



## **PLANNING AND DEVELOPMENT OF THE OLD CEMENT WORKS**

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### **Introduction**

1. The site presented is brownfield land, The Old Cement Works, in Colne, Borough of Pendle, Lancashire, BB8 8HW, on the west side of Knotts Lane, grid reference SD, easting: 38852080 - northing: 43928970. Its total size is 0.3ha(0.75acres), and is vacant and mostly cement ground. (appendix 1) The site is adjacent to Knotts Lane in Colne and an estate road will lead directly from the Lane to all five houses and their garages.
2. Colne is a town and civil parish six miles northeast of Burnley, 25 miles east of Preston, 25 miles north of Manchester, and 30 miles west of Leeds. The M65 linking it to Preston terminates at the west end of town, whence the A56 leads onwards to Skipton and the A6068 to Keighley in Yorkshire. Colne railway station is the terminus of the East Lancashire railway line, at the other end of which is Preston, making Preston effectively Colne's gateway to most parts of the UK.

### **Planning history**

1. Planning permission had been granted to a previous applicant (13/13/0387P) to erect three dwellings on the same site. This applicant, the previous owner, was unable to continue and sold on to the present applicant. The superseding Application 13/15/0610P for residential development of 0.3ha of land was granted on 12 February 2016 and full planning permission given (subject to conditions) to erect five 4-bedroom detached dwellings of two storeys each, with back gardens and private garages. Public parking space has been provided which the Highway Development Control Section has approved as adequate to the development. There are no environmental impacts other than the ones set out in paragraphs 2.f. & g., below, and no listed buildings or conservation areas are involved.
2. The conditions imposed by the Planning and Building Control of Pendle Council derive from the Town and Country Planning Act 1990, Town and Country Planning (Development Management Procedure) Order (England) 2015 and Wildlife and Countryside Act 1981, and are:
  - a. Development shall be commenced within 3 years of the date of permission.
  - b. Development shall conform to the design plans proposed and submitted to the Control.
  - c. Within two weeks of building works commencing, samples of the exterior materials to be used shall be submitted to the Control for approval.
  - d. Window openings shall be set back from the exterior wall by at least 70 mm.

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- e. Within two weeks of building works commencing, two separate schemes for the disposal of foul and surface waters shall be submitted to the Control for approval.
  - f. Before works may commence, a method statement shall be approved by the Control specifying methods, standards and timing for investigating and remediating any contamination on the site already present or resulting from development.
    - i. This includes an investigation of the contamination already present on the site, which is brownfield land and formerly a cement works, to assess its magnitude and the chance of its migrating off the site because of the works.
    - ii. It also includes the duty of decontaminating whatever contamination is found.
  - g. Development shall conform to Pendle Council's recommendations concerning the protection of the natural habitat of bats and barn owls per the Wildlife and Countryside Act 1981.
  - h. Within two weeks of building works commencing, a landscaping scheme shall be submitted for approval by the Control.
  - i. Adequate car parking area shall be paved in accordance with a scheme approved by the Control.
  - j. During the works time, facilities shall be provided to clean the wheels of vehicles coming off of the property in order to keep Knotts Lane clean.
  - k. Before any other development may be built, an estate road shall be constructed in accordance with the Lancashire County Council Specification for Construction of Estate Roads.
  - l. The garages shall never be used for any purpose precluding their use for parking motor cars.
  - m. Before any other development may be built, a scheme for construction of site access and off-site works of highway improvement (including construction of a footpath required by the Highway Development Control Section) has been submitted and approved by the Control.
  - n. Before building works may commence, a Traffic Management Plan shall be approved by the Control.
3. The likelihood of serious contamination from building a new development on the site of former cement works is low, as this kind of works produced simple material without exotic processes and toxic chemistry. The main concern would be excess dust thrown up by the new construction itself. Therefore, it could be anticipated that little or no extra costs will be incurred from proceeding with development. Nonetheless, advance information should be sought from specialist surveyors (e.g., LABC Warranty, 2017).
4. Section 57 of the Town and Country Planning Act 1990 mandates that property development is unlawful without prior "planning permission" obtained from the local planning authority. Permission has been got but only after developer amended first development plan in which houses featured extra storeys, in order to accommodate neighbours living next door at Knotts Farm, who objected to aspects of the design which overshadowed their property and raised privacy

concerns. These issues are classified as “amenities” by the 1990 Act, which mandates the local planning authority to take account-of when granting or withholding permission (Chapter II, Section 215). Loss of amenity constitutes an established ground for objecting to permission, as illustrated in the training manual of anti-development activists (Allen, 2010). Developer’s design amendment to accommodate objectors itself constitutes admission that the objections were valid; if we ignore that history, the neighbours will feel betrayed, and will probably contest the expanded plans before Pendle Council or in court, adding further delay and expense to the development project. Hence, it would be cheeky for developer to reverse himself ex post and “put the pedal to the metal” in attempting to optimise the scale of his return on investment.

5. The 1990 Act originally required solely the local and national public authorities to consider all the issues that might weigh against permission, looking after the interests of all other (private) stakeholders. Since then, however, the Localism Act of 2011 has intervened to authorise the local populace to become actively involved in town and country planning (see esp. Schedules 9, 10, 11). A corresponding National Planning Policy Framework (NPPF) was issued strongly commending conservation of neighbourhood “amenities” in deciding permissions; consider for example Core planning principles, paragraph 17, 4th point: “always seek to secure high quality design and a good standard of amenity for all existing and future occupants of land and buildings” (Dept for Communities and Local Government, 2012, p5). These are high-level constraints which all developers would be wise to heed all the time.

**Residual valuation**

GDV = 5 HOUSE x £350 000	£1 750 000	(A)
Building costs	£904 315	(B)
Professional fees at 12%    £904 315 x 12%	£108 517	(C)
Short term finance at 10% for 1 year = (£904 315 + £108 517) x 10% =	£101 283	(D)
Contingencies at 5% (£904 315 + £108 517) x 5% =	£50 641	(E)
Agent sale costs at 2% of GDV	£35,000	(F)
Profit and risk at 13% of GDV	£227 500	(G)
Total costs	£1 427 256	(H)
	1 750 000 – 1 427 256 =	322 744    (I)
PV £1 in 2 years at 10%	0.8264463	(J)
£322 744 x 0.8264463	£266 730	(K)
Land acquisition costs at 6%	£15 098	(L)
Maximum available for site purchase – net	£251 632	

A. The GDV is the best estimate of the capital value of a completed development. It is calculated by multiplying the total estimated value of each house by the number of the houses in the development. In the case of the Old Cement Works development, there are five houses worth £350 000 each, for a total of £1 750 000.

There is an element of risk in such an assessment, as the properties have not been sold yet and market values are subject to change without notice. No projection of future value is made; instead, valuation is based on information derived from actual values on the current market.

B. Building costs are assessed as accurately as possible on the basis of the BCIS Quarterly review of building prices, Issue No. 146 of September 2017. This is a rough estimate, however, and advice should be taken from a quantity surveyor who will know best how to refine the cost-estimate as the project progresses. It was also deemed advisable to build into the valuation a margin allowable for contingencies, to cushion the developer's estimated profit from moderate cost overruns. The total internal floor area of each house is 1347 sq. ft. (125.14 sq. m.), plus 177 sq. ft. (16.44 sq. m.) or 300 sq. ft. (27.87 sq. m.) for each of the two types of garage. Total 730.76sq. m.. The price per square meter for a detached house is £1250 x 0.99 (Lancashire regional index). = £904 315.

C. Professional fees are an essential part of the total cost to afford the input of the range of professionals necessarily involved in the development process: an architect, a quantity surveyor, an electrical engineer and others. Estimated fees fall in range of 12-15% of the total building cost. As residential schemes are less demanding, costs tend to be lower, and 12% is probably the more realistic estimate in Colne.

D. Short term financing is calculated on the sum of building cost and professional fees at 10% interest for 2 year, which is one half of the projected building time.

E. It is advisable to factor-in a contingency cost as an integral and inevitable part of the building process. Usually 5% of the building plus professional fee costs is allowed: (£904 315 + £108 517) x 5% = £50 641.

F. Agent sale costs must be deducted from the GDV on the likely assumption that all houses will be sold, which makes £1 750 000 x 0.02 = £35 000

G. The developer's profit, equivalent to his risk of development, is a proportion of GDV and is intended to work out to 13%.

### **Total development cost**

H. The total costs, including fees, costs and interest payments, must be deducted from the sale price to yield the surplus available for site purchase.

I. The interest on loans to be taken out to buy the site and hold it until the properties are sold must be deducted from the sale price too. This is calculated upon the investment's present value (PV) at 10% for 2 years (the total development time). According to Parry's valuation and investment tables this is 0.8264463.

J. This is the sum available for land purchase and the other costs of site acquisition: the surplus sum multiplied by the PV multiplier.

K. Site acquisition costs (stump duty, surveyor cost, solicitor cost, etc.) are estimated at 6% of the gross site value. To calculate this, L. (next paragraph) must be deducted from the gross site value – done by discovering the net site bid L. and deducting that from the gross site value to estimate the land purchase cost.

L. The net sum for land purchase excludes the other site acquisition costs. They need to be deducted from the same net sum using the formula  $1 - (1/1.06)$ , yielding

£266 730 – (£266 730/1.06) = £15 098. This result is known as the residual value, the maximum available for site purchase after all costs. This is not necessarily “the value”; it is only the maximum sum that should be paid for the land to be developed.

### **Methodology of valuation**

The valuation is based on analysis of comparable sales transactions of properties within the locality together with those currently marketed.

Ermystead at Kearns Village, Cowpe Road, Rossendale, BB4, on the market £354 000(Rightmove)

The Locks, Colne, Lancashire on the market £380 000(Rightmove)

18 Grenfell Gardens, BB8, sold for £415 000 Nov 2016.

There are more Brand new developments in the region.

### **Conclusion**

The development plan is a very good one for the surrounding neighbourhood, enhancing it greatly with modern housing and landscaping in lieu of a brownfield eyesore. The planning permission has already been “improved” as much as it can without incurring unacceptable risks of delay and expense arising from the objections of neighbours who have already been accommodated by scaling back the plans, which in itself is an admission that the objections were justified. A “jack to the max” strategy would be very ill-advised at this juncture. The interest of the developer as well as of all stakeholders in the neighbourhood and town of Colne is to proceed to construction without further delay on the basis of the current planning permission.

### **References**

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3. Property valuation techniques, David Isaac and John O`Leary 2013 3th edition.
4. Property Valuation Principles, David Isaac and John O`Leary 2012 2th edition.
5. Property Valuation the five methods, Douglas Scarrett and Sylvia Osborn 2014 3th editon.
6. Parry`s Valuation and Investment tables, A. W. Davidson 2002 12<sup>th</sup> edition.
7. BCIS Quarterly review of building prices, construction issue 146, September 2017
8. Town and County Planning Act 1990
9. LABC Warranty. (2017). “building on brownfield land – What do you need to know about contamination risks?” Accessible at <https://www.labcwarranty.co.uk/blog/building-on-brownfield-land-what-do-you-need-to-know-about-contamination-risks/>

**Appendix 1: Photographs**

1. The site – The Old Cement Works, Knotts Lane, Colne BB8 8HW.
2. Location Plan – Drawing No. 15/150/4A
3. Proposed Site Layout – Drawing No. 15/150/2A
4. Proposed House Type, Plots 1-3 – Drawing No. 15/150/3A
5. Proposed House Type, Plots 4 & 5 – Drawing No. 15/150/5
6. Location Plan and Garage Details – Drawing No. 15/150/4

**Appendix 2: Statutory Approval**

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