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**TOWN AND COUNTRY PLANNING ACT 1990
(AS AMENDED)**

KEMPTON CARR CROFT

SUMMARY OF PROOF OF EVIDENCE

BY

MRS PETRINA J FROUD

**Regarding Viability of providing
On Site Affordable Housing Contribution**

**APPEAL SITE:
Site at BioPark
Broadwater Road
Welwyn Garden City AL7 3AX**

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1.0 Qualifications and Experience

Within this section I outline my experience of dealing with Financial Viability in Planning and other development and property experience.

2.0 Introduction & Administration

This section states the Reason for Refusal (1) covered within my Proof of Evidence and also sets out the policy documents and guidance that I have referred to and relied upon within the viability exercises undertaken during the course of my instruction. I also state where the relevant paragraphs can be found, both within my submissions and those submitted as Core Documents by the appellant team.

3.0 Background & Planning History

Within this section I have made the following points:-

- i. It was agreed in February 2021 at the planning application stage between Kempton Carr Croft (acting for the applicant/appellant) and Aspinall Verdi (acting for Welwyn Hatfield Borough Council) that it was not viable to provide any level of affordable housing, either on-site or as an off-site contribution in lieu in respect of the proposed 289 unit scheme, already being -£2,902,726 in deficit with an adjusted developer's profit of 14.45%.
- ii. I set out the Developer's Profit levels adopted within the viability submissions for the proposed scheme (17.5% of residential GDV, 15% of commercial GDV and 6% of affordable GDV) and the reasons for this, in line with NPPG Viability guidance and usual viability practice.
- iii. Despite the findings of the Kempton Carr Croft and Aspinall Verdi Viability Appraisals and Review, HG Group offered an on-site affordable housing provision of 29 no. shared ownership units.
- iv. Hatfield County Council informed PINS on 4th May 2022 (after the submission of the Planning Appeal) that further education contributions were required totalling £889,756 in addition to those already agreed. This has the effect of increasing the total Section 106 contribution from £2,040,995 to £2,930,751.

Site at BioPark
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4.0 Viability of providing affordable housing contribution & increased Section 106 Contribution

Within this section I set out the effect that the increased Section 106 contribution has on the scheme as summarised within the table below.

Scheme	29 on site shared ownership units & lower S106 Appendix C	100% private sale units and increased S106 contribution Appendix D	29 on site shared ownership units & increased S106 contribution Appendix E
Gross Development Value (GDV)	£97,345,296	£100,593,258	£97,345,296
Development costs (inc. build costs, fees, finance, profit, S106 costs, marketing, etc)	£97,199,070	£ 99,853,116	£98,066,683
Residual Land Value (Net Land Value)	£ 146,226	£ 740,142	-£ 721,387
Less BENCHMARK LAND VALUE	£ 6,000,000	£ 6,000,000	£ 6,000,000
Deficit	-£5,853,774	-£ 5,259,858	-£6,721,387
Adjusted Developer's Profit	10.59%	12.26%	9.69%

This table demonstrates that of the three options, the scheme with 100% private sale units and the increased S106 contribution is the most viable with a Developer's Profit of 12.26% of GDV, albeit this is a lower profit level than that demonstrated within my February 2022 Technical Note which demonstrated an adjusted Developer's Profit of 13.09% on the basis of a 100% private sale scheme.

It is also demonstrated that by including a 10% affordable housing contribution and the increased S106 contribution, the scheme is pushed into further deficit and a Developer's Profit of below 10% which the viability cannot withstand.

The introduction of the increased S106 contributions makes an unviable position even less viable. The Inspector is invited to take a view as to whether, in light of the demonstrated viability position, that the provision of the affordable housing meets the relevant tests and is necessary to provide.

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5.0 Viability of scheme with WHBC's preferred mix of units

Within this section I demonstrate the effect on viability of the revised unit mix preferred by WHBC, which has been provided to me by Alan Camp Architects as set out below:-

	Unit Type	Area (m ²)	No. of units	Percentage
	1 bed	50	47	20%
	2 bed	70	64	27%
	3 bed	86	87	37%
	4 bed	90	37	16%
	Total		235	

A summary of the viability of this revised mix is set out below:-

Scheme	WHBC preferred mix as a 100% private sale scheme Appendix G	WHBC preferred mix with 10% shared ownership units Appendix H
Gross Development Value (GDV)	£91,880,996	£89,132,549
Development costs (inc. build costs, fees, finance, profit, S106 costs, marketing, etc)	£92,487,819	£91,027,986
Residual Land Value (Net Land Value)	-£ 606,823	-£ 1,895,437
Less BENCHMARK LAND VALUE	£ 6,000,000	£ 6,000,000
Deficit	-£6,606,823	-£ 7,895,437
Adjusted Developer's Profit	10.29%	7.81%

The position set out above is the most optimistic profit level that this scheme would provide as it is based on the additional 4 bedroom units being provided as flats which are not a marketable product. If these units were provided as houses this would reduce the land area available for flats and the number of units even further, pushing the scheme into further deficit.

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It is demonstrated that a scheme based on the WHBC preferred housing mix is not deliverable.

6.0 Conclusions and Summary

The introduction of the increased educational contributions to the Section 106 contribution increases the financial deficit of the scheme and makes an already unviable position even less viable.

The Inspector is respectfully asked to decide whether the provision of the full suite of Section 106 Contributions together with the 10% shared ownership provision meet the relevant tests and are necessary to provide.

It has also been demonstrated that the WHBC preferred housing mix provides an even less viable proposition and would not be deliverable.

It is shown that much needed housing numbers would be lost as a result of implementing the WHBC preferred housing mix, with the number of units reduced from 289 to 235 on the basis of the majority of 4 bedroom units being provided as flats. If these were provided as houses (presenting a marketable product) then this number of units and the viability of the scheme would reduce even further.

7.0 STATEMENT OF TRUTH

I confirm that insofar as the facts stated in my proof of evidence are within my own knowledge, I have made clear which they are and I believe them to be true, and that the opinions I have expressed represent my true and complete professional opinion.



PETRINA J FROUD
Senior Development & Viability Surveyor
FOR KEMPTON CARR CROFT

10th June 2022