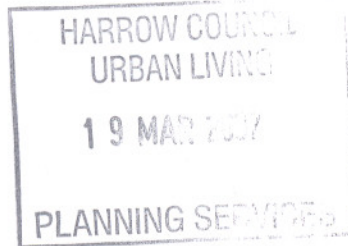


Date: 8th March 2007
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Harrow Council
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Dear Sir/Madam

Development at 29-33 Pinner Road, Harrow

As part of the Council's consideration of the amended application for the above site, I am writing to ask that the pricing elements of the affordable housing in the Section 106 Agreement be reconsidered.

The relevant points are as follows:

- Planning consent was originally granted at the Development Control Committee on 28th July 2004;
- The S106 Agreement was signed on 4th May 2005;
- Clause 3 of the Second Schedule of the Agreement sets the maximum price to be paid by the RSL at £1,319,000;
- No mechanism for uplifting this price for inflation was included in the Agreement;
- As a result of redesigning the original scheme, the smaller apartments have been increased in size (in some instances by more than 2.3 sqm) to provide better designed accommodation;
- The RSL is obtaining an improved scheme to the original one agreed.

In my experience, it is very unusual for Section 106 Agreements not to include a mechanism for indexation of prices and costs. Most Supplementary Planning Guidance includes such a provision where the price to be paid is related to some kind of cost matrix, such as TCI. I am aware that most Section 106s or SPG/SPD will refer to the building cost index produced by the Building Cost Information Service (BCIS), Property price indices published by one of the banks or building societies or even the Retail Price Index.

Almost two years have elapsed since the Agreement was signed, during which costs, incomes, values and rents have all very clearly continued to rise. Moreover, the RSLs my client has spoken to are quite prepared to offer a fair increase in the price for the affordable housing, but feel constrained by the Agreement.

Allowing for inflation at RPI since the signing of the Agreement would add exactly 5% to the figure contained in the Agreement, which my client believes is the minimum he is able to accommodate.

In the event that the Accommodation Schedule in the Section 106 has to be amended to take account of the revised scheme, my client would consider it reasonable to allow for an increase in the cost threshold to £1,384,950. This does not automatically mean that this is the price the RSL will pay, but it gives my client some room for manoeuvre to recover some of his increased costs.

Yours sincerely

Richard Broomfield Dip TP MRTPI
Portfolio Development Consultancy

