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Is it time to take another look at Section 106 agreements to help deliver housing projects?



Local authorities and central government need to take another look at Section 106 agreements, says Colin Brown, Director of Planning at consultant surveyors, Januarys. He warns that agreements drawn up at the height of the housing boom may no longer viable and could cause projects to become stalled.



Section 106 agreements, or planning gain, allow councils to acquire community or infrastructure projects in return for giving the green light to housing developments.

"This local example is typical of many across the country and indicates the problem with Section 106 – it's a one size fits all approach that doesn't always work.

"Whilst in principle we're all in favour of councils being able to acquire something that's of benefit to the whole community, we think there needs to be a rethink as to what that something might be.

"Possible ideas could include councils giving the developers free land, setting up housing associations with them and taking a percentage of the profits.

"In extreme circumstances, developers could even be allowed to apply to the Homes and Communities Agency for grants to fund the affordable housing as has already happened in London.

"In return, the developer could commit to start work on the project within say six months.

"Cambridgeshire Horizons has also come up with some possible alternatives. A tariff to pay for transport infrastructure set according to land values is an interesting idea, for example.

"One thing is clear; until the property market fully recovers, everyone involved in the planning should be thinking laterally to ensure homes are built and councils still achieve planning gains for the community. And even when times are better, Section 106 agreements may never be the same again."

"When times were good," said Mr Brown, "Councils could ask for pretty much anything in return for letting a developer build their homes.

"Some councils went for roads and schools, but many more were keen on getting large numbers of social houses built.

"At the time the agreements were signed, developers could afford to be quite generous with their 106 deals and still make a profit. As a result, nearly half of all the affordable homes that have been built so far have been funded through such agreements.

"Today, with the housing industry facing challenging times, those agreements could make many developments unviable. Planners need to adopt a more flexible approach which in turn could help to being development forward.

"A good example of this is on Glebe and Clay Farms, where the developer had originally agreed to make 40% of the 2500 proposed homes available for social housing.

"Now, with prices having dropped, the developer wants at least the first phase to contain just 16.5% affordable housing.

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Well positioned Norfolk site has permission for 10 Chalets

A site of around 5.5 acres in Blackborough End, with planning permission for 10 chalets, is being offered for sale freehold by Januarys.

Blackborough End is a rural village around 30 minutes from the North Norfolk coast and just five miles from Kings Lynn. As such, it's ideally located for such a site, which will also contain an administration block and a substantial wildlife lake.

Planning permission has been granted for the development of five two bedroom cabins and five three/four bedroom cabins and Nick Muncey, who is handling the property on behalf of Januarys, is confident that this is a highly desirable development proposition. So long as the owners have another house within the UK, there are no time restrictions on occupation. Normally on holiday properties, occupancy is limited to ten months of the year.

"Norfolk is a wonderful place to go on holiday. Families and couples can all find plenty to do whether they want to be on the coast or inland and these chalets, once completed, will offer holidaymakers convenient access to either.

"The numbers of people choosing to holiday in the UK is only likely to rise and developments like this will only increase in value as the years go by. As such, Blackborough Lane is an extremely attractive opportunity."



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Januarys helps local retailer to succeed

The national press is full of stories about the death of the high street. However one local retailer, Cambridge Wine Merchants, is bucking the trend, with a little help from Cambridge consultant surveyors Januarys.



When Threshers, the off licence on Cherry Hinton Road, closed its doors for the last time, it seemed yet another victory for the recession and another blow to the viability of the little parade of shops which served the local community.

Januarys, however, had other ideas. They were asked by the freehold owners of the property to find another tenant and after some searching came up with Cambridge Wine Merchants. Although on the face of it it might seem slightly strange to rent a unit to the same type of business as the one that had just failed, Cambridge Wine Merchants is a very different beast to Threshers.

To begin with, it's a specialist wine merchant with specialist knowledge. The company – which now has four stores in the city – carries an enormous range of wine from large and small vineyards around the world.

Equally as important, Cambridge Wine Merchants is an independent, local firm. As a

result it's not restricted as to what it can sell by any national parent and so buys wine based on knowledge and experience rather than price and expediency.

Like so many independent stores, Cambridge Wine Merchants sells to discerning customers and doesn't rely on price cutting or bulk selling to make its profits, although thanks to its policy of buying direct from the cellar door it offers very keen pricing. It's simply more in tune with the needs of its customers – and the surrounding community – than a national company.



Nick Muncey from Januarys said, "We're delighted this unit has gone to an independent, local business. We're acutely aware of the important role retail plays in the community and anything we can do to help, even if it's only small, has to be a good thing."

Are you ready for the ratings appeals?

April 1st marks the start of the ratings appeals season and Desmond Hirsch, the Head of Commercial Services at Cambridge consultant surveyors Januarys, is urging all businesses to check their new rates to see if it's worth going to appeal.



"By now, every business should know what its rates are going to be from April 1st and there are two very good reasons why firms should look closely at what they're being asked to pay.

"Firstly, the new rates are based on rental values which were in force in April 2008. This was of course before the financial meltdown and as a result many premises will be worth considerably less today than they were two years ago.

"Does the proposed rate reflect the peak of the market or had there already been a fall in values by April 2008 so that there might be a case for a rate reduction?"

"Secondly, this rate revaluation only takes place once every five years. Once it's agreed, it can't be changed until 2015. Accept an incorrect valuation now and it could be an extremely expensive mistake.

"Even if the figures look fine at first glance, it's always worth taking a closer look as there may also be factual errors.

"If a company is unhappy with the charges, it needs to take professional advice now. Firms' chances of succeeding in their appeals are greatly increased if they employ consultants who know how the system works. In some cases, consultants have managed to save clients 25% of their total bill."