

Affordable Housing Application Briefing Note

Princess Royal Barracks

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Deepcut

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1 INTRODUCTION

- 1.1 In 2014 the Ministry of Defence (MoD) selected Skanska as its Land Sale Delivery Partner for the redevelopment of Princess Royal Barracks, Deepcut and the construction of a new Defence College of Logistics, Policing and Administration at Worthy Down Camp in Winchester. The construction project at Worthy Down has completed and was funded entirely independently from the Princess Royal Barracks redevelopment
- 1.2 At Princess Royal Barracks the MoD retains freehold of the site until it is sold in phases to residential developers, ancillary use developers (such as the Public House and Foodstore) or land is transferred to the Borough Council or County Council in accordance with the s106 Agreement. The emerging new development is known as Mindenhurst Village.
- 1.3 The Defence Infrastructure Organisation (DIO) and Skanska support the MoD in the timely delivery of Mindenhurst Village in accordance with hybrid planning permission 12/0546 (as amended) and its s106 Agreement (as amended). This is done by:
 - (i) Physically providing the relevant on-site and off-site infrastructure to support residential occupation (in accordance with the phasing and timings in the planning permission and s106) in advance of occupation.
 - (ii) Marketing development parcels as soon as land becomes available in accordance with the phased decant and closure of the base, and seeking open market value for the MoD on a serviced parcel basis
- 1.4 In effect, the MoD is responsible for the cost and delivery of all works associated with implementing the planning permission excluding residential development, the public house, the care home, food store and village centre shops. The residential house builders are only responsible for the market risk within their own development and have no exposure to on-site and off-site infrastructure costs.
- 1.5 The on-site and off-site infrastructure costs are forward funded and reimbursed from land sales. It is imperative to have the affordable housing fixed at land sale to ensure the approved on-site and off-site infrastructure costs can be funded and the development as approved can therefore complete as approved in the planning permission, such as the Primary School & Nursery, Village Green, Spine Road, SANGS.

- 1.6 Skanska are responsible for providing the infrastructure works and managing the disposal of the land in various parcels.
- 1.7 To date, the MoD have provided approved infrastructure including the Primary School and Nursery, Northern Access Roundabout, Spine Road, Central SANGS, Village Green, cycle and pedestrian infrastructure, telecommunication, and power infrastructure, drainage infrastructure, and off-site highway works.
- 1.8 More infrastructure than this remains to be delivered, including Southern SANG, SANGS Link, Formal Park, Church Hall, Sports Hub, ANGST, further cycle and pedestrian infrastructure, telecommunication and power infrastructure, drainage infrastructure, and all remaining off-site highway works.
- 1.9 Development land comprising 363 dwellings across 3 phases, plus a Public House site, have been purchased by developers to date. Further residential development land cannot be marketed until the affordable housing provision for each phase and the overall site has been approved.

2 AFFORDABLE HOUSING PLANNING HISTORY

- 2.1 Below is a brief history of affordable housing planning policy and approvals as it relates to Mindenhurst development.

2012

- 2.2 Policy CP4 of the Core Strategy Development Management Plan sets a target to seek 35% affordable housing for the site.
- 2.3 Policy CP4 – Deepcut

Provision will be made for new housing development on land at Princess Royal Barracks, Deepcut (as shown on the Proposals Map). This site will provide some 1200 net new dwellings and is anticipated to deliver housing from 2016 onward.

New development on land at Princess Royal Barracks and on other sites within Deepcut should contribute toward the delivery of an expanded rural settlement at Deepcut which will create a new

community that is vibrant, sustainable, comprehensive, and well designed. In particular new development will be required to contribute toward delivery of the following:

- (i) A safe and high-quality environment reflecting the rural nature of Deepcut setting.*
- (ii) A **target of 35% of housing provision to be affordable**. Housing mix shall reflect identified need in accordance with Policy CP6.*
- (iii) Opportunities for local employment which may include provision of small business units.*
- (iv) Improved provision of retail and associated Class A uses to create sustainable shopping patterns.*
- (v) An enhanced or new village centre.*
- (vi) Community infrastructure including a new primary school, new health facilities, enhanced library provision, enhanced community hall provision and possibly a place of worship.*
- (vii) Physical infrastructure that is climate change resilient in particular addressing the issue of ground and surface water flood risk.*
- (viii) Residential development shall achieve CO2 reduction and water efficiency in line with Code Level 6 of the Code for Sustainable Homes.*
- (ix) New commercial or industrial development should achieve zero carbon and efficient use and recycling of other resources in line with national requirements.*
- (x) Measures to reduce the impact of traffic upon and arising from Deepcut which will include reducing demand for travel, improved public transport provision, a safe integrated footpath/cycle route network linking to neighbouring settlements and key services and improvements to the surrounding highway network.*
- (xi) Measures to avoid new development having an impact upon the European Sites. (xii) Measures to avoid new development having an impact upon the features and sites of local importance for biodiversity.*
- (xiii) Maintain the countryside gap between Deepcut and Heatherside and Deepcut and Frimley Green.*
- (xiv) Open space as part of a wider green infrastructure network to include formal public open space and informal open space, including Suitable Alternative Natural Green Space (SANGs).*

(xiv) Enhancement of the setting of and improved linkages to the Basingstoke Canal.

(xv) Measures to avoid new development having an impact upon the features and sites of heritage importance, including the Basingstoke Canal and St Barbara's Church.

- 2.4 The policy indicates that 35% Affordable Housing should be sought at Deepcut as a target. If it is demonstrated that 35% is not viable, then the viable percentage can be agreed by the Council instead.

2.5 *Policy CP5 – Affordable Housing Over the lifetime of the Core Strategy.*

The Borough Council will seek a target of 35% of all net additional housing as affordable, split evenly between social rented and intermediate. The Borough Council will negotiate the overall quantity and type of on-site affordable housing on a site-by-site basis, based on the following thresholds and targets: - Developments of 5-9 units (net) – 20% on-site provision Developments of 10-14 units (net) – 30% on site provision Developments of 15 or more units (net) – 40% on site provision.

The Borough Council will also negotiate a 20% affordable housing equivalent financial contribution on sites of 3-4 units (net). In seeking affordable housing provision, the Borough Council will assess scheme viability, including assessing the overall mix of affordable unit size and tenure, other development scheme costs and any Housing Corporation grant subsidy secured. A financial contribution in lieu of provision for affordable housing on developments of 5 or more units (net) will only be acceptable where on-site provision is not achievable and where equivalent provision cannot readily be provided by the developer on an alternative site. The approach to seeking financial contributions in lieu of on-site provision will be set out in an Affordable Housing SPD.

The requirement to provide affordable housing will apply to all residential development including private retirement homes, sheltered accommodation and Extra Care schemes where these fall within Use Class C3. Schemes will be refused, where as a means of avoiding affordable housing provision, a development site is sub-divided or is not developed to its full potential.

- 2.6 While the policy indicates a target of 35% Affordable Housing it is then qualified by negotiation on a site-by-site basis and a range of sub-targets related to the quantum of the development.

2013 / 2014

- 2.7 Hybrid Planning Application 12/0546 was submitted on the basis of complying with the target affordable housing policy. At Planning Committee, members asked for the percentage to be reserved

for agreement later. The formal planning permission and s106 respected this resolution, with no reference to a target percentage in either the planning permission or the s106 documents.

2.8 Condition 9 is drafted as follows:

"The first reserved matters application for each phase shall include an Affordable Housing strategy for that phase which shall include:

- a) *The number and percentage of affordable housing units to be provided in that phase*
- b) *Details of the type and tenure of the affordable housing units*
- c) *a plan identifying the location of the affordable units within the development and their tenure*

Each phase of development shall thereafter be implemented in accordance with the approved strategy unless otherwise agreed in writing with the Local Planning Authority.

Reason: To ensure that the level of affordable housing is appropriate and to meet the objectives of Policy CP4 of the Surrey Heath Core Strategy and Development Management Policies 2012 and the objectives of the Deepcut SPD"

2.9 As per the above drafting, no affordable housing percentage was set for the site, just the policy aspiration to target 35% unless this is not viable. The affordable housing percentage for a phase (and the entire developer once each phase is approved), is to be set via Condition 9 approval(s) post hybrid permission. To comply with Policy CP4, a Condition 9 application should target 35% if possible. If not possible to achieve 35% affordable housing, then it is valid to propose and approve the percentage of affordable housing that the site can viably achieve instead.

2017

2.10 On 10 February 2017 Condition 9 is discharged for the Phase 2a and Phase 2b, prior to their marketing and sale to Bovis/Vistry and CALA Homes in due course. It was known at this time that the development as a whole as approved would not be able to viably provide 35% affordable housing. But to complete land sales in order to comply with the timings in the s106 Agreement in respect of on-site and off-site works, and to secure the first residential developers for the site, it was agreed to submit at 35% affordable and balance across the remainder of the residential phases of the site in due course. It is that balancing which is being sought now.

2.11 The decision notice for Condition 9 approval of Phase 2 states:

"The Council notes that the submission has come forward outside of a reserved matters application and because of these full details of the type of intermediate housing to be delivered along with a plan identifying those units has not been provided. It is however noted that the purpose of the submission is to seek clarification on the level of affordable housing provision the Council is likely consider acceptable in the first phase of residential development on the site (also known as phase 2 of the sitewide).

It is noted that the submission seeks agreement on a 35% policy compliant provision in both the Southern and Northern parcels with the mix to be delivered complying with that specified in the s106 agreement. It is noted that the submission made seeks to discharge elements of part a) and b) of the above condition in so far as it relates to the first residential phase of the PBR redevelopment.

It is also noted that this submission is made on the basis it will not prejudice on-going discussions as to the viability of the site and the level or percentage of affordable housing the site can deliver as a whole and, on this basis subsequent residential phases will be subject to their detailed own affordable housing strategy.

The Council note the above and agrees that the reserved matters application(s) for the first phase of residential development comprising the Northern and Southern parcels should be progressed in accordance with the submitted details. The reserved matters applications(s) to be submitted for the respective parcels comprising phase 2 must detail the number of units to be provided within the phase (35% of the total number within the phase/parcel) together with details of the tenure of the affordable units and a plan showing the same as required by condition 9.

It is also agreed that the overall site wide provision will be subject to future discussion, the submission of an affordable housing strategy and subject to approval by the Planning Applications Committee"

- 2.12 The 35% provision on Phase 2 was thus an interim arrangement pending the agreement of site wide viability and the consequent quantum of affordable housing it is possible to deliver across the site. This solution allowed the development to progress in a timely manner.

2019

- 2.13 Prior to marketing of Phase 4a and subsequent sale to Trivselhus, Condition 9 is approved for Phase 4e at a level of 0% affordable housing.

- 2.14 The Council noted the following on the decision notice:

Given the recognition that 35% site wide provision may not be possible on viability grounds it is not considered this is unacceptable”

2021

- 2.15 In January 2021, approval for Condition 9 was sought for all remaining phases prior to their marketing and sale, as per the process established above for Phase 2 and Phase 4a.
- 2.16 As in 2014 when the hybrid permission was approved, the MoD aspiration was to seek to comply with Policy CP5 target 35% affordable housing. In 2014 only an outline proposal was known, with associated indicative costs. During the process of seeking Reserved Matters Approvals the scope of works has increased significantly in many areas compared to the indicative outline scheme granted in 2014, including enhanced grades of road infrastructure and electric vehicle charging requirements that were not factored into the original proposal. The MoD has sought to provide these and absorb the cost of the increased scope of works sought where possible.
- 2.17 In addition, the original Land Quality Assessment included some limited sampling of the site for the existence of contamination, the selection of sample location was based on the historical use of the land, the investigations concluded that a low contamination risk existed in 2014. On site work has uncovered that more work was necessary to enhance land quality either to sell to developers or to be adoptable by the Borough Council or County Council. This is necessary work to undertake or the development will fail to be delivered as approved.
- 2.18 Additionally, there has been significant cost inflation as a result of the pandemic which means that any uplift in land/house prices in recent times does not prove of net benefit to the overarching development viability.
- 2.19 The Council commissioned an independent review of the development's viability, conducted by BPS Chartered Surveyors and Geoffrey Barnett Associates. The independent review concludes that 15% affordable is viable for the remaining phases based on affordable rent and intermediate housing.
- 2.20 The MoD has followed this independent review and has applied for Condition 9 in accordance with the outcome. The MoD also acknowledges that site wide viability could improve between now and the completion of the last land sale, so is offering an upward only review mechanism to that the Council can capture any viability improvement.

- 2.21 When combined with the 35% affordable provided on the Phase 2, and the 0% provided on Phase 4a, the overall site wide affordable housing provision is 20%.

3 RESIDENTIAL PARCELS

- 3.1 The remaining land parcels will be marketed in batches as soon as Condition 9 is approved in October, with all marketed by Spring 2022. The planning permission expires in April 2024, so between Spring 2022 and April 2024 all land sales need to complete, developers design their schemes, progress pre-application consultation with the Council and Design Review Panel and formally submit their Reserved Matters Planning Applications.
- 3.2 The land sale programme is based on working back from the permission expiry date of April 2024 and allowing 10 months from commencement of marketing to formal completion of sale (following due diligence, exchange of contracts etc) and then a further 12 months for the residential developers to produce their design, pre-application engagement and submit their Reserved Matters Application.
- 3.3 The residential developer will be responsible for agreeing with the Council the mix and the location of the affordable units on site. They are contractually blocked from renegotiate affordable housing provision and seeking a lower quantum. This is as per all MoD land sales to developers to date.
- 3.4 This is a significant endeavour for up to 837 new dwellings from multiple developers, alongside applications for the Food Retail Store, Care Home and all the remaining MoD infrastructure works. It is still realistic if Affordable Housing can be approved in October. If Affordable Housing approval is delayed any further, then this will undermine the credibility of delivering the hybrid planning permission as approved before expiry.

4 SMALL SITES PROPOSED WITH NO AFFORDABLE HOUSING

- 4.1 The development has two remaining small sites capable of accommodating less than 20 dwellings. Following liaison with the Council's recommended Registered Providers there is concern that affordable housing would not be possible to provide and administer on such sites. As a result, the MoD has followed this advice and proposed to increase affordable housing on larger parcels where provision and administration is not in question. This will ensure provision of the full overall quantum of affordable housing dwellings on site.

5 AFFORDABLE TENURE

- 5.1 The MoD has followed the Council's commissioned independent review of our submitted BNP Viability Assessment of the site, which proposed Affordable Rent tenure rather than Social Rent, as per the Phase 2b Condition 9 approval. This allows for the overall affordable housing percentage per phase and for the site to be maximised, rather than reducing the percentage to accommodate Social Rent, and is accordingly considered optimum for the site on balance.

6 REVIEW MECHANISM

- 6.1 The MoD acknowledges that site wide viability could improve between now and the completion of the last land sale, so is offering an upward only review mechanism so that the Council can capture any change in the project viability. It is imperative that the review mechanism can be undertaken in a timely manner that does not delay land sales and undermine delivery of the permission before expiry.
- 6.2 Mechanisms that would work time wise have been discussed with officers and the MoD is willing to follow the preferred mechanism, be it affordable housing review before last land parcel is marketed or a financial overage payment after final land sale completion that could be used to support affordable housing provision in the Borough.

7 SUMMARY

- 7.1 The MoD has followed the Council's independent viability advice in order to seek to maximise viable affordable housing provision in this Condition 9 submission. A review mechanism is proposed that will allow the Council to capture any increase in viability between now and last land parcel sale. Feedback from the Council's Registered Providers has also been followed and shared with officers.

- 7.2 Approval is essential in October 2021 due to the expiry of the planning permission in April 2024 and the need to market, complete, design, pre-app engage and apply for all remaining development before then (circa two thirds of the remaining site in terms of housing and infrastructure).
- 7.3 Rather than a percentage of affordable housing per phase, the MoD is proposing a fixed number of affordable housing dwellings per phase based on 15% of the maximum consentable dwelling that can be accommodated on a phase (complying with the 1200 home planning permission limit on the site). Therefore, if less than the maximum possible dwelling are approved by the developer on each phase as Reserved Matters stage, then as the affordable housing dwelling quantum is fixed, resulting in an excess of 15% will have been provided. As context, only Phase 2b (CALA homes) has secured permission for the maximum quantum of dwelling per phase, and that was a special planning case due to being the first residential phase consented.
- 7.4 In conclusion, as independently assessed, the proposal has sought to provide the maximum quantum of affordable housing once 35% was unfortunately impossible to achieve. The Council and community is protected against this being an under provision by virtue of a proposed review mechanism.
- 7.5 The Condition 9 proposal is in accordance with Planning Policy, the hybrid planning permission and s106, and the planning approval history for Condition 9.
- 7.6 Approval in October would enable the provision of the overall Mindenhurst Village development before the expiry of the planning permission, for the overarching benefit of the Council and local community. Accordingly, we hope the application is one that Council Officers and Members can support, despite the shared disappointment of it not being viable to provide 35% affordable housing site wide.