary.

### **3.5 Signatory**

- a) It is confirmed that the viability assessment has been carried out by [REDACTED] BSc (Hons) MRICS, Registered Valuer, acting in the capacity of an external valuer, who has the appropriate knowledge, skills and understanding necessary to undertake the viability assessment competently and is in a position to provide an objective and unbiased review.
- b) As part of the DVS Quality Control procedure, this report and the appraisal has been formally reviewed by [REDACTED] MRICS, Registered Valuer, who also has the appropriate knowledge, skills and understanding necessary to complete this task.
- c) I have been assisted by [REDACTED], Graduate Valuer, who was responsible for the GDV research.

### **3.6 Bases of Value**

The bases of value referred to herein are defined in the TOE at **Appendix IV** and are sourced as follows:

- Benchmark Land Value is defined at Paragraph 014 of the NPPG.
- Existing Use Value is defined at Paragraph 015 of the NPPG.
- Alternative Use Value is defined at Paragraph 017 of the NPPG
- Market Value is defined at VPS 4 of 'RICS Valuation – Global Standards'
- Market Rent is defined at VPS 4 of 'RICS Valuation – Global Standards'

- Gross Development Value is defined in the Glossary of the RICS GN 'Valuation of Development Property' (February 2020).

#### 4.0 **Assumptions, and Limitations**

##### **4.1 Special Assumptions**

As stated in the terms the following special assumptions have been agreed and will be applied:

- That the proposed development is complete on the date of assessment in the market conditions prevailing on the date of assessment.
- That your Council's Local Plan policies, or emerging policies, including for affordable housing are up to date.
- That the applicant's abnormal costs, where adequately supported, are to be relied upon to determine the viability of the scheme, unless otherwise stated in our report and/ or otherwise instructed by your Council and that are no abnormal development costs in addition to those which the applicant has identified.

##### **4.2 General Assumptions**

The below assumptions are subject to the statement regarding the limitations on the extent of our investigations, survey restrictions and assumptions, as expressed in the terms of engagement.

- a) The site has not been inspected at this stage.
- b) Tenure - A report on Title has not been provided. The review assessment assumes that the site is held Freehold.
- c) Easements / Title restrictions - A report on Title has not been provided. The advice is provided on the basis the title is available on an unencumbered freehold or long leasehold basis with the benefit of vacant possession. It is assumed the title is unencumbered and will not occasion any extraordinary costs over and above those identified by the applicant and considered as part of abnormal costs.
- d) Access / highways - It is assumed the site is readily accessible by public highway and will not occasion any extraordinary costs over and above those identified by the applicant and considered as part of abnormal costs or those identified by the Council and included as part of policy costs.

- e) Mains Services - It is assumed the site is or can be connected to all mains services will not occasion any extraordinary costs over and above those identified by the applicant and considered as part of abnormal costs.
- f) Mineral Stability - This assessment has been made in accordance with the terms of the agreement in which you have instructed the Agency to assume that the property is not affected by any mining subsidence, and that the site is stable and would not occasion any extraordinary costs with regard to Mining Subsidence. I refer you to the DVS Terms of Engagement at **Appendix (iii)** for additional commentary around ground stability assumptions.
- g) Flood Risk. DVS have referred to the Environment Agency's Flooding 'flood risk assessment' mapping tool which indicates the site is subject to a 'low probability' of flood risk.
- h) Asbestos - It is assumed any asbestos where identified present will not occasion any extraordinary costs over and above those identified by the applicant and considered as part of abnormal costs.

## 5.0 Proposed Development

### 5.1 Site Plan and Area

The S106 report state the site area as 0.66 acres.

### 5.2 Location / Situation

I have not inspected the site at this stage.

The location of the site is not detailed in the S106 report.

The site is located approximately 2 miles north of the city centre, situated at the west of the junction of St Deny's Road and Thomas Lewis Way in Portswood, Southampton in a mixed use location, dominated by retail and commercial uses. The Portswood district centre is approx. 300 m away to the west.

In terms of transport links the site fronts the main A3035 road and bus route into the city centre are outside the application, St Denys train station is approximately than 400 m south of the site.

### 5.3 Description

The site occupies a prominent corner plot which was last used as a car sales showroom and workshop. It is understood to have been vacant for several years. For the purpose of the viability assessment the site is regarded to be a **vacant, single storey car showroom and premises in fair repair.**



It is stated in the S106 Affordable Housing viability report that car sales showroom and workshop *total floor area is 12,416ft<sup>2</sup> comprising the showroom area at 3,148ft<sup>2</sup> , the offices at 1,700ft<sup>2</sup> and the workshop/storage areas at 6,572ft<sup>2</sup>.*

Photo of the site:



Source: Google Street view image from March 2021

#### **5.4 Schedule of Accommodation/ Scheme Floor Areas**

DVS make no comment about the density, design, efficiency, merit or otherwise, of the suggested scheme, the site area and accommodation details have been taken from the S106 appraisal.

It is understood the application proposes is to demolish the existing buildings and redevelop the site with two blocks providing 35 apartments for sale with surface car parking.

A detailed schedule of accommodation is not set out in the applicant's viability report. In the appraisal the Net Internal Area for the development is stated to be 2408 sq. m. The One Bed apartments have a total NIA 257 sq. m.; whereas the Two Bed apartments have a total NIA 2151 sq. m. There is no specific detail provided regarding the overall GIA.

A GIA of 3041 sq. m has been derived by DVS from the total build cost in the S106 appraisal. DVS have not verified the Gross Internal Area from the applicant's advisor's appraisal with scaled plans or drawings.

The gross to net ratio, of 79% is regarded to be high for a small apartment development but is accepted in good faith. Noting there is an integral ground floor bike and bin store present. This acceptance is significant to the viability conclusion and so you may wish to verify this before making a decision based on this advice.

An overall area is insufficient for assessing the viability of a site specific development. I have therefore reverted to the plans submitted as part of the application.

SCHEDULE OF ACCOMMODATION	SCHEDULE OF ACCOMMODATION																
UNIT 1: 2 BED FLAT @ 72.8 SQM / 783 SQFT UNIT 2: 2 BED FLAT @ 71.2 SQM / 766 SQFT UNIT 3: 2 BED FLAT @ 72.2 SQM / 776 SQFT UNIT 4: 2 BED FLAT @ 72.7 SQM / 782 SQFT UNIT 5: 2 BED FLAT @ 71.2 SQM / 766 SQFT UNIT 6: 2 BED FLAT @ 72.2 SQM / 776 SQFT UNIT 7: 2 BED FLAT @ 72.7 SQM / 782 SQFT UNIT 8: 2 BED FLAT @ 71.2 SQM / 776 SQFT UNIT 9: 2 BED FLAT @ 72.2 SQM / 776 SQFT	UNIT 1: 2 BED FLAT @ 72.2 SQM / 776 SQFT UNIT 2: 2 BED FLAT @ 71.4 SQM / 768 SQFT UNIT 3: 2 BED FLAT @ 71.8 SQM / 772 SQFT UNIT 4: 2 BED FLAT @ 71.2 SQM / 766 SQFT UNIT 5: 1 BED FLAT @ 51.4 SQM / 553 SQFT UNIT 6: 2 BED FLAT @ 72.2 SQM / 776 SQFT UNIT 7: 2 BED FLAT @ 71.4 SQM / 768 SQFT UNIT 8: 2 BED FLAT @ 71.8 SQM / 772 SQFT UNIT 9: 2 BED FLAT @ 71.2 SQM / 766 SQFT UNIT 10: 1 BED FLAT @ 51.4 SQM / 553 SQFT UNIT 11: 2 BED FLAT @ 72 SQM / 774 SQFT UNIT 12: 2 BED FLAT @ 71.4 SQM / 768 SQFT UNIT 13: 2 BED FLAT @ 71.8 SQM / 772 SQFT UNIT 14: 2 BED FLAT @ 71.2 SQM / 766 SQFT UNIT 15: 1 BED FLAT @ 51.4 SQM / 553 SQFT UNIT 16: 2 BED FLAT @ 72 SQM / 774 SQFT UNIT 17: 2 BED FLAT @ 71.4 SQM / 768 SQFT UNIT 18: 2 BED FLAT @ 71.8 SQM / 772 SQFT UNIT 19: 2 BED FLAT @ 71.2 SQM / 766 SQFT UNIT 20: 1 BED FLAT @ 51.4 SQM / 553 SQFT UNIT 21: 2 BED FLAT @ 72 SQM / 774 SQFT UNIT 22: 2 BED FLAT @ 71.4 SQM / 768 SQFT UNIT 23: 2 BED FLAT @ 71.8 SQM / 772 SQFT UNIT 24: 2 BED FLAT @ 71.2 SQM / 766 SQFT UNIT 25: 1 BED FLAT @ 51.4 SQM / 553 SQFT UNIT 26: 2 BED FLAT @ 72 SQM / 774 SQFT																
B. FIRE ALARM NOTE ADDED TO TERRACE. 07.03.22 JA TITLE BLOCK NOTES UPDATED. A. BALCONIES REMOVED. 11.02.22 JA CLIENTS COMMENTS.	A. OUTLINE OF UNIT 11 BALCONY 07.03.22 JA SHOWN ON GROUND FLOOR. TITLE BLOCK NOTES UPDATED.																
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>No.</th> <th>Revision.</th> <th>date</th> <th>by</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	No.	Revision.	date	by					<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>No.</th> <th>Revision.</th> <th>date</th> <th>by</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	No.	Revision.	date	by				
No.	Revision.	date	by														
No.	Revision.	date	by														
PROPOSED DEVELOPMENT, 21-35 ST DENYS ROAD, SOUTHAMPTON, HAMPSHIRE, SO17 1GJ.	PROPOSED DEVELOPMENT, 21-35 ST DENYS ROAD, SOUTHAMPTON, HAMPSHIRE, SO17 1GJ.																
BLOCK A FLOOR PLANS	BLOCK B FLOOR PLANS 1 OF 2																

In addition there are 30 car parking spaces in the development.

	1 bed units	2 bed units	Total NIA sq. m
Building A	0	9	648.4
Building B	5	21	1761.4
<b>Total</b>	<b>5</b>	<b>30</b>	<b>2409.8</b>

Measurements stated are understood to be in accordance with the RICS Professional Statement '**RICS Property Measurement**' (2<sup>nd</sup> Edition) and, where relevant, **the RICS Code of Measuring Practice (6<sup>th</sup> Edition)**.

As agreed in the terms, any residential property present has been reported upon using a measurement standard other than IPMS, and specifically Net Internal Area / Gross Internal Area has been used. Such a measurement is an agreed departure from 'RICS Property Measurement (2<sup>nd</sup> Edition)'.

I understand that you requested this variation because this measurement standard is how the applicant has presented their data, is common and accepted practice in the construction/ residential industry, and it has been both necessary and expedient to analyse the comparable data on a like with like basis.

## 5.5 Planning

- a) The Local Plan's interactive map indicates the site is subject to the following plan policies:

The screenshot shows an interactive planning map interface. A pop-up window displays the following information for three different policy zones:

- Zone 1:**
  - Land Allocation: LOCAL AREA OF ARCHAEOLOGICAL POTENTIAL
  - Site Name: Portswood, Highfield and northern St Denys
  - Policy Allocation: HE 6
  - Policy Description: Local Area of Archaeological Potential
  - Plan Version: Local Plan 2006 + Core Strategy 2010
  - Notes: The named areas have known archaeological remains, although the rest of the city also has archaeological potential. Archaeological potential is a factor in the development of a site, and preservation or investigations may be needed.
  - Local Plan Adopted
- Zone 2:**
  - Land Allocation: BUS CORRIDOR
  - Site Name:
  - Policy Allocation: SDP 5 High Accessibility
  - Policy Description: Parking & Accessibility
  - Plan Version: Adopted Local Plan Review
  - Notes: The zone shows a 400 metre radius from a bus corridor which is considered to be of 'high accessibility' due to the high number of services. This impacts upon the amount of parking permitted and density for new developments, a high accessibility design
- Zone 3:**
  - Land Allocation: 3KM AERODROME SAFEGUARDING ZONE
  - Site Name:
  - Policy Allocation: T1 5
  - Policy Description: 3KM Aerodrome Safeguarding Zone
  - Plan Version: Adopted Local Plan Review
  - Notes: New telecommunications development within the 3KM Aerodrome Safeguarding Zone requires consultation with Southampton Airport.

The map interface includes a search bar with the text "Find a road" and "St Denys Road" entered. A key for the "Adopted Local Plan" is visible, listing symbols for District Centres, Hazardous Substances, and Late Night Hub.

Source: [Interactive Map \(southampton.gov.uk\)](http://southampton.gov.uk)

- b) DVS have not been made aware of why this scheme has been accepted for site specific viability assessment.

## **5.6 Policy Requirements for the Scheme**

I understand the Local Plan Policy requirements to be:

Affordable Housing	35% On-Site. Tenures unknown but DVS can assume one third Affordable Rented and two thirds Shared Ownership
Highways/Transport	£70,000
Solent Disturbance Mitigation Project	£18,840
CIL	£315,608
Employment & Skills Plan	£12,174
Carbon Management Plan	£9,126
<b>Total</b>	<b>£425,748</b>

This total has been supplied by your Council but it is noted to be different from the sum in the applicant's appraisal. In particular there is a large discrepancy in terms of CIL sum payable. I have assumed that the CIL and Section 106 contributions would be payable in full at start of works on site.

Planning policy requirements and timings should be factual and agreed between the LPA and the applicant. If the review assessment adopts incorrect timing an incorrect figure and/ or a (significantly) different figure is later agreed the viability conclusion should be referred back to DVS.

## **5.7 Planning Status**

I have made enquiries of the Planning Authority's website as to the planning status and history (search 22 September 2022) and I understand that there are no extant or elapsed permissions that would give way to an AUV.

The website details that 63 planning applications have been registered against the address since 1979.

The most pertinent being the afore mentioned 2021 proposal for 49 apartments (refused); and 2011 applications to change use from a showroom to a petrol filling station (refused).

## Screenshot of planning proposal history:

010024437219 | 21 St Denys Road Southampton SO17 1GJ

Print

Address Property History (66) Constraints (9)

Planning Applications (63)

- INSTALLATION OF ILLUMINATED FASCIA AND POLE SIGNS  
Ref. No: 911355/WA | Status: Conditionally Approved
- 21-35 ST DENYS ROAD PORTSWOOD WARD PORTSWOOD SOUTHAMPTON SO17 2GJ INSTALLATION OF ILLUMINATED FASCIA SIGNS AND NON-ILLUMINATED GANTRY SIGN  
Ref. No: 920157/WA | Status: Conditionally Approved
- 21-35 ST DENYS ROAD PORTSWOOD WARD PORTSWOOD SOUTHAMPTON SO17 2GJ INSTALLATION OF ILLUMINATED FASCIA AND POLE SIGNS  
Ref. No: 941468/WA | Status: Conditionally Approved
- 21-35 ST DENYS ROAD PORTSWOOD WARD PORTSWOOD SOUTHAMPTON SO17 2GJ DISPLAY OF INTERNALLY ILLUMINATED FASCIA AND POLE SIGNS  
Ref. No: 970557/WA | Status: PER
- Installation of an internally illuminated fascia sign and a 4.2M totem sign.  
Ref. No: 03301780/ADV | Status: Conditionally Approved
- Installation of 7 no. internally illuminated fascia signs  
Ref. No: 06/00205/ADV | Status: Conditionally Approved
- Replacement signage including 1 x set individual illuminated letters, 2 x fascia signs, 1 x totem pole sign and 1 x non-illuminated entrance sign.  
Ref. No: 08/01380/ADV | Status: Conditionally Approved
- Redevelopment of the site for use as a petrol station. Erection of a single storey sales kiosk, installation of 6 twin sided pumps with canopy and a car wash (after removal of existing building)  
Ref. No: 09/01243/FUL | Status: Application Withdrawn
- Redevelopment of the site for use as a petrol station. Erection of a single storey sales kiosk and installation of 6 twin sided pumps with canopy.  
Ref. No: 10/01213/FUL | Status: Application Refused
- Redevelopment of the site for use as a petrol station. Erection of a single storey sales kiosk and installation of 6 pumps with canopy.  
Ref. No: 11/01856/FUL | Status: Application Refused
- Demolition of former car showroom and outbuildings and the erection of two blocks comprising 48 apartments, with associated parking, access and landscaping (Amended Description)  
Ref. No: 21/00324/FUL | Status: Application Refused
- Demolition of former car showroom and outbuildings and the erection of two blocks comprising 35 apartments, with associated parking, access and landscaping (Resubmission 21/00324/FUL)  
Ref. No: 22/00347/FUL | Status: Pending Consideration
- illuminated fascia sign 'Peugeot Talbot'  
Ref. No: 901022/WA | Status: Application Withdrawn

It is understood from this there are no extant consents for alternative redevelopment.

## 6.0 Summary of Applicant's Viability Assessment

### 6.1 Report Reference

DVS refer to the Economic Viability Appraisal Report prepared by [REDACTED] director at S106 Affordable Housing dated 24 March 2022 and the two appraisals therein.

It is not clear whether the surveyor and firm are member or member firm of the RICS, the report does not appear to state that they have carried out this work in accordance with RICS Standards.

### 6.2 Summary of Applicant's Appraisal

There are two appraisals in the S106 Affordable Housing report, the first is of a market housing scheme with CIL, the second reflects 35% on site affordable housing with CIL. I have concentrated my review on appraisal 2.

In summary S106's appraisals have been produced using HCA DAT software and follows established residual methodology. This is where the Gross Development Value less the Total Development Costs Less Profit, equals the Residual Land Value, and the Residual Land Value is then compared to the Benchmark Land Value as defined in the Planning Practice Guidance, to establish viability.

S106 outline in their report the following:

- The proposed scheme appraised with regards to planning policy, that being CIL and 35% Affordable Housing provision, produces a Residual Land Value of £404,311; this is below the S106 opinion of Benchmark Land Value of £970,000; identifying a development deficit of £565,689.
- When affordable housing is removed the RLV is improved, to £679,248, however this is below the BLV opinion, a deficit of £290,752 remains.
- The applicant's advisor seeks to demonstrate that Affordable Housing cannot be viably supported.
- Notwithstanding the significant shortfalls identified, it is understood the applicant is prepared to deliver this scheme.

To review the reasonableness of this conclusion, the reasonableness of the S106 appraisal inputs is considered in the next sections.

## 7.0 Development Period/ Programme

7.1 The development period adopted by the applicant's advisor is a *6 month lead in to site start for detail design, building regulations approval, clearing pre-start planning conditions and site set up. The contract period is 18 months with a sales period of 9 months.*

7.2 This is considered unreasonable based on development period of other similar schemes, in particular the 6 month lead in is not agreed. DVS have adopted:

- 1 month for site purchase (in full)
- 3 months pre-construction/ demolition/site preparation (S-curve)
- Construction period 18 months (S-curve)
- Sales revenue 6 months (23 market apartments to be sold) \* 30% (7 units) upon PC; 10% in month 2; 10% pcm for 4 months.

## 8.0 Gross Development Value (GDV)

### 8.1 Applicant's GDV

Referring to S106 appraisal 2. S106 have adopted a Gross Development Value (GDV) of £7,894,720 this comprises:

Private GDV	£6,048,000
Affordable GDV	£1,936,720
Parking GDV	£0

I have reviewed the GDV proposed with regards to RICS Guidance Notes '**Assessing viability in planning under the National Planning Policy Framework 2019 for England**' and '**Comparable Evidence in Real Estate**'

My conclusions are set out below.

## **8.2 Market Value Apartments**

S106 have looked at comparable properties either on the market or recently sold within 0.25 to 0.5 miles of the site. They state that there are no new build residential developments in the search area and have relied on second hand evidence with a new build premium of 10-20%.

S106 are of the opinion that a reasonable second-hand value is in the region of £3360 per sq. m. S106 have adopted £3,750 per sq m reflecting a new build premium. This the same rate as adopted in the 2021 viability proposal for the larger scheme, despite a period of sustained house price growth. A blended value by apartment type is shown in the report and appraisal as follows:

One bedroom: £192,250

Two bedroom: £268,913

DVS have undertaken our own independent research as to sold and asking prices for new build and existing properties in the area.

The VOA database contains details of sales of residential properties including accommodation details, age of property number of bedrooms, reception rooms, age, floor areas and so forth as well as transactional information such as new build sales, part exchange shared ownership or connected party sales etc. We also have access to Energy Performance Certificates which enables analysis. We have also considered sales information about current and forthcoming schemes. All of this enables the valuer to confirm or dispute the applicant's evidence.

It is recorded that there are few new build/newly converted apartments in the immediate vicinity of the subject. The retirement scheme is awarded little weight due to the fact these attract a premium over 'open market' apartments, due to their age restricted market and additional facilities. It is however a useful upper parameter for benchmarking purposes.

Sales were considered since our previous June 2021 advice within the same locality of the subject property.

We concur with S 106 that there are not any new build developments in this immediate location. The majority of the comparables were built from 2000-2008. New build apartments command a premium over second hand sales. This has been considered when adjusting and analysing the comparable evidence.

Pertinent comps include:

Address	Type m <sup>2</sup> Beds Transaction Date Price (£)	Analysis/Adjustment
Flat within Osborne House, Grosvenor Square, Southampton SO15 2DA	Flat 46 1 8 July 2022 £184,000	Ground Floor Apartment, Maisonette /One Double Bedroom /Allocated Parking Well Presented / Slightly further out than the subject  <b>£4,000 per sqm</b>
. Flat within 70 St Denys Road, Southampton, SO17 2GL	Flat 39 1 25 March 2022 £142,000	1 Bedroom Ground Floor Flat Very close proximity to the subject site <b>£3,641.02 per sqm</b>
. Flat within Quay 2000, Horseshoe Bridge, Southampton, SO17 2NP	Flat 79 2 31 May 2022 £265,000	Ground floor flat / 2 Bedroom, 2 Bathroom  <b>£3,607.59 per sqm</b>

Taking into account of the location and nature of the scheme and further to our investigations, research and full valuation exercise, the applicant's unit rate and GDV conclusion is considered reasonable to assess the viability of the scheme.

I have adopted the same values in my review appraisal, albeit I have rounded the values. My opinion of Market Values for the private dwellings is as follows:

One bedroom: £192,000  
Two bedroom £269,000

### **8.3 Market Value of Affordable Housing Dwellings**

I understand to be plan compliant that 35% on site affordable housing would be sought. Equivalent to 12 units (rounded down) and that 4 of these units would be allocated as affordable rent tenure and 8 units as shared ownership.

For modelling purposes, I have selected the 12 smallest apartments as affordable which comprises 5 one beds and 7 two beds.

I am not aware of set transfer rates for affordable dwellings in your authority.

For ease of modelling I have adopted a blended relativity based value on the basis of 55% of Market Value for affordable rented units (£105,600 per unit) and 70% for shared ownership (£188,300 per unit); reflecting the tenure split described this is a blended relativity of 65% of Market Value.



If required to validate these relativities I refer the reader to other viability reviews produced by surveyors and subsequently reviewed by DVS in your authority and neighbouring authorities.

Further to this my GDV for Affordable Housing is £1,851,800.

DVS approach to affordable revenue differs from S106, where a capitalised rental approach is taken. This methodology is accepted practice. There does, however, appear to be much valuer judgement in the calculation. In particular the operational cost deduction and the yield adopted, neither of these assumptions are evidenced.

The comparison between final figures, DVs approach produces a figure c.£85,000 higher this is not significant to the overall viability conclusion.

#### **8.4 Market Value of Ground Rents**

The Leasehold Reform (Ground Rent) Act 2022, which received Royal Assent in 2022 will mean dwellings in this development are likely to be sold freehold (or as part of a commonhold) title, or long leasehold and not subject to any ground rent above a peppercorn. This effectively restricts the ground rent of the lease to zero financial value. The legislation also bans freeholders from charging administration fees for collecting a peppercorn rent. Consequently, DVS have not allowed for Ground Rent Investment Value in the viability assessment review.

#### **8.5 Market Value of Car Parking**

There are 30 spaces within this development.

S106 have not assessed car parking revenue. It is often appropriate to include carparking revenue where spaces are at a premium. Parking spaces in prime locations such as the waterfront can command upwards of £25,000 each.

Having reviewed the comparable evidence parking is generally included in the value either by way of allocated space or an open car park to residents. Having reviewed the location, whilst there may be some demand from the train station, I am satisfied a private car park for residents only, would not generate additional revenue in this scheme.

I have assumed each of the two bed apartments has a parking space in the £269,000 market value adopted.

My opinion of GDV for the parking is Nil.

## **8.6 Other Revenue**

There is no other revenue in the assessment however I draw your attention to Tax Relief. There is no allowance for tax reliefs in the applicant's assessment. Tax relief may be applicable on this site and, if so, may improve the viability of the scheme. You may wish to seek additional guidance on this from a tax expert.

## **8.7 Total Development Value**

My GDV for the Plan Policy Compliant with 35% AH appraisal is £8,038,800. Marginally higher than S106's assessment.

The impact on viability of higher and lower values are reflected upon as part of the sensitivity tests.

## **9.0 Total Development Costs**

### **9.1 Summary of Costs**

Costs in the S106 appraisal before finance and profit are grouped together as follows:

<b>Item</b>	<b>£ Sub Total</b>
Construction Costs – inc. Externals	£4,980,802
Contingency 5%	£249,040
Professional Fees 7%	£366,089
Marketing Fees 2.5%	£151,200
Disposal Fees £1,000 / private unit	£23,000
CIL / planning policy	£131,847
<b>Total</b>	<b>£6,025,760</b>

### **9.2 Construction Cost**

Para 12 of the NPPG explains that the assessment of costs should be based on evidence which is reflective of local market conditions. The RICS viability guidance indicates *that site specific costs should be used to assess viability of a scheme where available.*

A site specific cost plan detailing the anticipated development costs for the scheme, has not been provided. Southampton Council has instructed DVS to review the costs on a high level basis, provide commentary about any concerns, and to comment on the reasonableness of the figure with regard to BCIS and other VOA held information.

Whilst I feel that I have sufficient evidence on construction rates to form a reasoned opinion on total construction costs for the purpose of this initial review, it cannot be ignored that I am a chartered valuation surveyor, not a quantity surveyor (QS), and so I emphasise that ,notwithstanding my initial opinion, in the event of an appeal or protracted negotiations, a separate expert in costs may be required.

S106 have based the build costs on the BCIS 5 year median rates for 3 to 5 storey apartments rebased to Southampton of £1,489 per sq. m. In addition, they have included for externals of 10% with a total base build cost of £4,980,802

I have also taken account of the 5 year BCIS rates for 3 to 5 storey flats (September 2022) rebased to Southampton; the median rate at my later assessment date is £1,582 / sq. m.

Extract below:



£/m2 study

**Description:** Rate per m2 gross internal floor area for the building Cost including prelims.  
**Last updated:** 10-Sep-2022 05:41  
 > Rebased to Southampton ( 107; sample 51 )

Maximum age of results: 5 years

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
<b>816. Flats (apartments)</b>							
Generally (5)	1,707	947	1,415	1,598	1,916	3,719	188
1-2 storey (5)	1,680	1,046	1,402	1,578	1,998	2,397	32
3-5 storey (5)	1,693	947	1,404	1,582	1,860	3,719	132
6 storey or above (5)	1,825	1,291	1,547	1,819	1,977	2,644	24

Build costs have been subject to much pressure and volatility in recent times. The impact on viability of higher and lower costs are reflected upon as part of the sensitivity tests at the end of this report.

There are two matters to note:

One: BCIS median rates have been applied to the GIA of the building as it standard practice, I am however mindful that the gross to net ratio of 79% is at the extreme of typical ratios; and is noted to includes areas such as a bike and bin store which would not be expected to cost £1582 per sq. m. to build. Further to this concern I have included a scenario test whereby these costs are at £750/ sqm; a valuer judgment approximately 50% of the main space price.

Two: For a scheme of 35 units, lower quartile build cost may be appropriate, I have therefore included a scenario test whereby LQ costs are adopted (£1404/ sq. m).

### **9.3 External Costs**

The applicant includes external costs at 10% of base build costs. Whilst 10% is reasonable for new build housing scheme, it is high for an apartment scheme. On this basis I consider 10% to be unreasonable.

I have adopted 7.5% for externals. This is reflective of other agreements and assessments on apartment schemes; in the event of a dispute I would welcome details of the extent of the works required in order to consider this input more fully.

### **9.4 Site Specific Abnormals**

S106 have also included the following abnormals

- Demolition and site clearance - £38,291
- Site remediation - £75,000
- Tarmac break-up - £10,491
- Total for abnormals - £123,782

There is no information provided in support of these items and the respective amounts.

DVS are instructed to adopt the applicant's abnormal costs where sufficiently supported. I am a valuation surveyor and not a quantity surveyor and so can only provide high level observations in respect of abnormal cost items. It is my opinion as a valuation surveyor that the works are reasonable to enable the scheme. The demolition costs are within expected levels. I have not recorded of the other items, but I can comment the proposed abnormal costs do not appear to be extraordinary.

In the absence of an independent costs review and information to the contrary, for the purpose of completing this report, I have relied on the professional integrity of the applicant's advisors that such works are necessary, and that the associated costs are a true reflection of the actual costs that would be incurred. For my review I adopt the same sum with the below caveat:

*If the abnormal and or construction costs are later reviewed and a different conclusion reached by the Council's advisor, I will revert to their advice and will update my report and appraisal accordingly.*

The above acceptance is specific to this case and does not prejudice any future viability reviews on this site, which will have regard to the information at that time.

DVS reserves right to review these costs in the event of an appeal or if further information becomes available. If viability is contested and abnormal costs are a significant contributing factor the matter could be looked at a later stage by an independent Quantity Surveyor or advisor to the Council. This will be essential in the event of an appeal.

Any future change to costs may also lead to a reconsideration of other appraisal inputs such as the land value, professional fees and contingencies.

### **9.5 Agreed Cost Inputs**

The following cost inputs have been accepted as reasonable and adopted by DVS in the review assessment:

<b>Accepted Cost</b>	<b>Agent</b>	<b>Comments</b>
Contingency	5% £249,040	5% is accepted as reasonable applied to construction, external plus abnormal costs. Consequently my contingency is higher at £264,773
Professional fees	7%	Accepted as reasonable applied to construction costs (not contingency)
Marketing/ sales agency fees	2.5%	Accepted as reasonable applied to market housing GDV.
Finance	6.5% Inclusive of fees	Accepted as reasonable 100% debt funded scheme; land purchased in entirety at day 1.

### **9.6 Unagreed Costs**

The following cost inputs have not been accepted as reasonable as explained in the DVS comments column:

<b>Unreasonable Cost</b>	<b>Agent</b>	<b>DVS Comments</b>
Legal fees - Private	£1,000 per private unit	£1,000 per property regarded to be high, £500 per unit adopted.
CIL	£131,847	SCC have confirmed the CIL payable on the proposed would be £315,608.

## 9.7 Omitted Costs

The following cost inputs have been omitted by S106, but are including in my assessment as explained below:

Omitted Cost	Agent	Comments
Land acquisition Agent and legal fees	Omitted	1.5% of (DVS opinion) of the land value,
Stamp Duty Land Tax	Omitted	At the prevailing (commercial) rate of (DVS opinion) of the land value.
Legal fees - Affordable	Omitted	No AH legal fees in assessment regarded to unusual, I have adopted £5,000 fee.
Other Policy Contributions	Nil	£110,140 (see section 5.6 for the makeup of this sum)

## 10.0 Developer's Profit

- 10.1 The applicant's advisor has included blended profit at £1,174,603 this is 14.71% of GDV which is understood to be a blend based upon 17.5% of value for the private residential and 6% of value for the affordable .
- 10.2 This blended profit level is considered reasonable; I have adopted the same.
- 10.3 Text within the PPG explains that for the purpose of plan making '15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies' and that 'Alternative figures may also be appropriate for different development types'. It is a widely held view that PRS is a development type which warrants a different, lower rate.
- 10.4 To accord with the RICS Guidance Note '**Assessing viability in planning under the National Planning Policy Framework 2019**', I can report that the profit level I have adopted of 14.71% GDV is equivalent to 17.25% Total Development Costs and an Internal Rate of Return of 24.45%, please note this IRR is relative to the development period and finance rate adopted.

## 11.0 **Benchmark Land Value (BLV)**

### **11.1 Applicant's BLV**

The applicant's surveyor has adopted a Benchmark Land Value of £970,000, this comprises their opinion of EUV of £970,000 plus nil premium.

The EUV is based upon the capitalised estimated rental value of the car show room, less rent free and purchaser's costs as follows:

Rental income £75,000pa  
Capitalise 7% yield £1,071,428  
Less 6 months' rent free £37,500  
Less Buyers costs' £61,607  
= EUV £972,321 say £970,000

S106 state that there are limited comparables; one comp was identified in Bittern at £15.27 /sq ft a copy of the letting particulars was supplied this asking rent is dated from November 2020; together with the asking rent of the subject property of £80,000 per annum; no details were provided in support of the latter.

In forming my opinion of BLV I have followed the five-step process, which is detailed in RICS GN '**Assessing viability in planning under the National Planning Policy Framework 2019 for England**' (effective 1 July 2021).

### **11.2 Existing Use Value (EUV)**

Step one is to undertake a valuation to determine EUV.

DVS are reliant on the professional integrity of the applicant's advisor that the subject comprises a vacant car show room of 12,416 sq. ft Sq. ft that is capable of occupation without investment. If this is incorrect the viability conclusion cannot be relied upon.

From Valuation Office Agency records the Rateable Value is £104,000 made up of two sums:

- Showroom, Workshop and premises – 996.92 sq. m @ £84.95
- Hard surface and vehicle display - £19,455pa

Rounded to a RV of £104,000.

Further to this and on the understanding the property is present and capable of occupation, and that there is a demand for this continued use as a car show room in this location, I am prepared to accept a rental value of £75,000 per annum with a net capital value of £970,000 as a reasonable EUV as at the current September 2022 assessment date.

I accept the EUV proposed in good faith.

This EUV acceptance is provisional and is based on restricted information and may be subject to change if new or better information is later available and/ or following an inspection of the subject premises. If it is found that this acceptance is based on incorrect information, for example if it is incapable of occupation without investment, there is potential that the EUV will be lower, this would improve the viability of the scheme.

Further to this you may wish to carry out your own enquiries before determining the application.

### **11.3 Alternative Use Value (AUV)**

Step two is the assessment, where appropriate, of the AUV. The PPG explains that AUV may be informative in informing the BLV.

It is understood there are no extant consents. An AUV is not applicable in this case.

### **11.4 Cross Sector Collaboration Evidence of BLV and Premium**

The RICS GN explains that Step three is to assess a premium above EUV based on the evidence set out in PPG paragraph 016, which is:

*'the best available evidence informed by cross sector collaboration. which can include benchmark land values from other viability assessments' comparisons with existing premiums above EUV'.*

No premium evidence has been provided. For an operational/ occupied property that does not require expense to continue in its current use, where there is continued demand for the current use, and where the premises are not at the end of their economic life, a typical premium in this authority is 10-20%. For properties where there is no demand for continued use, or the EUV reflects expenditure required, a nil or nominal premium is often appropriate.

S106 have not included a premium. Given the fact it has been vacant for some time, and my understanding this property may be a liability to the owner (outgoings such as rates, insurance, security costs etc) I consider that the landowner would not require incentivising to dispose of this site. Therefore, I agree a nil premium is appropriate.

### **11.5 Residual Land Value of the Scheme with regard to Plan Policy**

Step four is to determine the residual value of the site or typology, assuming actual or emerging policy requirements.



Adopting the inputs described herein this report, the residual land value of the proposed scheme with partial plan policy requirements is £85,552. Which is significantly below the provisionally accepted EUV.

### **11.6 Adjusted Land Transaction Evidence**

Step five is to cross-check the EUV+ approach to the determination of the BLV of the site by reference to (adjusted) land transaction evidence and can also include other BLV of compliant schemes (or adjusted if not compliant).

Market Transaction Evidence, needs careful adjustment and analysis, due to the opaque knowledge of the facts it is difficult to place weight on the evidence and the analysis provided.

No comparable evidence has been provided for review.

It is recorded that for the June 2021 case DVS previously assessed the BLV at £977,500.

### **11.7 Purchase Price**

The NPPG on viability encourages the reporting of the purchase price to improve transparency and accountability, however it discourages the use of a purchase price as a barrier to viability, stating *the price paid for land is not a relevant justification for failing to accord with relevant policies in the plan*. And *'under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan'*.

The PPG does not, however, invalidate the use and application of a purchase price, or a price secured under agreement, where the price enables the development to meet the policies in the plan.

The applicant has provided historic information from 2013, that the site was purchased £746,000 plus VAT.

### **11.8 Benchmark Land Value Conclusion**

The reasonableness of the applicant's £970,000 Benchmark Land Value has been considered against:

- The provisionally agreed EUV of £ 970,000 , agreed on the understanding the premises are capable of occupation as a showroom
- Alternative use value £n/a
- Evidence of appropriate premium above the EUV – up to 20% where there is demand
- The Residual Land Value of the planning compliant scheme £85,552
- Benchmark Land Values (BLV) adopted in the local plan study for this typology (not applicable)

- The 2013 purchase price of £746,000
- BLV previously reported by DVS - £977,500

**It is my balanced and professional opinion having considered all of the above approaches that the applicant's agents proposed BLV of £970,000 can be adopted for the viability review.**

This can be reported as:

EUV (with special assumption) of £970,000 and Premium £nil.

## 12.0 DVS Viability Assessment

### 12.1 DVS Viability Appraisal 1 Partial Plan Policy Compliant Scheme

My viability review assessment has been produced using Argus Developer software.

Appraisal 1 can be found at **Appendix (i)** reflects the known plan policy requirements of £315,605 of CIL, and £110,140 of other policy asks together with 35% on site provision of Affordable Housing.

Based on the inputs I have outlined above including developer's profit which is fixed at 14.71% of Gross Development Value, the cumulative effect of my changes is that my viability appraisal generates a Residual Land Value of £85,552 which is well below the agreed Benchmark Land Value of £970,000.

This indicates the scheme cannot support the required contributions towards plan policy.

### 12.2 DVS Appraisal 2 – – Reduced Policy Scheme

As the scheme cannot meet full policy requirements, I have considered the maximum amount of Affordable Housing that the scheme could viably provide. Through a series of iterations to the appraisal I have established that the scheme cannot support the provision of any affordable housing.

Appraisal 2 - which can be found at **Appendix (ii)** reflects a scheme with no affordable housing and a CIL payment of £315,605 and £110,140 of other policy asks together with Developer's profit fixed at 17.5% of GDV.

Appraisal 2 generates a residual value for land of £581,959 which remains below the provisionally agreed BLV of £970,000.

**It is my independent conclusion this scheme cannot support Affordable Housing requirements.**

## 13.0 Sensitivity Analysis

13.1 Further to mandatory requirements within the RICS Professional Statement 'Financial viability in planning: conduct and reporting', sensitivity tests are included to support the robustness of the viability conclusion described above.

13.2 I have varied two of the most sensitive appraisal inputs relating to sales revenue, and base construction costs. In order to show the changes required to support the viability of 35% affordable housing provision, I have adjusted these in upward and downward steps from the base appraisal assumption.

13.3 The output is the residual land value which can be compared to the BLV of £970,000.

### 13.4 Sensitivity Test 1 – Appraisal 1 – 35% Affordable Housing

Cells show the Residual Land Value resulting from the adjusted input combination.

**Table of Residual Land Value**

		Construction: Rate /m <sup>2</sup>			
Sales: Rate /m <sup>2</sup>	-10.000%	-5.000%	0.000%	5.000%	10.000%
	1,423.80 /m <sup>2</sup>	1,502.90 /m <sup>2</sup>	1,582.00 /m <sup>2</sup>	1,661.10 /m <sup>2</sup>	1,740.20 /m <sup>2</sup>
-5.000%	£316,401	£53,697	-£220,829	-£498,702	-£777,397
-2.500%	£459,263	£202,562	-£65,850	-£343,248	-£621,120
0.000%	£602,126	£346,760	£85,552	-£187,794	-£465,666
2.500%	£744,988	£489,623	£233,801	-£33,167	-£310,212
5.000%	£887,851	£632,485	£377,120	£117,408	-£154,758

13.5 The base conclusion is shown in bold at the centre of the results table (white cell). The red cells indicate the combination of factors that would give way to an unviable scheme. Green would indicate viable (in excess of the BLV) and orange would show marginal viability a residual land value within, say, 10% of the BLV.

13.6 As can be seen from sensitivity matrix, 1 of the 25 iterations give way to a marginal scheme; a reduction in costs of 10% coupled with a rise in value of 5% produces a RLV within 10% of the provisionally agreed BLV.

13.7 This matrix strongly supports my conclusion the scheme cannot support full policy provision; without significant change in market conditions such as a 10% fall in construction cost coupled with a 5% rise in values.

### 13.8 Sensitivity Test 2 – Appraisal 2 – No Affordable Housing

Cells show Residual Land Value resulting from the adjusted input.

**Table of Residual Land Value**

Construction: Rate /m <sup>2</sup>					
Sales: Rate /m <sup>2</sup>	-10.000%	-5.000%	0.000%	5.000%	10.000%
	1,423.80 /m <sup>2</sup>	1,502.90 /m <sup>2</sup>	1,582.00 /m <sup>2</sup>	1,661.10 /m <sup>2</sup>	1,740.20 /m <sup>2</sup>
-5.000%	£782,760	£527,031	£271,302	£5,996	£-270,693
-2.500%	£938,088	£682,359	£426,631	£168,609	£-101,826
0.000%	£1,093,416	£837,688	£581,959	£326,230	£63,630
2.500%	£1,248,745	£993,016	£737,287	£481,559	£225,130
5.000%	£1,404,073	£1,148,344	£892,616	£636,887	£381,158

13.9 The base conclusion is shown in bold at the centre of the results table (white cell). The red cells indicate the combination of factors that would give way to an unviable scheme. Green would indicate viable (in excess of the BLV) and orange would show marginal viability a residual land value within, say, 10% of the BLV.

13.10 As can be seen from sensitivity matrix, 7 of the 25 iterations give way to a marginal or viable scheme.

13.11 This matrix indicated that the scheme without any affordable housing is viable with a 5% fall in construction cost coupled with a 2.5% rise in value.

#### 13.12 Scenario test 1: Impact of reducing Build Cost of common space

13.13 As detailed in the construction costs section of this report , I have concerns that there is a disproportionate amount of circulation/ communal space and the costs attributed (totalling £998,558) is excessive for the accommodation it represents (bin store/ cycle store corridors). I have therefore assessed the impact on viability of reducing this cost to £750 per sqm which is valuer judgement, approximately equal to half the median rate.

13.14 For the plan compliant appraisal with 35% on site Affordable Housing the residual land value would be £642,919. Which remains below the opinion of BLV. suggesting this would not make a difference to the schemes ability to meet full policy. Extract below:

<b>ACQUISITION COSTS</b>				
Residualised Price			642,919	642,919
Stamp Duty			21,646	
Agent & Legal Fee	1.50%		9,644	31,290
<b>CONSTRUCTION COSTS</b>				
Construction	m <sup>2</sup>	Build Rate m <sup>2</sup>	Cost	
Two bedroom MH	1,654.40	1,582.00	2,617,261	
All AH (blended)	755.40	1,582.00	1,195,043	
Communal Space	<u>631.20</u>	750.00	<u>473,400</u>	
<b>Totals</b>	<b>3,041.00</b>		<b>4,285,704</b>	<b>4,285,704</b>

13.15 Applying this test to the second appraisal, with no affordable housing, the residual Land Value would be £1,133,483 which is above the BLV. This suggests the scheme would be able to support a moderate contribution towards affordable housing, in the order of £160,000, and also meet the developers profit target of 17.5% GDV Extract below:

<b>ACQUISITION COSTS</b>				
Residualised Price			1,133,483	1,133,483
Stamp Duty			46,174	
Agent & Legal Fee	1.50%		17,002	63,176
<b>CONSTRUCTION COSTS</b>				
Construction	m <sup>2</sup>	Build Rate m <sup>2</sup>	Cost	
Two bedroom MH	2,152.80	1,582.00	3,405,730	
One bedroom MH	257.00	1,582.00	406,574	
Communal Space	<u>631.20</u>	750.00	<u>473,400</u>	
<b>Totals</b>	<b>3,041.00</b>		<b>4,285,704</b>	<b>4,285,704</b>

### 13.16 Scenario test 2: Impact of adopting BCIS Lower Quartile

13.17 As detailed in the construction costs section of this report, it may be appropriate to adopt Lower Quartile build costs in this case, £1404 / sq. m.

13.18 For the plan compliant appraisal with 35% on site Affordable Housing the Residual Land Value would be £666,048. Which remains below the opinion of BLV. Suggesting this cost would not improve the schemes ability to meet full policy. Extract below:

<b>ACQUISITION COSTS</b>				
Residualised Price			666,048	666,048
Stamp Duty			22,802	
Agent & Legal Fee	1.50%		9,991	32,793
<b>CONSTRUCTION COSTS</b>				
Construction	m <sup>2</sup>	Build Rate m <sup>2</sup>	Cost	
Two bedroom MH	1,654.40	1,404.00	2,322,778	
All AH (blended)	755.40	1,404.00	1,060,582	
Communal Space	<u>631.20</u>	1,404.00	<u>886,205</u>	
<b>Totals</b>	<b>3,041.00</b>		<b>4,269,564</b>	<b>4,269,564</b>

13.19 However if the lower quartile rate was combined with a reduced rate of £700/ sq. m for the communal space, then the Residual Land Value would be in excess of the Benchmark Land Value. The results are very sensitive to build costs.

13.20 If your council requires any additional or specific testing for future reports, please let me know.

## **14.0 Conclusion and Recommendations**

### **14.1 Viability Conclusion**

**Following the above testing work, whilst it is recognised that viability on this scheme is very sensitive to build costs, it is my considered conclusion that at the September 2022 assessment date, the proposal is unable to support the requirement for 35% on site affordable housing.**

**This conclusion is based on restricted information and may be subject to change if new or better information is later available and/ or following an inspection of the subject premises. If it is found to be based on incorrect information, for example if it is incapable of occupation without investment there is potential that the EUV will be lower and this will improve the viability of the scheme. I am also concerned the build costs for the communal areas are overstated.**

**Further to this you may wish to carry out your own enquiries or employ a quantity surveyor to advise on the appropriate build cost rate to adopt before determining the application.**

### **14.2 Review**

Further to my conclusion above and the advice that your Council's Affordable Housing planning policy requirements will not be met; a review clause might be appropriate as a condition of the permission, in line with paragraph 009 of the PPG Review mechanisms are not a tool to protect a return to the developer, but to strengthen local authorities' ability to seek compliance with relevant policies over the lifetime of the project. DVS can advise further on this should you so require.

The council may consider it appropriate to make it a pre commencement condition that viability is reviewed if construction does not start within a prescribed period of time.

### **14.3 Market Commentary**

The Bank of England have this week raised base rates to a 14 year high of 2.25% in an attempt to combat high inflation rates which they have forecast to peak at 11% later this year. Build costs remain at record highs.

While there are anecdotal reports of a slowing in the residential market this is yet to manifest itself in reduced values as a shortage of supply in the market underpins the current levels of value which have increased over recent years.

## 15.0 **Engagement**

- 15.1 The DVS valuer has not conducted any discussions negotiations with the applicant or any of their other advisors
- 15.2 Should the applicant disagree with the conclusions of our initial assessment; we would recommend that they provide further information to justify their position. Upon receipt of further information and with your further instruction, DVS would be willing to review the new information and reassess the schemes viability. Please note that there will be an additional diary charge where fee is expended.
- 15.3 If any of the assumptions stated herein this report and/or in the attached appraisal are factually incorrect the matter should be referred back to DVS as a re-appraisal may be necessary.
- 15.4 There was no discussion in this case.

## 16.0 **Disclosure / Publication**

- 16.1 **This redacted review report is suitable for publication.**
- 16.2 The report has been produced for Southampton Council only. DVS permit that this report may be shared with the applicant and their advisors as named third parties only.
- 16.3 The report should only be used for the stated purpose and for the sole use of your organisation and your professional advisers and solely for the purposes of the instruction to which it relates. Our report may not, without our specific written consent, be used or relied upon by any third party, permitted or otherwise, even if that third party pays all or part of our fees, directly or indirectly, or is permitted to see a copy of our report. No responsibility whatsoever is accepted to any third party (named or otherwise) who may seek to rely on the content of the report.
- 16.4 Planning Practice Guidance for viability promotes increased transparency and accountability, and for the publication of viability reports. However, it has been agreed that your authority, the applicant and their advisors will neither publish nor reproduce the whole or any part of this initial assessment report, nor make reference to it, in any way in any publication.
- 16.5 As stated in the terms, none of the VOA employees individually has a contract with you or owes you a duty of care or personal responsibility. It is agreed that you will

not bring any claim against any such individuals personally in connection with our services.

- 16.6 (England) This report is considered Exempt Information within the terms of paragraph 9 of Schedule 12A to the Local Government Act 1972 (section 1 and Part 1 of Schedule 1 to the Local Government (Access to Information Act 1985) as amended by the Local Government (access to Information) (Variation) Order 2006 and your council is expected to treat it accordingly.

I trust that the above report is satisfactory for your purposes, however, should you require clarification of any point do not hesitate to contact me further.

Yours sincerely

██████████ MRICS  
Principal Surveyor  
RICS Registered Valuer  
DVS  
Date: 26 September 2022  
Redacted version produced: 03 November 2022

**Reviewed by:**

██████████ MRICS  
Principal Surveyor  
RICS Registered Valuer  
DVS  
Date: 26 September 2022

**Appendices**

- (i) Appraisal 1
- (ii) Appraisal 2
- (iii) Blank
- (iv) Redacted TOE



**(i) Appraisal 1 – 35% AH plus CIL**

**APPRAISAL SUMMARY**

**VALUATION OFFICE AGENCY**

**St Deny's  
Policy Compliant**

Summary Appraisal for Phase 1

Currency in £

**REVENUE**

Sales Valuation	Units	m <sup>2</sup>	Sales Rate m <sup>2</sup>	Unit Price	Gross Sales
Two bedroom MH	23	1,654.40	3,739.72	269,000	6,187,000
All AH (blended)	12	755.40	2,451.42	154,317	1,851,800
<b>Totals</b>	<b>35</b>	<b>2,409.80</b>			<b>8,038,800</b>

**NET REALISATION** 8,038,800

**OUTLAY**

**ACQUISITION COSTS**

Residualised Price			85,552		
Agent & Legal Fee		1.50%	1,283	85,552	1,283

**CONSTRUCTION COSTS**

Construction	m <sup>2</sup>	Build Rate m <sup>2</sup>	Cost		
Two bedroom MH	1,654.40	1,582.00	2,617,261		
All AH (blended)	755.40	1,582.00	1,195,043		
Communal Space	631.20	1,582.00	999,558		
<b>Totals</b>	<b>3,041.00</b>		<b>4,810,862</b>	<b>4,810,862</b>	

Externals		7.50%	360,815		
Remediation			75,000		
Demolition			38,291		
Tarmac break up			10,491		
Contingency		5.00%	264,773		
CIL			315,605		
Other S 106			110,140		1,175,115

**PROFESSIONAL FEES**

Professional Fees		7.00%	336,760		336,760
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**MARKETING & LETTING**

Marketing MH		2.50%	65,432		65,432
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**DISPOSAL FEES**

Sales Legal Fee MH	23.00 un	500.00 /un	11,500		
Sales Legal Fee AH			5,000		16,500

**FINANCE**

Timescale	Duration	Commences
Purchase	1	Sep 2022
Pre-Construction	3	Oct 2022
Construction	18	Jan 2023
Sale	6	Jul 2024
Total Duration	28	

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)					
Land			10,378		
Construction			311,905		
Other			42,505		
Total Finance Cost					364,788

**TOTAL COSTS** 6,856,293

**PROFIT**

1,182,507

**Performance Measures**

Profit on Cost%	17.25%
Profit on GDV%	14.71%

**IRR** 24.45%

## (ii) Appraisal 2: Max Policy

### APPRAISAL SUMMARY

VALUATION OFFICE AGENCY

#### St Deny's App 2 Max Policy - No AH

#### Summary Appraisal for Phase 1

Currency in £

#### REVENUE

Sales Valuation	Units	m <sup>2</sup>	Sales Rate m <sup>2</sup>	Unit Price	Gross Sales
Two bedroom MH	30	2,152.80	3,748.61	269,000	8,070,000
One bedroom MH	5	257.00	3,735.41	192,000	960,000
<b>Totals</b>	<b>35</b>	<b>2,409.80</b>			<b>9,030,000</b>

**NET REALISATION** 9,030,000

#### OUTLAY

#### ACQUISITION COSTS

Residualised Price			581,959		
Stamp Duty			18,598		581,959
Agent & Legal Fee	1.50%		8,729		
					27,327

#### CONSTRUCTION COSTS

Construction	m <sup>2</sup>	Build Rate m <sup>2</sup>	Cost	
Two bedroom MH	2,152.80	1,582.00	3,405,730	
One bedroom MH	257.00	1,582.00	406,574	
Communal Space	631.20	1,582.00	998,558	
<b>Totals</b>	<b>3,041.00</b>		<b>4,810,862</b>	<b>4,810,862</b>

Externals	7.50%		360,815	
Remediation			75,000	
Demolition			38,291	
Tarmac break up			10,491	
Contingency	5.00%		244,444	
CIL			315,605	
Other S 106			110,140	
				1,154,786

#### PROFESSIONAL FEES

Professional Fees	7.00%		336,760	
				336,760

#### MARKETING & LETTING

Marketing MH	2.50%		95,308	
				95,308

#### DISPOSAL FEES

Sales Legal Fee MH	35.00 un	500.00 /un	17,500	
				17,500

#### FINANCE

Timescale	Duration	Commences
Purchase	1	Sep 2022
Pre-Construction	3	Oct 2022
Construction	18	Jan 2023
Sale	6	Jul 2024
Total Duration	28	

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)

Land		72,817	
Construction		311,180	
Other		41,250	
Total Finance Cost			425,248

**TOTAL COSTS** 7,449,750

**PROFIT** 1,580,250

#### Performance Measures

Profit on Cost%	21.21%
Profit on GDV%	17.50%
IRR	26.84%

**(iii) Supporting information**

Nil

**(iv) Redacted TOE**

The original DVS Terms of engagement are included below. These are redacted for names , contact details and fees.

I refer also to our subsequent correspondence/ telephone calls which covered matters such as: policy requirements to adopt, previous material involvement, no site inspection, the presumed condition of the subject premises and agreement of a later reporting date.



██████████ Planning Agreements Officer  
Planning and Economic Development  
Southampton Council  
Civic Centre  
SO14 7LY

By Email : ██████████@southampton.gov.uk

**DVS** Property Specialists  
for the Public Sector

Valuation Office Agency (VOA)  
Wycliffe House  
Green Lane  
Durham  
DH1 3UW

**Please note that this is our national postal centre, contact by digital channels preferred**

Our Reference : 1800945  
Your Reference : 22/00347/FUL

Please ask for : ██████████  
Tel : 0 ██████████  
E Mail : ██████████@voa.gov.uk

Date : 22 July 2022

Dear ██████████,

**Terms of Engagement  
DVS Independent Review of Development Viability Assessment**

<b>Proposed Development</b>	Demolition of former car showroom and outbuildings and the erection of two blocks comprising 35 apartments, with associated parking, access and landscaping (Resubmission 21/00324/FUL)
<b>Subject of Assessment:</b>	21-35 St Denys Road Southampton SO17 1GJ
<b>Planning Application Ref:</b>	22/00347/FUL
<b>Applicant / Developer:</b>	Fortitudo Ltd
<b>Applicant's Viability Advisor:</b>	S106 Affordable Housing

I refer to your instructions dated 28 June 2022 and am pleased to confirm my Terms of Engagement in undertaking this commission for you.

This document contains important information about the scope of the work you have commissioned and confirms the terms and conditions under which DVS, as part of the VOA proposes to undertake the instruction. It is important that you read this document carefully and if you have any questions, please do not hesitate to ask the signatory whose details are supplied above.

**Please contact them immediately if you consider the terms to be incorrect in any respect.**

Please note that this Terms of Engagement document is confidential between our client, Southampton Planning and Economic Development, and the VOA. As it contains commercially sensitive and data sensitive information, it should not be provided to the applicant or their advisor without the explicit consent of the VOA. A redacted copy of these terms will be included as an appendix to our final report.

**1. Client**

This instruction will be undertaken for Southampton Planning and Economic Development and the appointing planning officer is yourself, Mr [REDACTED]

**2. Subject Property and Proposed Development**

It is understood that you require a viability assessment review of planning application ref: 2/00347/FUL concerning the former car show room and premises known as 21-35 St Denys Road Southampton SO17 1GJ.

It is understood that the development will comprise 35 apartments over 2 blocks and will include ; 30 parking spaces and 36 cycle spaces on a site area of 0.66 acres (0.27 ha)

The proposed schedule of accommodation is per the plans submitted as part of the on the application

Block B - 5 storey / 26 units

5 units on GF and 6 on floors 1,2,3,4

5 x 1 bed (app 5,10,15,20, 25) and 21 X 2 beds

Block A – 3 storey / 9 units – all 2 bed. 3 per floor

SCHEDULE OF ACCOMMODATION
UNIT 1: 2 BED FLAT @ 72.8 SQM / 783 SQFT
UNIT 2: 2 BED FLAT @ 71.2 SQM / 766 SQFT
UNIT 3: 2 BED FLAT @ 72.2 SQM / 776 SQFT
UNIT 4: 2 BED FLAT @ 72.7 SQM / 782 SQFT
UNIT 5: 2 BED FLAT @ 71.2 SQM / 766 SQFT
UNIT 6: 2 BED FLAT @ 72.2 SQM / 776 SQFT
UNIT 7: 2 BED FLAT @ 72.7 SQM / 782 SQFT
UNIT 8: 2 BED FLAT @ 71.2 SQM / 766 SQFT
UNIT 9: 2 BED FLAT @ 72.2 SQM / 776 SQFT

SCHEDULE OF ACCOMMODATION
UNIT 1: 2 BED FLAT @ 72.2 SQM / 776 SQFT
UNIT 2: 2 BED FLAT @ 71.4 SQM / 768 SQFT
UNIT 3: 2 BED FLAT @ 71.8 SQM / 772 SQFT
UNIT 4: 2 BED FLAT @ 71.2 SQM / 766 SQFT
UNIT 5: 1 BED FLAT @ 51.4 SQM / 553 SQFT
UNIT 6: 2 BED FLAT @ 72.2 SQM / 776 SQFT
UNIT 7: 2 BED FLAT @ 71.4 SQM / 768 SQFT
UNIT 8: 2 BED FLAT @ 71.8 SQM / 772 SQFT
UNIT 9: 2 BED FLAT @ 71.2 SQM / 766 SQFT
UNIT 10: 1 BED FLAT @ 51.4 SQM / 553 SQFT
UNIT 11: 2 BED FLAT @ 72 SQM / 774 SQFT
UNIT 12: 2 BED FLAT @ 71.4 SQM / 768 SQFT
UNIT 13: 2 BED FLAT @ 71.8 SQM / 772 SQFT
UNIT 14: 2 BED FLAT @ 71.2 SQM / 766 SQFT
UNIT 15: 1 BED FLAT @ 51.4 SQM / 553 SQFT
UNIT 16: 2 BED FLAT @ 72 SQM / 774 SQFT
UNIT 17: 2 BED FLAT @ 71.4 SQM / 768 SQFT
UNIT 18: 2 BED FLAT @ 71.8 SQM / 772 SQFT
UNIT 19: 2 BED FLAT @ 71.2 SQM / 766 SQFT
UNIT 20: 1 BED FLAT @ 51.4 SQM / 553 SQFT
UNIT 21: 2 BED FLAT @ 72 SQM / 774 SQFT
UNIT 22: 2 BED FLAT @ 71.4 SQM / 768 SQFT
UNIT 23: 2 BED FLAT @ 71.8 SQM / 772 SQFT
UNIT 24: 2 BED FLAT @ 71.2 SQM / 766 SQFT
UNIT 25: 1 BED FLAT @ 51.4 SQM / 553 SQFT
UNIT 26: 2 BED FLAT @ 72 SQM / 774 SQFT

### 3. Purpose and Scope

To complete this assessment DVS will:

- a) Assess the Financial Viability Appraisal (FVA) submitted by / on behalf of the planning applicant / developer, taking in to account the planning proposals as supplied by you or available from your authorities planning website.
- b) Advise you on those areas of the appraisal which are agreed and those which are considered unsupported or incorrect, including stating the basis for this opinion.
- c) If DVS considers that the applicant's appraisal input and viability conclusion is incorrect, we will advise on the cumulative viability impact of the changes and in particular whether any additional affordable housing and / or s106 contributions might be provided without adversely affecting the overall viability of the development. This will take the form of sensitivity tests.

3.1 My report to you will constitute my final report if my findings conclude that the planning applicant / developer cannot provide more affordable housing and s106 payments than have been proposed.

3.2 However, if having completed my assessment, I conclude that the planning applicant / developer may be able to provide more affordable housing and s106 payments than have been proposed, I understand that my findings report may only constitute Stage One of the process as the report will enable all parties to then consider any areas of disagreement and potential revisions to the proposal.

3.3 In such circumstances, I will, where instructed, by you be prepared to enter into discussions on potential revisions to the applicant's proposals, and / or consider any new supporting information. Upon concluding such discussions, I will submit a new report capturing my subsequent determination findings on the potentially revised application; for convenience and to distinguish it, this report on a second stage assessment may be referred to as my Stage Two report.

### 4. Date of Assessment

The date of the assessment is required to be the date on which the report is signed, which date will be specified in the report in due course.

### 5. Confirmation of Standards to be applied

The DVS viability assessment review will be prepared in accordance with the following statutory and other authoritative requirements:

#### Mandatory provisions

- The '**National Planning Policy Framework**', which states that all viability assessments should reflect the recommended approach in **the 'National Planning Practice Guidance on Viability'**. This document is recognised as the 'authoritative requirement' by the Royal Institution of Chartered Surveyors (RICS).

- RICS Professional Statement '**Financial viability in planning: conduct and reporting**' (effective from 1 September 2019) which provides the mandatory requirements for the conduct and reporting of valuations in the viability assessment and has been written to reflect the requirements of the PPG.
- RICS Professional Standards PS1 and PS2 in the '**RICS Valuation – Global Standards**'.

#### Best Practice provisions

Regard will be had to applicable RICS Guidance Notes:

- RICS GN '**Assessing viability in planning under the National Planning Policy Framework 2019 for England**' (effective 1 July 2021)
- RICS GN '**Valuation of Development Property**'
- RICS GN '**Comparable Evidence in Real Estate Valuation**'

Measurements stated will be in accordance with the RICS Professional Statement '**RICS Property Measurement (2<sup>nd</sup> Edition)**' and, where relevant, the '**RICS Code of Measuring Practice (6<sup>th</sup> Edition)**'.

Valuation advice, where applicable, will be prepared in accordance with the professional standards, in particular VPS 1 to 5 of the '**RICS Valuation – Global Standards**' and with the '**UK National Supplement**', which taken together are commonly known as the RICS Red Book. Compliance with RICS Professional Standards and Valuation Practice Statements (VPS) gives assurance also of compliance with the International Valuations Standards (IVS).

#### **6. Agreed Departures from the RICS Professional Standards**

As agreed by you, any office and/or residential property present has been reported upon using a measurement standard other than IPMS, and specifically Net Internal Area / Gross Internal Area/ Net Sales Area has been used. Such a measurement is an agreed departure from '**RICS Property Measurement (2<sup>nd</sup> Edition)**'.

I understand that you requested this variation because this measurement standard is how the applicant has presented their data, is common and accepted practice in the construction /planning industry, and it has been both necessary and expedient to analyse the comparable data on a like with like basis.

RICS Red Book Professional Standards PS1 and PS2 are applicable to our undertaking of your case instruction. As our assessment may be used by you as part of a negotiation, compliance with the technical and performance standards at VPS1 to VPS 5 is not mandatory (PS 1 para 5.4) but best practice and they will therefore be applied to the extent not precluded by your specific requirement.

#### **7. Bases of Value**

**7.1 Benchmark Land Value (BLV)** Paragraph 014 of the NPPG for Viability states that Benchmark Land Value should:

- *be based upon existing use value*
- *allow for a premium to landowners (including equity resulting from those building their own homes).*
- *reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees.*

*Viability assessments should be undertaken using benchmark land values derived in accordance with this guidance. Existing use value should be informed by market evidence of current uses, costs and values. Market evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value. There may be a divergence between benchmark land values and market evidence; and plan makers should be aware that this could be due to different assumptions and methodologies used by individual developers, site promoters and landowners.*

*This evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing requirements at the relevant levels set out in the plan. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.*

*In plan making, the landowner premium should be tested and balanced against emerging policies. In decision making, the cost implications of all relevant policy requirements, including planning obligations and, where relevant, any Community Infrastructure Levy (CIL) charge should be taken into account.*

*Where viability assessment is used to inform decision making under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan. Local authorities can request data on the price paid for land (or the price expected to be paid through an option or promotion agreement).*

**7.2 Existing Use Value (EUV):** Paragraph 015 of the NPPG for viability states that:

*Existing use value (EUV) is the first component of calculating benchmark land value. EUV is the value of the land in its existing use. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield (excluding any hope value for development).*

*Sources of data can include (but are not limited to): land registry records of transactions; real estate licensed software packages; real estate market reports; real estate research; estate agent websites; property auction results; valuation office agency data; public sector estate/property teams' locally held evidence.*

**7.3 Alternative Use Value (AUV):** Paragraph 017 of the NPPG for viability states that:

*For the purpose of viability assessment alternative use value (AUV) refers to the value of land for uses other than its existing use. AUV of the land may be informative in establishing benchmark land value. If applying alternative uses when establishing benchmark land value these should be limited to those uses which would fully comply with up to date development plan policies, including any policy requirements for contributions towards affordable housing at the relevant levels set out in the plan. Where it is assumed that an existing use will be refurbished or redeveloped this will be considered as an AUV when establishing BLV.*

*Plan makers can set out in which circumstances alternative uses can be used. This might include if there is evidence that the alternative use would fully comply with up-to-date development plan policies, if it can be demonstrated that the alternative use could be implemented on the site in question, if it can be demonstrated there is market demand for that use, and if there is an explanation as to why the alternative use has not been pursued. Where AUV is used this should be supported by evidence of the costs and values of the alternative use to justify the land value. Valuation based on AUV includes the premium to the landowner. If evidence of AUV is being considered the premium to the landowner must not be double counted.*

**7.4 Gross Development Value (GDV)** is defined in the Glossary of the RICS GN ‘Valuation of Development Property’ (February 2020) as:

*The aggregate Market Value of the proposed development on the special assumption that the development is complete on the date of valuation in the market conditions prevailing on the date. Where an income capitalisation approach is used to estimate the GDV, normal assumptions should be made within the market sector concerning the treatment of purchaser’s costs. The GDV should represent the expected contract price.*

**7.5 Market Value (MV) is defined by** RICS VPS 4, paragraph 4 as:

*“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.”*

**7.6 Market Rent (MR)** is defined by RICS VPS 4, paragraph 5 as:

*“The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”*

**8. Special Assumptions**

On occasion, it may be agreed that a basis of value requires to be modified and a Special Assumption added, for example where there is the possibility of Special Value attaching to a property from its physical, functional, legal or economic association with some other property.



Any Special Assumptions agreed with you have been captured below under the heading Special Assumptions, in accordance with VPS 4, para 9 of the professional standards of the Royal Institution of Chartered Surveyors: RICS Valuation – Global Standards and RICS UK National Supplement and will be restated in my report.

The following special assumptions have been agreed and will be applied:

- That the proposed development is complete on the date of assessment in the market conditions prevailing on the date of assessment.
- That your Council's Local Plan policies, or emerging policies, including for affordable housing are up to date.
- That the applicant's abnormal costs, where adequately supported, are to be relied upon to determine the viability of the scheme, unless otherwise stated in our report and/ or otherwise instructed by your Council and that are no abnormal development costs in addition to those which the applicant has identified.

## **9. Extent of Valuer's Investigations, Restrictions and Assumptions**

An assumption in this context is a limitation on the extent of the investigations or enquiries that will be undertaken by the assessor.

The following agreed assumptions will apply to your instruction and be stated in my report, reflecting restrictions to the extent of our investigations.

- Such inspection of the property and investigations as the Valuer decides is professionally adequate and possible in the particular circumstance will be undertaken.
- No detailed site survey, building survey or inspection of covered, unexposed or inaccessible parts of the property will be undertaken. The Valuer will have regard to the apparent state of repair and condition and will assume that inspection of those parts that are not inspected would neither reveal defects nor cause material alteration to the valuation unless the valuer becomes aware of indication to the contrary. The building services will not be tested, and it will be assumed that they are in working order and free from defect. No responsibility can therefore be accepted for identification or notification of property or services' defects that would only be apparent following such a detailed survey, testing or inspection. If the Valuer decides further investigation to be necessary, separate instructions will be sought from you.
- It will be assumed that good title can be shown, and that the property is not subject to any unusual or onerous restrictions, encumbrances or outgoings.
- It will be assumed that the property and its value are unaffected by any statutory notice or proposal or by any matters that would be revealed by a local search and replies to the usual enquiries, and that neither the construction of the property nor its condition, use or intended use was, is or will be unlawful or in breach of any covenant.
- It will be assumed that all factual information provided by you or the applicant or their agent with regard to the purpose of this request and details of tenure, tenancies,

planning consents and all other relevant information is correct. The advice will therefore be dependent on the accuracy of this information and should it prove to be incorrect or inadequate the basis or the accuracy of any assessment may be affected.

- Valuations will include that plant that is usually considered to be an integral part of the building or structure and essential for its effective use (for example building services installations) but will exclude all machinery and business assets that comprise process plant, machinery and equipment unless otherwise stated and required.
- No access audit will be undertaken to ascertain compliance with the Equality Act 2010 and it will be assumed that the premises are compliant unless otherwise stated by the applicant
- No allowances have been made for any rights obligations or liabilities arising from the Defective Premises Act 1972 unless identified as pertinent by the applicant.

## **10. Nature and Source of Information to be relied upon by Valuer.**

### **10.1 From the client**

Information that will be provided to the VOA by the client comprises the following material, which will be relied upon by the viability assessor without further verification.

- a) The Planning application details. **Provided**
- b) Confirmation of Local plan policy requirement such as CIL / S106 / S278 planning obligations. In particular whether the applicant's assumptions on these matters are correct, if they are incorrect then please provide the correct details.

#### **I understand the plan policy requirements to be:**

- CIL of £315,608
- 35% on site Affordable Housing (Policy CS15 ) comprising tenures: 65% Socially Rented and 35% Intermediate.
- Highways £70,000
- Solent Disturbance mitigation £18,840
- Employment & Skills Plan £ 12,174
- Carbon Management Plan £9,126

**It is understood that no other financial contributions towards plan policy are required. If incorrect provide the relevant sums, and details of likely trigger payments**

- c) Details of any extant or elapsed consents relating to permitted Alternative Use.

**Planning website search 22 July-2022 suggests there are no extant or elapsed permissions that would give way to an AUV. Please let me know if this is incorrect .**

**Screenshot below:**

Address	Property History (68)	Constraints (9)
<p><b>Planning Applications (63)</b></p> <ul style="list-style-type: none"> <li>• <b>INSTALLATION OF ILLUMINATED FASCIA AND POLE SIGNS</b> Ref No: 911355/WA   Status: Conditionally Approved</li> <li>• <b>21-35 ST DENYS ROAD PORTSWOOD WARD PORTSWOOD SOUTHAMPTON SO17 2GJ INSTALLATION OF ILLUMINATED FASCIA SIGNS AND NON-ILLUMINATED GANTRY SIGN</b> Ref No: 920157/WA   Status: Conditionally Approved</li> <li>• <b>21-35 ST DENYS ROAD PORTSWOOD WARD PORTSWOOD SOUTHAMPTON SO17 2GJ INSTALLATION OF ILLUMINATED FASCIA AND POLE SIGNS</b> Ref No: 941468/WA   Status: Conditionally Approved</li> <li>• <b>21-35 ST DENYS ROAD PORTSWOOD WARD PORTSWOOD SOUTHAMPTON SO17 2GJ DISPLAY OF INTERNALLY ILLUMINATED FASCIA AND POLE SIGNS</b> Ref No: 970557/WA   Status: PER</li> <li>• <b>Installation of an internally illuminated fascia sign and a 4.2M totem sign.</b> Ref No: 03/01780/ADV   Status: Conditionally Approved</li> <li>• <b>Installation of 7 no. internally illuminated fascia signs.</b> Ref No: 06/00220/ADV   Status: Conditionally Approved</li> <li>• <b>Replacement signage including 1 x set individual illuminated letters, 2 x fascia signs, 1 x totem pole sign and 1 x non-illuminated entrance sign.</b> Ref No: 08/01380/ADV   Status: Conditionally Approved</li> <li>• <b>Redevelopment of the site for use as a petrol station. Erection of a single storey sales kiosk, installation of 6 twin sided pumps with canopy and a car wash (after removal of existing building)</b> Ref No: 09/01243/FUL   Status: Application Withdrawn</li> <li>• <b>Redevelopment of the site for use as a petrol station. Erection of a single storey sales kiosk and installation of 6 twin sided pumps with canopy.</b> Ref No: 10/01213/FUL   Status: Application Refused</li> <li>• <b>Redevelopment of the site for use as a petrol station. Erection of a single storey sales kiosk and installation of 6 pumps with canopy.</b> Ref No: 11/01896/FUL   Status: Application Refused</li> <li>• <b>Demolition of former car showroom and outbuildings and the erection of two blocks comprising 48 apartments, with associated parking, access and landscaping (Amended Description)</b> Ref No: 21/00324/FUL   Status: Application Refused</li> <li>• <b>Demolition of former car showroom and outbuildings and the erection of two blocks comprising 35 apartments, with associated parking, access and landscaping (Resubmission 21/00324/FUL)</b> Ref No: 22/00147/FUL   Status: Deviation Consideration</li> </ul>		

d) If the applicant has relied on an alternative use that is not permitted, a statement as to whether this alternative would be an acceptable development.

**Not applicable**

e) If the applicant has applied vacant building credit, a statement as to whether this is agreed by your Council, if not the appropriate figure.

**Not applicable**

f) A copy of the applicant's financial viability appraisal.

**Provided, prepared by S106 Affordable Housing March 2022.**

## 10.2 Information from the applicant

### Site access

If DVS deem an inspection is required, please can the applicant confirm if the is accessible or can be sufficiently viewed from the roadside) and no appointment to inspect is required. In particular it is understood there are no extraordinary health and safety issues to be aware of. Alternatively if an accompanied inspection is appropriate, please provide contact details for access arrangements and information about any PPE requirements.

### Viability assessment

The applicant should provide sufficient detail to enable DVS to assess their contention that the scheme would not be viable if the Policy requirements in the Local Plan were met.

The applicant's Viability Assessment is expected to meet the authoritative requirements of the NPPF and NPPG for Viability. Where completed by a member the RICS, it is also expected that the applicant's report will comply with RICS Professional Standards PS 1 and PS 2 and the **RICS Professional Statement 'Financial Viability in planning: conduct and reporting'**. In all cases the applicant's viability report is expected to include:

a) A schedule of accommodation which accords with the planning application.

- b) A plan showing the respective boundaries and the site area
- c) An appraisal compliant with the policy requirements of the Local Plan.
- d) A report with text and evidence in support of the:
  - (i) Gross Development Value adopted
  - (ii) Benchmark Land Value, with reference to EUV and premium.
  - (iii) Gross Development Costs including any Abnormal Costs
  - (iv) Profit assumptions.
  - (v) Finance assumptions.
  - (vi) Cash flow assumptions.

**Whilst the author of the viability assessment and their qualifications are not clearly identified, it appears that much of the expected information is provided. Save for; a schedule of accommodation and a site plan; both are available from the application documents. I consider this to be sufficient for my reviewing purposes.**

**I may contact S 106 directly for an electronic copy of the non-compliant appraisal and cashflow.**

### **10.3 DVS Information**

DVS will make use of VOA held records and information. The sources of any other information used that is not taken from our records will be identified in the review report.

### **10.4 Information Outstanding**

I confirm I have in my possession a copy of the applicant's viability report / appraisal and the information provided is sufficient for my review assessment.

DVS will contact the applicant's viability advisor directly for the appraisal.

**Please could you confirm by email matters raised herein, such as the schedule of accommodation and the policy assumptions listed above are correct, and that these terms are agreed.**

The report delivery date will be dependent upon timely receipt of this information/ conformation.

## **11. Identity of Responsible Valuer and their Status**

It is confirmed that the valuation will be carried out by a RICS Registered Valuer, acting as an external valuer, who has the appropriate knowledge and skills and understanding necessary to undertake the assessment competently.

The valuer responsible will be myself [REDACTED] and my contact details are as stated above in the letterhead.

Any graduate involvement will be detailed in the report.

## **12. Disclosure of any Material Involvement or Conflict of Interest**

In accordance with the requirements of the RICS standards, the VOA has checked that no conflict of interest arises before accepting this instruction.

It is confirmed that DVS are unaware of any previous conflicting material involvement and am satisfied that no conflict of interest exists. Should any such difficulty subsequently be identified, you will be advised at once and your agreement sought as to how this should be managed.

It is confirmed that the valuer appointed has no personal conflict undertaking this instruction.

### **13. Resignation of Independent Expert**

In the rare event of the independent expert becoming ill or otherwise incapable of conducting the determination, or where for any reason it would be improper to continue, then they may have no alternative but to resign. In these circumstances, DVS would seek agreement with the parties as to the best way forward, such as through the appointment of another suitably qualified DVS surveyor. It is agreed that permission for this would not be unreasonably withheld by the parties in such special circumstances.

### **14. Description of Report**

A side headed written report as approved by you for this purpose will be supplied and any differences of opinion will be clearly set out with supporting justification, where inputs are agreed this will be stated also. The DVS report will be referred to as a *viability review assessment*.

Further to the requirements of the RICS a non-technical summary will be included in the review assessment, together with sensitivity tests to support the viability conclusion.

Further to the requirements of the PPG a redacted version of the DVS viability review assessment detailing the final or agreed position will be supplied for transparency purposes.

### **15. Report Date**

It is my intention to submit my review assessment by 31<sup>st</sup> August 2022.

If unforeseen problems arise that may delay my report, you will be contacted before this date with an explanation and to discuss the position.

In order to meet the above reporting date, it is essential that the information requested with section 10 of these terms is supplied by 29 July 2022

### **16. Validity Period**

The report will remain valid for 4 (Four) months unless circumstances change, or further material information becomes available. Reliance should not be placed on the viability conclusion beyond this period without reference back to the VOA for an updated valuation.

### **17. Restrictions on Disclosure and Publication**

The client will neither make available to any third party or reproduce the whole or any part of the report, nor make reference to it, in any publication without our prior written approval of the form and context in which such disclosure may be made.

**18. Limits or Exclusions of Liability**

Our viability advice is provided for your benefit alone and solely for the purposes of the instruction to which it relates. Our advice may not, without our specific written consent, be used or relied upon by any third party, even if that third party pays all or part of our fees, directly or indirectly, or is permitted to see a copy of our valuation report.

If we do provide written consent to a third party relying on our valuation, any such third party is deemed to have accepted the terms of our engagement.

None of our employees individually has a contract with you or owes you a duty of care or personal responsibility. You agree that you will not bring any claim against any such individuals personally in connection with our services.

**19. Fee Basis**

- 19.1 You have asked for a fixed fee quote for the viability appraisal. Having considered the initial details of this application, we have agreed a fixed fee basis of [REDACTED] plus VAT in order to complete the work set out above.

The personnel involved in this assessment will be as follows:

<b>Personnel:</b>	<b>Role</b>	<b>Task</b>
[REDACTED]	Development Consultant	Viability review assessment report and appraisal.
[REDACTED]	Residential and commercial Valuer	Residential and commercial research and Valuation

- 19.2 This fixed fee proposal is for the provision of a report stating my findings on the development viability appraisal as initially provided by the planning applicant / developer. It will include a meeting with you to deal with initial issues. It may require revision if the information supplied by you or the applicant is not quickly forthcoming at our request or if the initial task is varied by you and in both cases, we would revert to you for advice on the way forward. Abortive fees would be based on work already carried out.
- 19.3 If there is a subsequent need following the delivery of my report to discuss issues with the planning applicant / developer or you, including the consideration of potential revised proposals, or to attend meetings, this will constitute a second stage requiring a Stage 2 report and we would need to charge on a time spent basis as an additional cost at hourly rates as shown in the table above for this Stage 2 work.

Where I am able to reduce the amount of time I need to spend upon your work by delegating some functions to colleagues who have a lower cost, and this will be reflected in the invoice for this work.

Role	Task	Hourly Fee Excluding VAT
██████ RICS Principal Valuer	Report, valuation and viability assessment, advice, discussions, appeal work, (inspection if applicable),	██████
RICS Senior Valuer	Valuation and viability	██████
RICS Graduate Surveyor	Research, valuation, inspection	██████
Quantity Surveyor	Cost estimates, advice	██████
RICS Principal Valuers	Formal case review / Quality Assurance	██████
Administration	Typing/ Research	██████

- 19.4 **Payer of fees:** With regard to the payment of fees, Homes and Communities Agency has issued a Good Practice Note: “Investment and Planning obligations - Responding to the downturn”. In this GPN is a comment that it is common practice for developers to fund the cost of independent validation. The reasoning for this is that you have a planning policy which the applicant is seeking to vary. In order to assess the applicant appraisal, you need advice which it is reasonable for the applicant to bear in these circumstances. I understand that the planning applicant / developer has agreed to reimburse your reasonable costs incurred in this review.

Please note that you will be our named Client. As such, our contractual obligation is to you and not to the applicant and your authority will be responsible for payment of our fees. Any arrangement between your authority and the Applicant relating to payment of the fees would be a matter between yourselves.

## 20. Currency

All prices and values are stated in pounds sterling.

## 21. Fee Payment and Interim Billing

Our fees are payable by our client within 30 days from the receipt of our invoice whether or not the amount is disputed or is being passed on to a third party for reimbursement.

The VOA reserves the right, subject to prior notification of details of time spent, to invoice at suitable points during the financial year for work in progress undertaken but not yet formally reported. In order to ensure timely cash flows within the public sector, such interim bills may be issued at either monthly or two monthly intervals. You will be advised beforehand that any such bill is imminent.

Where a case is cancelled before completion, our fees will be calculated on a ‘work done’ basis with added reasonable disbursements unless alternative arrangements have been prior agreed.

**\*Please note** under HM Treasury Managing Public Money we are required to review our charging on a regular basis. The VOA reserves the right to undertake an annual review of our rates going forward.

## 22. Purchase Order Numbers

Thank you for PON [REDACTED] which will be quoted on correspondence regarding the invoice.

## 23. Complaints

The VOA operates a rigorous QA/QC system. This includes the inspection by Team Leaders of a sample of work carried out during the life of the instruction together with an audit process carried out by experienced Chartered Surveyors upon completion of casework. It also includes a feedback cycle to ensure continuous improvement.

The VOA has a comprehensive complaint handling procedure if you are not getting the service you expect. If you have a query or complaint it may be best to speak first to the person you have been dealing with or their manager. If you remain dissatisfied, you should be offered a copy of our brochure "Our Code of Practice on Complaints". If it is not offered to you, please request a copy or access it on our website [www.voa.gov.uk](http://www.voa.gov.uk).

## 24. Freedom of Information

We take our duty of confidentiality very seriously and will keep any information gathered or produced during this instruction confidential unless you tell us otherwise.

Also, we will advise you of any Freedom of Information Act (FOIA) and / or Environmental Information Regulation (EIR) requests we receive in regard to information we 'hold' relating to this instruction.

The VOA, as part of HM Revenue and Customs, is subject to the Freedom of Information Act 2000. The VOA undertakes to make reasonable endeavours to discuss the appropriateness of disclosure, or the applicability of any exemptions allowed by the Act, with you prior to responding to any FOIA request. However, the VOA reserves the right to comply with its statutory obligations under the Act in such manner as it deems appropriate. If we receive a FOIA request that relates to you or a named member of your staff (legal or actual person) or they can be deduced from the disclosure of the information sought, we must have regard to section 18 (1) of the Commissioners for Revenue and Customs Act (CRCA) 2005 and apply the exemption at section 44 of the FOIA due to section 23 of the CRCA (as amended).

However, outside of FOIA we will seek your views about whether you wish to put the information sought in the public domain or authorise us to disclose it on your behalf.

In turn, the VOA requires you to make all reasonable endeavours to discuss with us the appropriateness of disclosure, or the applicability of any exemptions allowed by the Act, prior to your responding to any third-party requests which you receive for information provided to you by the VOA.

The VOA is subject to the Environmental Information Regulations (EIR) 2004. We will apply the same legal thought process as FOIA but will also need to seek your views on where the



greater public interest lies and it may necessitate, upon request, the disclosure of information provided by you unless an exemption can be sustained.

**25. Monitoring Compliance by RICS**

It is possible that the RICS may at some stage ask to see the valuation for the purposes of their monitoring of professional standards under their conduct and disciplinary regulations.

**26. Revisions to these Terms**

Where, after investigation, there is in my judgement a need to propose a variation in these Terms of Engagement, you will be contacted without delay prior to the issue of the report.

For example, should it become apparent that the involvement of specialist colleagues would be beneficial, your consent will be sought before their involvement and we shall, if not included in the original fee estimate, provide an estimate of their costs.

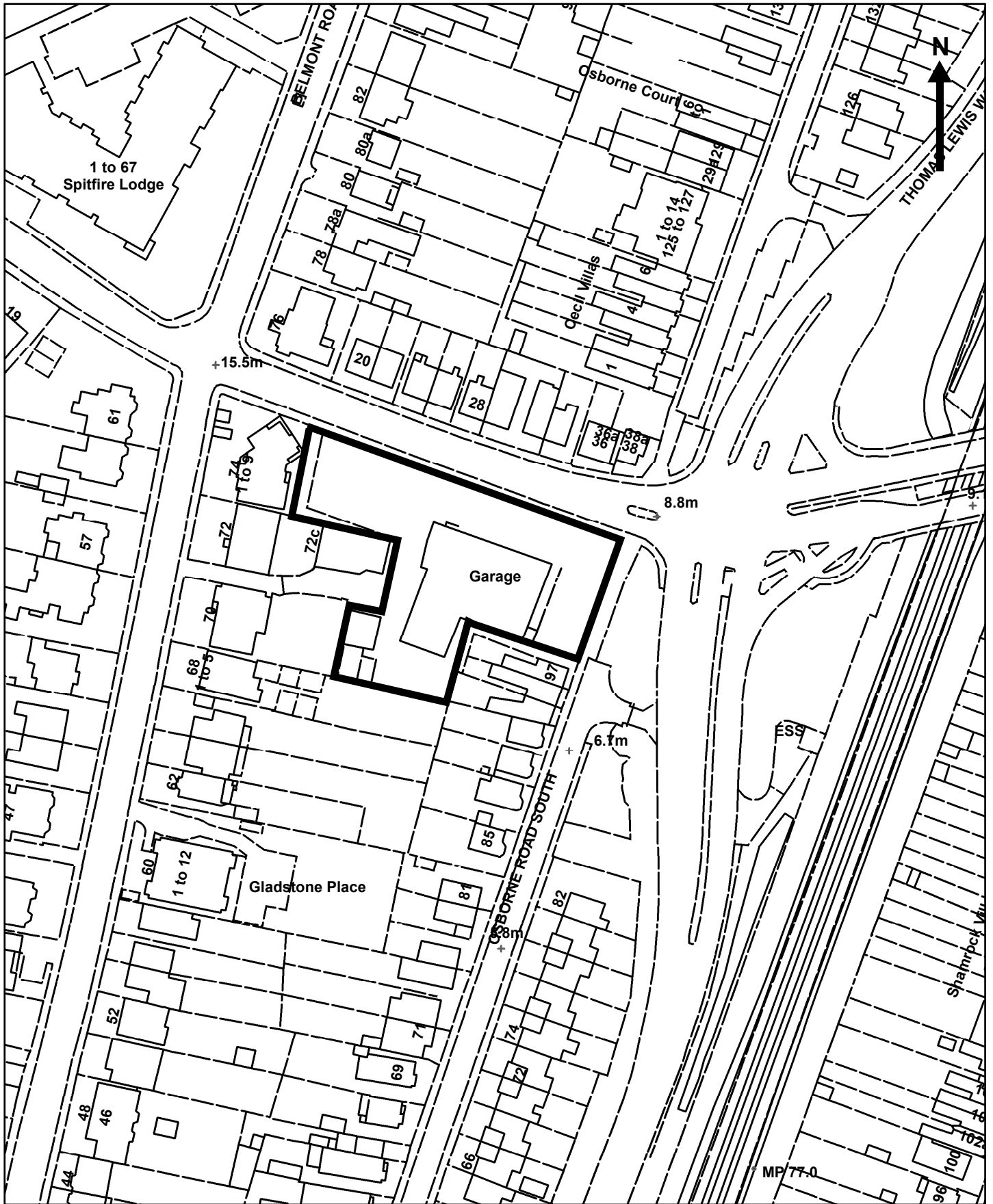
The valuer will be grateful to receive at your earliest convenience brief written confirmation by email or letter that these terms and conditions are accepted and approved by you. If you have any queries, please do not hesitate to contact the valuer listed above.

Yours Sincerely

██████████ BSc (Hons) MRICS  
Principal Surveyor  
RICS Registered Valuer  
DVS  
22 July 2022

END OF REPORT

# 22/00347/FUL



Scale: 1:1,250

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