

RTPI Networks Event 2 July 2009

London Borough of Barnet:
Responding to the Recession
S106 Interim Guidance

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Structure of Presentation

- The Barnet Context
- Key developer concerns
- The role of Planning Obligations
- Delivering flexibility
- Development Management processes

The Barnet Context

- Outer London Borough – high quality of life and high housing targets
 - London Plan target of 20,550 new homes by 2017/18
 - 36% of housing target for North London sub-region
 - Annual delivery of approx 1886 new homes,
 - Currently achieving just above target but delivery of pipeline schemes slowing

The Barnet Context

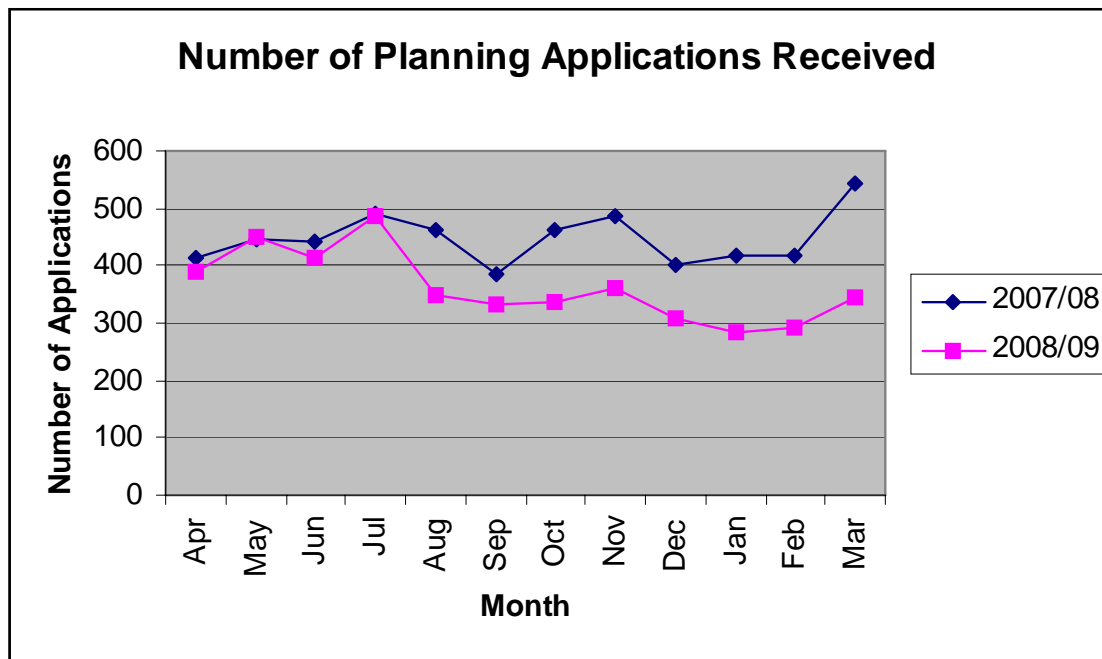
- Three Strands Approach – Protect, Enhance and Grow
- Areas of Growth:
 - 2 Opportunity Areas – BXC, Colindale
 - 1 Area of Intensification – Mill Hill East
 - Estate Regeneration (Dollis Valley & Stonegrove).
 - Town Centres – 6 Town Centre Frameworks.
 - Public Sector Development – PSCIP, Barnet College, Middlesex University, PCT Primary Care Strategy
 - High land values generating windfall sites across the borough.

The Barnet Context - Policy

- London Plan – Amended Feb 2008
- Barnet UDP - Adopted May 2006 (emerging LDF)
- Planning Obligations SPD - Sep 2006
- Affordable Housing SPD - Feb 2007
- Sustainable Design and Construction SPD - May 2007
- Contributions to Education - Jun 2008
- Contributions to Libraries - Jun 2008
- Contributions to Health to be adopted - July 2009

The Barnet Context

- Drop in no. of Planning Applications:



Key Developer Concerns

1) Financing:

- Overall quantum of costs
- Securing sufficient debt finance
- Securing inexpensive debt finance

Key Developer Concerns

2) Balancing the Books

- Existing vs. Proposed use value
- The margins - Viability concerns
- The Cost Profile of Development

Key Developer Concerns

3) Uncertainty

- Unknown risk factors
- Unquantifiable costs
- Ownership of risk

Role of Planning Obligations

● **Circular 5/05**

- Prescribe, Mitigate and Compensate
- Must deliver within the 5 tests: *Relevant, Directly Related, Necessary, Related in Scale, Reasonable.*

● **Capital Financing**

- Many public sector infrastructure projects to be delivered and all have targets/urgency.

Role of Planning Obligations

● **Timing**

- Delivery of the contributions must meet the needs of the development in a timely manner.

● **Value**

- Contributions must deliver, alone or pooled, the funds necessary to enable the project to start.

● **Systems**

- Systems must be in place to properly manage and ensure the terms of contributions are understood.

Delivering Flexibility

- Current practice of ad hoc support and variations for developers to address impacts of recession.
- Unreasonable expectations of developers, and lack of clarity and consistency over the limits of flexibility.
- Need for clear document to guide and formalise processes for considering flexibility during the recession.

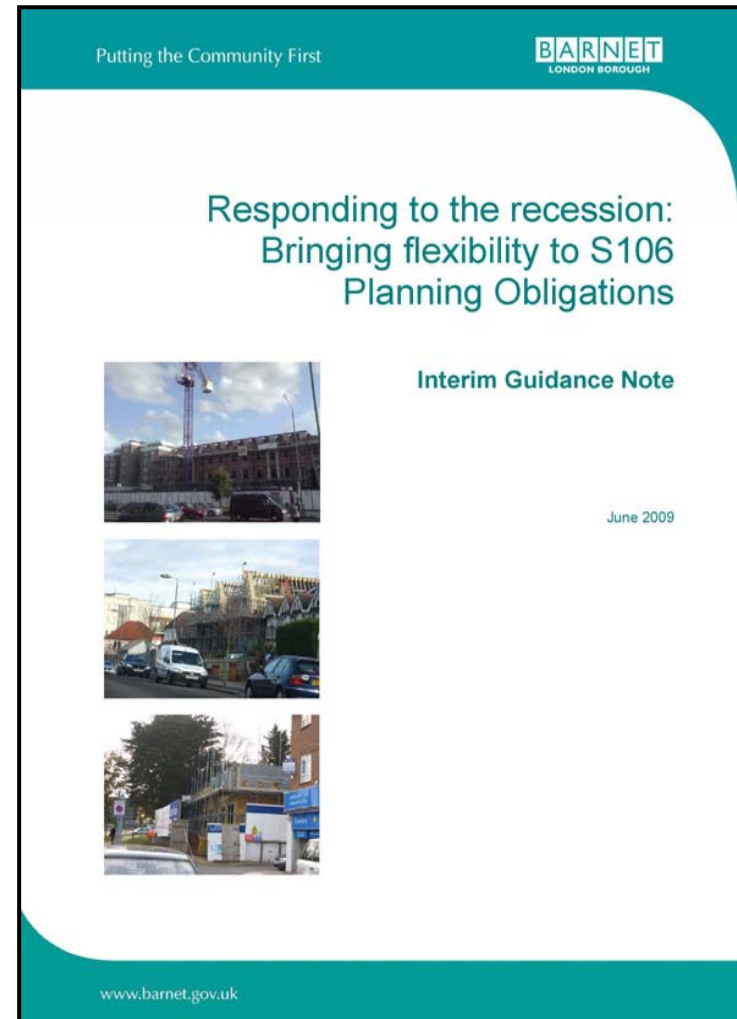
Delivering Flexibility

Commenced Drafting - April 2009

Directors Approval - May 2009

Public Consultation - July 2009

Final Cabinet Approval – Sept 2009



Delivering Flexibility

● **Methods for Introducing Flexibility**

- Spreading the period over which the burden of planning obligations will fall.
- Reducing the initial burden so that contributions are to be delivered when sales expected to begin.
(ensure the trigger is 'x' years after commencement, rather than occupation, as it's easier to monitor)

Delivering Flexibility

● **Methods for Introducing Flexibility (cont.)**

- Viability appraisals to consider the affect of affordable housing and other burdens
(independent assessments of appraisal assumptions should be undertaken at the developers expense, these appraisals should only be valid for a short period e.g. 12-18 months in order to be relevant)
- Reconsidering previously approved applications via deed of variation in a formal manner or creation of a 'repayment plan' to enforce more informally.

Delivering Flexibility

● Exclusions

- Code for Sustainable Homes Standards
- Monitoring Contributions (up to £2500)
- Mitigation of Immediate Impacts of Development.
- Construction Management / Travel Plans.
- Construction Training, Employment and Skills
- Non-exceptional development costs
(*e.g. demolition, surveys, ground conditions...etc*)

Development Management Processes

- **Approaching the Council**

- Developers encouraged to approach the Council prior to submission of planning application.
- Applications to be made in writing to the Head of Development Management
- Council is not liable for any 'greater than normal' costs if the viability appraisal submitted at application stage.
- Use of S106 agreement only to secure flexibility

Conclusions

- Opportunity to work proactively with developers to enable development to continue to come forward during the recession while protecting public interest
- Deferred payments rather than reduced payments
- Requirement of evidence from developer of inability to secure loans
- Clear approach to exclusions
- Clawback and review mechanisms proposed based on independent viability assessments
- Clear requirements to meet repayment dates and provide notification of commencement
- Interim guidance only so existing s106 SPDs remain in place
- Lifespan of 2 years then to be reviewed on basis of state of the economy