



Haverhill Area Working Party 10 September 2009

Millfields Way, Haverhill: Development and Sale Proposals

1. Purpose of the Report

- 1.1 The purpose of this report is to summarise progress on the disposal of land to the north of Millfields Way, Haverhill and to propose that the sale be dealt with in a way which enables the subsequent development to be an exemplar project for the Council in achieving high standards of sustainability.

2. Background

- 2.1 The Council originally owned a large parcel of land at Millfields Way, which was an allocation from the Town Development arrangements. Parcels of land have been sold successively for private development and for individual building plots. Two sites remain – one to the north of Millfields Way (the subject of this report) and land to the south of Millfields Way. The latter site is now allocated as a nature reserve and will prove difficult to obtain planning permission for any part of it.
- 2.2 When the original planning permission was obtained for all the surplus sites at Millfields Way, the land to the north of Millfields Way was identified as one for 'community' uses and the St Edmundsbury Borough Replacement Local Plan 2016 (Local Plan) states that 'any development *should* contain a mix of uses which could include leisure and recreation, health and community facilities, and residential'. The advice of John Popham, planning consultant, has been taken. He believes that because alternative arrangements have been made for health facilities, and Strasbourg Square community facilities are nearby, the possible uses for the site may be reduced, given the relatively small size of the site.

3. Development brief

- 3.1 Mr Popham has prepared a development brief for the site. In summary:-

- (a) **the site:** an area of mown grassland of 0.386 hectares (0.95 acres). It is surrounded by housing on 3 sides and has a local nature reserve on its opposite side. The site slopes and a footpath runs along one boundary;
- (b) **proposed overall development:** a mix of market and affordable housing, including some live-work units, with an area of open space which relates to the existing footpath/cycleway;

- (c) **housing:** market and affordable housing (40%) of appropriate variety, with some of the market units to be live-work. Minimum density requirement of 30 dwellings per hectare;
- (d) **public open space:** to include an area adjoining the public path, to retain existing trees to link with the public footpath/cycleway. Possibly also a smaller area at the road corner to provide a visual link with the wildlife site opposite;
- (e) **sustainability:** both the market and affordable housing to be constructed to a minimum of Level 4 of the Code for Sustainable Homes. The scheme will also be required to achieve a minimum assessment of 'good' under the Communications for Architecture and the Built Environment (CABE) Buildings for Life Standards; and
- (f) **public consultation:** the draft proposals for the site will be the subject of a public consultation exhibition.

3.2 Attached as Appendix A to the report is a development diagram showing the site and development principles outlined in the brief.

4. Appointment of an architect

4.1 The Council invited two architectural practices to submit outline schemes and fee proposals based on the development brief. Two very different schemes were considered, one a traditional approach of 9 or 10 units, including some bungalows, and an innovative design of 14 units in terraces. The traditional scheme was chosen and the successful practice, Brown & Scarlett Chartered Architects have been appointed to work up proposals to planning application stage.

5. Local Planning Authority (LPA) considerations

5.1 The Local Development Framework that will replace the adopted Local Plan will include design and sustainability aspirations. The Government is continually increasing the environmental standards of buildings and reducing carbon emissions. By 2011 it will be mandatory for all grant aided housing developments to be built at Level 4 of the Code for Sustainable Homes. As an authority we have adopted the CABE Buildings for Life standards and will be seeking to achieve minimum standards of 'good' in all developments. By 2016 the Government aims to introduce proposals to ensure that all housing developments are 'zero carbon', this is the equivalent to Code Level 6.

5.2 There is a current reluctance among developers to meet higher sustainability standards and the Development Control Section has difficulties in encouraging builders to adopt more environmentally friendly approaches, who believe that the additional costs of meeting the standards impact adversely on profitability and in achieving adequate site capacities, which again impact on profitability.

5.3 If the LPA can reassure developers that Level 4 of the Code for Sustainable Homes and CABE Buildings for Life standards can be met on housing schemes with a traditional appearance, by using the Millfields Way built out site as an exemplar project, then the Council as landowner should facilitate this, providing that the financial costs of doing so are acceptable against service delivery gains.

6. Landowner considerations

- 6.1 The site is included in the Asset Management Plan (AMP) Disposal programme for 2009/2010. The normal practice is to market surplus sites with either a statement from the LPA about appropriate uses and proposed design requirements, or with the benefit of a planning permission, where development may be challenging.
- 6.2 In this case, it is appropriate to obtain a planning permission because the Council as landowner is choosing to develop the site for a more limited range of uses than those stated in the Local Plan proposals.
- 6.3 The Council needs to consider if, having obtained planning permission for a housing scheme which includes high design and sustainability standards, the site is sold with a requirement to build out the approved scheme, or, the site is sold and the purchaser can choose to obtain an additional planning permission of lower standards.
- 6.4 The Council as landowner, has a track record of disposal of housing land which encourages quality design. The process for selling sites at Drovers Went, Moreton Hall, Bury St Edmunds required prospective purchasers to enter into a design and financial offer competition. The winning developer was chosen on the basis of design criteria as well as the highest price. The outcome at Drovers Went for each phase of development was that the winning design scheme also attracted the highest financial bid. Even though the costs of building and landscaping were higher than those for an average housing development, the developer maintained that while he could achieve a slightly higher sale price, there were significant cash flow savings, as the houses often sold off plan or when under construction and the finance costs were minimised.
- 6.5 Obviously the market conditions of the 1990s are completely different to the current economic climate and the effect of additional costs at the Millfields Way site need to be estimated, as prospective purchasers will seek to deduct these from the price they are willing to pay for the land. In addition, the Council has to be mindful of s123 of the Local Government Act 1972, to obtain the best price for land disposal, while also trying to encourage the wider corporate objectives of sustainability.
- 6.6 Interestingly, Savills has just undertaken research on behalf of the Prince's Foundation. The agents have compared with nearby schemes three developments regarded as benchmarks of good planning. All three projects achieved greater land value uplift than their counterparts, in much the same way as the Drovers Went experience for the Council. The reasons given by Savills were that good design resulted in an enhanced sale price and rate of sale.

7. Financial considerations

- 7.1 The Disposal Programme indicates that land to the north of Millfields Way has an estimated value of £50,000. This value is based on 'community' use of the site and the land will not be re-valued formally until planning permission for residential development is obtained.

- 7.2 For consideration of sale options, the land value with planning permission with no adverse planning conditions for 9 or 10 units, at current land values, is between £325-370,000. However, this estimated market value needs to be treated with extreme caution, given the paucity of comparable land sales in the Haverhill area, and the volatility of demand, mortgage availability and house prices.
- 7.3 Brown & Scarlett have undertaken research on costs of construction of schemes built to high environmental standards. They have advised, using figures back from quantity surveyors who have worked on similar environmental quality schemes and other documentation, that the extra over-cost of building to Level 4 of the Code for Sustainable Homes would be between £10,000 and £15,000 a plot, which would allow for solar panels and some form of heat pump together with a general upgrading of the insulation, etc.
- 7.4 For the purposes of this report, it is assumed that these costs will be taken off the land value (notwithstanding the Council's previous experience at Drovers Went, and the recent research outlined above). A deduction also needs to be made for the additional risks of extended periods for sale of higher specification of the houses and bungalows, as it cannot be assumed that there will be greater demand for better quality houses which will have lower running costs in the future. Additionally, an allowance needs to be made for reducing flexibility for prospective developers of number and type of residential units.
- 7.5 It is estimated that if the Council sells the land with a requirement to build out an approved scheme, the land value may be:-

(a)	in the worst case scenario	£170,000
(b)	a reasonable allowance for meeting the standards	£215,000
(c)	no affect on value, but allowing only 9 plots	£325,000

8. The General Disposal Consent 2003

- 8.1 The 2003 Consent allows local authorities to sell land at less than the best consideration (s123 Local Government Act 1972) where the proposed disposal, or an agreement linked with it, may give rise to non-property benefits to the local authority. The consent requires the valuer to provide the following figures:-
- | | | |
|-----|--|---------------|
| (a) | unrestricted value: ie the market value of the land, sold without the requirement to build out the planning permission | £325-370,000; |
| (b) | restricted value: in this case, building the scheme to the higher sustainable standards | £170-325,000; |
| (c) | the value of voluntary conditions: the difference between (a) and (b) | £0 – 200,000. |
- 8.2 Even with the worse case scenario, the anticipated capital receipt still exceeds the amount currently shown in the Disposal Programme (£50,000, for community uses).

9. Conclusions

- 9.1 It is difficult to be more precise in valuation terms, as there is little market evidence and the cost/value relationship of building sustainable elements is little known. The officers feel that for policy reasons, the Millfields Way land should be marketed with a requirement to build out the approved planning permission.

10. The Sale Process

- 10.1 The intention is to instruct a private agent experienced in the Haverhill area to market the site with a requirement to build out in accordance with the approved planning consent and a supplementary specification drafted in accordance with Level 4 of the Code for Sustainable Homes. The legal process to be used, assuming a reasonable offer is made, will be that the purchaser completes a building agreement with transfer of freehold following when the site had been built out in accordance with the consent and the specification and to the Council's satisfaction.

11. Conclusions and Recommendations

- 11.1 The officers feel that for policy reasons, the land to the north of Millfields Way should be marketed with a requirement to build out the approved planning permission in accordance with a detailed specification drafted to comply with Level 4 of the Code for Sustainable Homes and to the Council's satisfaction.
- 11.2 It is **RECOMMENDED** that:-
- (1) the development and sale proposals in respect of the disposal of land to the north of Millfields Way, Haverhill, as detailed in Report A200 be approved; and
 - (2) the duty under s123 of the Local Government Act 1972 be relaxed in accordance with the powers provided in the General Disposal Consent 2003, if necessary, as detailed in Section 8 of Report A200.

For further information, please contact:-

Betty Albon, Corporate Property Officer

Telephone: (01284) 757307, or email: betty.albon@stedsbc.gov.uk

Land north of Millfields Way, Haverhill – Development Diagram

APPENDIX A

