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

KEMPTON CARR CROFT

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

- 1.1 This proof of evidence has been prepared by Petrina J Froud, Senior Development & Viability Surveyor.
- 1.2 I have have many years' experience analysing development land for all types of use including commercial and residential developments. I am well versed in the many inputs into appraisals and their effect on viability. My extensive development sector knowledge covers land sales, including those changing use from commercial uses to residential schemes, acting for both vendors and developers. It also covers property management, together with advising Developers and Local Authorities in matters ranging from planning viability assessments to land and property sales and acquisitions and valuation matters.
- 1.3 I attach a copy of my CV to the rear of this proof **(Appendix A)**.

2. INTRODUCTION AND ADMINISTRATION

- 2.1 This Proof of Evidence has been prepared for the purposes of establishing the level of on-site affordable housing and Section 106 Contributions that can be paid to Welwyn Hatfield Borough Council (WHBC) by the appellant, HG Group in relation to the proposed redevelopment of the subject property, while maintaining the financial viability of the scheme.
- 2.2 It has also been prepared to explore the viability of providing a housing mix which accords with Welwyn Hatfield Borough Council's (WHBC) preferred mix of units.
- 2.3 This Proof of Evidence is provided as part of the appeal being lodged by HG Group against the refusal of Planning Application Reference no. 6/2020/3420/MAJ, described as:-

"Demolition of existing buildings and construction of 289 residential units (Use Class C3) and community hub (Use Class E/F.2), with public realm and open space, landscaping, access, associated car and cycle parking, refuse and recycling storage and supporting infrastructure."

- 2.4 Reason 1 on the refusal notice dated 16th September 2021 states:-

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1. The proposed housing tenures and mix (including affordable housing) would fail to meet the objectively assessed need (OAN) for housing in the borough and would not contribute to creating a sustainable, inclusive and mixed community. As such, the application is contrary to Policy SP 7 of the emerging local plan.
-
- 2.5 I refer to the original Viability Appraisal and Report prepared on behalf of the appellant, HG Group, dated 14th January 2021 included within the Core Documents (Core Doc C15) and submitted as part of the planning application for the proposed development detailed at paragraph 1.2 above. We also refer to Aspinall Verdi's Financial Viability Assessment dated February 2021 (Core Doc C16) within which it was agreed that it was not viable to provide any level of affordable housing, either on site or as an off site contribution in lieu.
 - 2.6 Within the viability process we have also given consideration to viability and deliverability guidance as set out in the Viability Guidance which accompanies the National Planning Policy Guidance, last updated September 2019 (**Appendix B**)
 - 2.7 I have also given consideration to the National Planning Policy Framework, last updated July 2021 (**Appendix B**)
 - 2.8 I also refer to the Viability Technical Note dated 14th February 2022 included at Appendix 11 of the HGH Statement of Case in which I up-dated the viability position, adopting all inputs previously adopted by Aspinall Verdi and up-dating Gross Development Values and Build Costs. This document confirmed that the viability of the site, on the basis of a 100% private sale scheme, remained in deficit by -£4,423,078 with an adjusted Developer's Profit of 13.09%.
 - 2.9 I have also given consideration in relation to Policy H7 of the Welwyn Hatfield Borough Council District Plan adopted 2005 which sets out the basis upon which Affordable Housing is required (**Appendix B**).

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- 2.10 I have also given consideration to the Welwyn Hatfield Borough Council Draft Local Plan, specifically Policy SP7 (Housing) **(Appendix B)**
- 2.11 Consideration has also been given to Site Specific Policy SP17 which refers to the site allocation for development **(Appendix B)**
- 2.12 I have also given consideration to the Welwyn Hatfield Planning Obligations SPD 2012 in relation to Affordable Housing and Viability, paragraphs 3.3-3.5 and 3.13 **(Appendix B)**

3.0 BACKGROUND AND PLANNING HISTORY

- 3.1 The planning history and background of the site are well documented and therefore the information I have given below is an overview of past viability matters and an up-date of matters that have arisen since the submission of the Planning Appeal.
- 3.2 It is important to note that in February 2021 Aspinall Verdi (Core Doc C16) agreed with my position that it was not economically viable to provide any element of affordable housing contribution. At that time it was deemed that the proposed scheme was in deficit by -£2,902,736 on the basis of a 100% private sale scheme with an adjusted Developer's Profit of 14.45% which sits below the minimum level of developers return considered suitable by NPPG : Viability Guidance revised May 2019 **(Appendix B)**:-
- 3.3 The profit level adopted and deemed to be appropriate will depend upon the risk profile of the site and scheme in question, together with the general economy at the time of the application. The lower end of the range (15%) would be mostly appropriate for a multi-phased scheme to be constructed over a number of years on a previously green field site, and at a time of low build cost inflation. The upper end of the range (20%) would be more appropriate for a single phased development where all costs need to be expended before any revenues are received on a tight brownfield site, potentially with ground issues, and at a time of high build cost inflation.
- 3.4 It will be noted that the subject site and scheme reflects a position that should be at the upper end of the profit range. However, in order to maximise the viability of the scheme a developer's profit of 17.5% has been adopted for the residential units, 15% for the commercial units and 6% for the affordable units to reflect their lower risk profile.

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- 3.5 However, in order to provide a further community benefit to the scheme HG Group offered an affordable housing contribution of 10% (29 units) shared ownership units which clearly had the effect of pushing the scheme into further deficit. The offer of 29 shared ownership units was accepted by Welwyn Hatfield Borough Council and acknowledged at paragraph 09.201 of the Officer’s Report to Committee (Core Doc 24) that on-site affordable housing would render the development unviable.
- 3.6 It will also be noted that at paragraph 6.14, page 22 of the HG Group and WHBC Statement of Common Ground (Core Doc D1), it is an agreed matter that the site cannot viably provide an affordable housing contribution.
- 3.7 Since the submission of the appeal documentation, Hatfield County Council have stated that insufficient Section 106 Contributions for Childcare Services and Secondary Education have been allowed for (and that additional sums are required. The original total sum of £2,040,995 was agreed prior to the September 2021 Planning Committee Meeting and set out within the draft Section 106 dated 3rd September 2021. However, the increased sums for Childcare Services and Secondary Education were only notified to PINS on 4th May 2022 and relayed to the appellant’s solicitor Forsters on 10th May 2022. We set out within the table below the difference in the contributions currently allowed for within my appraisals and those now sought by HCC.

Contribution Type	Currently Allowed	Newly requested	Increase
Childcare Services	£12,200	£285,825	£273,625
Secondary Education	£138,694	£754,825	£616,131
Total	£150,894	£1,040,650	£889,756

- 3.8 The additional level of contributions therefore has the effect of increasing the total Section 106 contribution from £2,040,995 to £2,930,751.

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4.0 VIABILITY OF PROVIDING AFFORDABLE HOUSING CONTRIBUTION & INCREASED SECTION 106 CONTRIBUTION

- 4.1 Within this section I explore the effect that the increased Section 106 Contribution has on the viability of the scheme.
- 4.2 In order to do so I have undertaken three separate appraisals to compare the viability of the proposed scheme with and without on-site affordable housing and with and without the increase in the Section 106 contribution:-
- i. Proposed scheme with 29 on site shared ownership units and original Section 106 Contribution (£2,040,995) (**Appraisal attached at Appendix C**)
 - ii. Proposed scheme with 100% private sale units and increased Section 106 Contribution (£2,930,751) (**Appraisal attached at Appendix D**)
 - iii. Proposed scheme with 29 shared ownership units and increased Section 106 Contribution (£2,930,751) (**Appraisal attached at Appendix E**)
- 4.3 It will be noted within my appraisal that I have continued to adopt the same values and costs as those adopted within my Technical Note dated 14th February 2022 (Appendix 11 of the HGH Statement of Case), with the exception of the S106 contribution which changes to demonstrate the effect that the lower and higher sums have on the viability of the proposed scheme.
- 4.4 I set out below the results of the viability calculation for each scheme, also maintaining the Benchmark Land Value at £6 million as agreed with Aspinall Verdi and as allowed within all viability assessments to date.

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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%

- 4.5 It is clear that all three viability positions set out above demonstrate a worse position than that put forward within my February 2022 Technical Note which demonstrated a deficit of -£4,423,078 and an adjusted Developer's Profit of 13.09% of GDV on the basis of a 100% private sale scheme.
- 4.6 The most viable position set out above is that with 100% private sale units and the increased S106 contribution. However, clearly by introducing the additional S106 contribution together with the 29 on site shared ownership units the scheme is pushed into a further deficit and a Developer's Profit of below 10% which the viability simply cannot withstand and is considerably lower than the developer's profit acknowledged to be necessary by NPPG Viability Guidance.
- 4.7 Therefore, whilst the appellant, HG Group, continues to offer the 29 on site shared ownership units together with the increased S106 contribution, it is clear that the additional cost makes a situation that is already unviable even less viable. We are therefore asking the Inspector to take a view as to whether the full suite of obligations passes the CIL Test and whether it is considered in light of the 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

- 5.1 This section concentrates upon Reason 1 for Refusal:-
1. The proposed housing tenures and mix (including affordable housing) would fail to meet the objectively assessed need (OAN) for housing in the borough and would not contribute to creating a sustainable, inclusive and mixed community. As such, the application is contrary to Policy SP 7 of the emerging local plan.
- 5.2 I specifically concentrate on whether it is viable to provide the mix of unit types that WHBC state as their preferred mix.
- 5.3 Alan Camp Architects have provided to me a unit mix and indicative layout of a scheme which would provide a similar unit mix to that preferred by WHBC. The mix is set out below and I attach the indicative scheme at **Appendix F**. It will be noted that the 29 additional 4 bedroom units are provided as flats (in addition to the 8 no. 4 bedroom townhouses already included within the proposed scheme layout).

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	

- 5.4 In assessing the value of the WHBC preferred mix scheme I have applied equivalent values to those adopted within the proposed scheme appraisals for the 1, 2 and 3 bedroom flat units and we have considered the values adopted for the proposed 4 bedroom townhouses alongside local 4 bedroom house evidence. Townhouses nearby of between 1200 sq ft (111 sq m) and 1,715 sq ft (159 sq m) are on the market at between £318 psf and £412 psf, equating to asking prices of between £450,000 and £550,000. We have

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optimistically adopted a value of £423 psf for the 4 bedroom flats, equating to a value of £410,000 given that they are much smaller (at circa 969 sq ft (90 sq m)) than the 4 bedroom houses and also do not benefit from their own front doors and outside space.

- 5.5 However, it should be noted that 4 bedroom flats are extremely rare in this area. Indeed, we have not been able to find evidence of any 4 bedroom flats either on the market or sold within Welwyn Garden City. In my experience of assessing the viability of flatted developments over the last 10 years I have not appraised any schemes with 4 bedroom flats. This is due to the fact that purchasers of 4 bedroom properties are generally families who prefer to live in houses with their own front door and outside space and therefore there is no market for 4 bedroom flats.
- 5.6 The indicative layout provided by Alan Camp Architects is a high level illustration, designed only to try to demonstrate how the Council's preferred mix could be accommodated on site. It does not take account of the marketability of units.
- 5.7 It will be noted from the schedule above that by incorporating the Council's preferred mix that the number of units that can be accommodated on site reduce to 235, thereby reducing the density of the scheme.
- 5.8 However, in order for WHBC's preferred mix to be accommodated and for the scheme to also remain marketable then the 4 bedroom units would need to be provided as houses. This would have the effect of reducing the site area available for the flatted development, reducing the density of the scheme and number of units even further.
- 5.9 I attach herewith two further appraisals. The first (**Appendix G**) sets out the viability of the illustrative 235 unit scheme with 100% private sale units, and the second (**Appendix H**) sets out the viability of the 235 unit scheme with 10% shared ownership units, in order to compare more accurately with the proposed scheme.

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- 5.10 It will also be noted that I have adjusted the Section 106 contribution to reflect the revised mix at £2,785,079.
- 5.11 I set out below the results of the viability calculations for each scheme, also maintaining the Benchmark Land Value at £6 million as agreed with Aspinall Verdi and as allowed within all viability assessments to date.

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%

- 5.12 It is demonstrated above and within my attached appraisals that WHBC's preferred mix, even assuming that the 4 bedroom flats are a marketable product, pushes the scheme into even further deficit and reduces the developer's profit by 2% in each case.
- 5.13 However, as stated above, if the scheme were re-designed in order to incorporate the 4 bedroom units as houses and to ensure a marketable product, the number of flats would be reduced further, pushing the scheme into even further deficit.
- 5.14 It is clear that the WHBC preferred unit mix would not be deliverable on the subject site.

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6.0 CONCLUSIONS AND SUMMARY

- 6.1 Within my Proof of Evidence I have set out the effect that on-site affordable housing and the increased Section 106 contributions have on the viability of the development. It is clear that, whilst still being marginally below the minimum Developer's Profit of 15% advised as being reasonable by NPPG: Viability Guidance, the 100% private scheme with the lower originally requested level of S106 contributions is the most viable, providing a Developer's profit of 13.09%. However, once on-site affordable housing units and / or the increased Section 106 Contribution is introduced then this profit is further eroded.
- 6.2 Whilst the appellant, HG Group, continues to offer the 29 on site shared ownership units together with the increased S106 contribution, it is clear that the additional cost makes a situation that is already unviable even less viable.
- 6.3 Given that non-viable position, it will be for the Inspector to decide whether the full list of Section 106 Contributions and currently offered affordable housing contribution meet the relevant tests and are necessary to provide.
- 6.4 I have also demonstrated that the Council's preferred mix of units is not necessarily appropriate for every site and that the mix of units needs to be adjusted to (a) enable the scheme's viability and (b) ensure a marketable product. In bringing forward the proposed 289 unit scheme and mix, the appellant considered the type and size of development that would be necessary in order to bring forward a marketable product that was also viable and deliverable when compared against the Existing Use Value (Benchmark Land Value) of the site.
- 6.5 It is clear that WHBC's preferred mix of units reduces the number of units and density of the scheme to a point where it is so unviable that it would not be able to proceed. The illustrative plans provided at **Appendix F** show a scheme of 235 units which is a loss of 54 units from the proposed scheme of 289 units. If 4 bedroom houses were introduced rather than the flats currently illustrated this number would drop even further, removing much needed housing numbers.

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7.0 STATEMENT OF TRUTH

- 7.1 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.



P J Froud.

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

10th June 2022

APPENDIX A

Professional CV for Petrina Jane Froud		
Position	Senior Viability Surveyor at Kempton Carr Croft	
Discipline	Viability	
Specialisms	<ul style="list-style-type: none"> Financial viability in Planning and Land 	<p>Contact Trina E: trina.froud@kemptoncarr.co.uk T: 01628 771221 M: 07889 237737</p>

Summary

Petrina joined Kempton Carr in July 1991 in an administration capacity, quickly becoming involved in Commercial Property Agency, disposals and acquisitions. Thereon she became further involved in Rent Review and Lease Renewal work, expanding these skills into commercial and residential property management.

In 1998 this skill set was expanded to residential land sales, and since this time Petrina has sold a number of residential sites, from single plots up to 200 units. In 1999 Petrina became an Associate Director and continued to operate in a range of disciplines, including Landlord and Tenant, Property Management, Commercial Property Agency and Land Sales.

From 2003 she concentrated on and specialised in Residential Land Sales together with Commercial Property Agency, including disposals and acquisitions of a wide range of types of commercial property for local, regional and national companies.

Petrina has been based in the Maidenhead Office for the past 30 years, with her work centred around Maidenhead, Windsor and the Thames Valley, together with the M25 area, and further afield. Throughout this time, she has worked with a wide variety of private and institutional clients and covering a range of disciplines.

Experience and Expertise

For the past 10 years Petrina has specialised in Development Viability and Financial Viability in Planning, undertaking viability appraisal and review work for both Developers and Local Authorities within a wide range of geographical locations, representing clients at Appeal stage, including Written Representations, Informal Hearing and Planning Inquiry.

Petrina also specialises in development consultancy and land sales, acting on behalf of a variety of private and institutional clients in advising upon the sale of their land.

APPENDIX B

**National Planning Policy Guidance: Viability extract- last updated
September 2019**

“Viability and decision taking

Should viability be assessed in decision taking?

Where up-to-date policies have set out the contributions expected from development, planning applications that fully comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. Policy compliant in decision making means that the development fully complies with up to date plan policies. A decision maker can give appropriate weight to emerging policies.

Such circumstances could include, for example where development is proposed on unallocated sites of a wholly different type to those used in viability assessment that informed the plan; where further information on infrastructure or site costs is required; where particular types of development are proposed which may significantly vary from standard models of development for sale (for example build to rent or housing for older people); or where a recession or similar significant economic changes have occurred since the plan was brought into force.

See related policy: National Planning Policy Framework [paragraph 57](#)

Paragraph: 007 Reference ID: 10-007-20190509

Revision date: 09 05 2019 See [previous version](#)

How should a viability assessment be treated in decision making?

Where a viability assessment is submitted to accompany a planning application this should be based upon and refer back to the viability assessment that informed the plan; and the applicant should provide evidence of what has changed since then.

The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and viability evidence underpinning the plan is up to date, and site circumstances including any changes since the plan was brought into force, and the transparency of assumptions behind evidence submitted as part of the viability assessment.

Any viability assessment should reflect the government’s recommended approach to [defining key inputs](#) as set out in National Planning Guidance.

See related policy: National Planning Policy Framework [paragraph 34](#)

Paragraph: 008 Reference ID: 10-008-20190509

Revision date: 09 05 2019 See [previous version](#)"

National Planning Policy Framework extracts, last updated July 2021

Development contributions

34. Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure). Such policies should not undermine the deliverability of the plan.

Planning conditions and obligations

58. Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.
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Welwyn Hatfield Borough Council District Plan adopted 2005 which sets out the basis upon which Affordable Housing is required

Policy H7 - Affordable Housing

Within the towns and specified settlements, the Council will expect all proposals for residential development on sites of 1ha or more, or with 25 units or more, to include the provision of affordable housing to meet the needs of local people who cannot afford to occupy dwellings generally available on the open market. The Council will therefore seek through negotiation a proportion of affordable housing, which as a minimum should comprise 30% subsidised housing, on each suitable site. The proportion, type and mix of affordable housing will be based on information in the latest housing needs survey and the criteria in Section 10 of Circular 6/98.

Sites that make provision for key worker housing in addition to the affordable housing requirement will be supported.

Welwyn Hatfield Borough Council Draft Local Plan, Policy SP7 (Housing)

Affordable Housing: As part of the overall housing target, a proportion of new homes built in the borough will be for affordable housing. Subject to viability, affordable housing will be sought on the following basis (for residential or residential-led mixed use schemes):

Location	On-site delivery target	Site threshold ⁽³⁴⁾
Hatfield (including SDS5/Hat1)	25%	11 new dwellings or a site of 0.5ha or more
Welwyn Garden City (including SDS1/WGC4, SDS2/WGC5, SDS3/Pea02b and SDS4/Pea02c)	30%	11 new dwellings or a site of 0.5ha or more
Excluded villages	35%	11 new dwellings or a site of 0.5ha or more
Symondshyde - new village (SDS6/Hat15)	30%	N/A
Re-development or re-use of Major Developed Sites or other previously developed sites in sustainable locations compatible with Green Belt policy	30%	11 new dwellings or a site of 0.5ha or more

In order to contribute to the creation of mixed communities, the priority will be for affordable housing to be delivered on the main application site. Off-site provision or a commuted payment will only be supported where it can be robustly justified and where it would result in the delivery of at least an equivalent number of new affordable homes or to a broadly equivalent value. Unless otherwise agreed, alternative delivery should be made within the same settlement as the main application site and still contribute to the creation of mixed communities.

Site Specific Policy SP17 which refers to the site allocation for development

Policy SP 17

Mixed use development site at Broadwater Road West (SDS3/Pea02b and SDS4/Pea02c)

Land at Broadwater Road West is allocated for development to accommodate approximately 1,020 new homes over the plan period. Mixed use development on this site will comprise primarily employment, housing, leisure and rail-related uses. Development on this site will comply with the Broadwater Road West Supplementary Planning Document. Development on this site will conform to the Strategy Diagram shown in Figure 10 below and the following principles:

- i. To create a sustainable neighbourhood with an appropriate mix and density of uses for its central location; and to support living and working in close proximity;
- ii. To establish strong connections between the east side of town, the site and through to the town centre;
- iii. To provide a wide mix of housing types, sizes and tenures, including a minimum of 30% of all units as affordable housing unless it can be robustly demonstrated that such a proportion would not be viable; housing for older people;
- iv. To use the industrial heritage as a cue for form, character and identity – re-use listed structures and ensure sympathetic development;
- v. To adopt the urban design principles set out in the Broadwater Road West Supplementary Planning Document;
- vi. To accommodate large scale uses which would best be located near the town centre;
- vii. To incorporate open space in accordance with the principles set out in the Broadwater Road West Supplementary Planning Document;

- viii. At least 17,650 square metres of Class B1 employment floorspace will be provided in addition to that which was already provided on the site as at 1st April 2016. Within this total, SDS3 should provide a minimum of 6,400 square metres of Class B1 employment floorspace. The BioPark site will be retained in Class B1b use unless it can be demonstrated that it is no longer suitable for use as a research facility or it is reprovided elsewhere in Welwyn Hatfield.
- ix. About 1,020 dwellings will be provided in addition to those already provided on the site as at 1st April 2016. Affordable housing will be sought on the basis of an overall 30% on-site delivery target.
- x. Provision will also be made for community uses, fitness / leisure, retail (about 570 square metres), cafés / restaurants / bars and a hotel

Development at this site must contribute towards school provision off-site in the immediate vicinity. Development at this site will also need to include upgraded wastewater infrastructure and take into account noise from the railway and adjacent commercial activities as well as the potential for contaminated land.

Once constructed, all new class B development on this site will be afforded the same policy protection as that accorded by Policy SADM9 of this plan.

3.1 Affordable Housing

Approach

- 3.3** Planning Policy Statement 3 states that the Government's key housing policy goal is to ensure that everyone has the opportunity to live in a decent home, which they can afford, in a community where they want to live. To achieve this, the Government is seeking:
- To achieve a wide choice of high quality homes, both affordable and market housing, to address the requirements of the community.
 - To widen opportunities for home ownership and ensure high quality housing for those who cannot afford market housing, in particular those who are vulnerable or in need.
 - To improve affordability across the housing market, including by increasing the supply of housing.
 - To create sustainable, inclusive, mixed communities in all areas, both urban and rural.
- 3.4** Policy H7 of the Welwyn Hatfield District Plan seeks the provision of a minimum of 30% affordable housing on all eligible sites.
- 3.5** The provision of affordable housing will normally be sought through a section 106 agreement, and the council will expect details of the affordable housing to be provided as part of the development to be submitted as part of the planning application.
-

Viability

- 3.13** The council acknowledges that in some circumstances, scheme viability may be affected by the overall requirements for planning obligations, including the provision of affordable housing. Where an applicant considers that a scheme is unable to deliver the level of affordable housing required by the District Plan Policy this would need to be justified, and the onus would be on the applicant to demonstrate to the council why viability would be a barrier to the delivery of the policy requirements. This will involve submitting an open book appraisal of the scheme. The Council has commissioned a bespoke Toolkit to assist with such an appraisal. See section 4.11 for further details.
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NATIONAL PLANNING POLICY GUIDANCE: VIABILITY
DEVELOPER'S RETURN

“How should a return to developers be defined for the purpose of viability assessment?”

Potential risk is accounted for in the assumed return for developers at the plan making stage. It is the role of developers, not plan makers or decision makers, to mitigate these risks. The cost of fully complying with policy requirements should be accounted for in benchmark land value. Under no circumstances will the price paid for land be relevant justification for failing to accord with relevant policies in the plan.

For the purpose of plan making an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development. A lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces risk. Alternative figures may also be appropriate for different development types.

See related policy: National Planning Policy Framework [paragraph 57](#)

Paragraph: 018 Reference ID: 10-018-20190509

Revision date: 09 05 2019 See [previous version](#)”

APPENDIX C

Viability Appraisal
Scheme with 29 shared ownership units &
S106 at original £2,040,995

Broadwater Gardens (Biopark)
Welwyn Garden City

Development Appraisal
Kempton Carr Croft
29 May 2022

APPRAISAL SUMMARY**KEMPTON CARR CROFT**

Viability Appraisal
Scheme with 29 shared ownership units &
S106 at original £2,040,995

Appraisal Summary for Phase 1 Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Residential Development	260	182,284	491.00	344,233	89,500,625
Shared Ownership	29	21,982	344.76	261,330	7,578,577
Totals	289	204,266			97,079,202

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial space	1	1,101	16.92	18,627	18,627	18,627

Investment Valuation

Commercial space						
Current Rent	18,627	YP @	7.0000%	14.2857	266,094	

GROSS DEVELOPMENT VALUE**97,345,296****NET REALISATION****97,345,296****OUTLAY****ACQUISITION COSTS**

Residualised Price			146,226		
				146,226	
Stamp Duty			289,500		
Effective Stamp Duty Rate		197.98%			
Agent Fee		1.00%	1,462		
Legal Fee		0.80%	1,170		
				292,132	

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Residential Development	338,862	192.40	65,195,775
Section 106			2,040,995
			67,236,770

PROFESSIONAL FEES

Professional Fees		6.00%	3,911,746		
				3,911,746	

DISPOSAL FEES

Effective Purchaser's Costs Rate		0.00%			
Private Sales Marketing & Legal Fee		3.00%	2,685,019		
Commercial Sales & Legal Fee		2.00%	5,322		
				2,690,341	

FINANCE

Timescale	Duration	Commences
Preconstruction & demo	8	Dec 2020
Construction	24	Aug 2021
Sale	29	Aug 2023
Total Duration	61	

Debit Rate 6.750%, Credit Rate 0.000% (Effective)

Land	80,577
Construction	4,532,343

APPRAISAL SUMMARY**KEMPTON CARR CROFT****Viability Appraisal****Scheme with 29 shared ownership units & S106 at original £2,040,995**

Other	2,295,842
Total Finance Cost	6,908,761

TOTAL COSTS **81,185,977**

PROFIT **16,159,319**

Performance Measures

Profit on Cost%	19.90%
Profit on GDV%	16.60%
Profit on NDV%	16.60%
Development Yield% (on Rent)	0.02%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Gross Initial Yield%	7.00%
Net Initial Yield%	7.00%

IRR% (without Interest) 17.41%

Rent Cover 867 yrs 6 mths
Profit Erosion (finance rate 6.750) 2 yrs 8 mths

APPENDIX D

Viability Appraisal
All private scheme with increased S106

Broadwater Gardens (Biopark)
Welwyn Garden City

Development Appraisal
Kempton Carr Croft
29 May 2022

APPRAISAL SUMMARY**KEMPTON CARR CROFT****Viability Appraisal****All private scheme with increased S106****Appraisal Summary for Phase 1 Phase 1**

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Residential Development	289	204,266	491.16	347,153	100,327,164

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial space	1	1,101	16.92	18,627	18,627	18,627

Investment Valuation

Commercial space					
Current Rent	18,627	YP @	7.0000%	14.2857	266,094

GROSS DEVELOPMENT VALUE**100,593,258****NET REALISATION****100,593,258****OUTLAY****ACQUISITION COSTS**

Residualised Price			740,142		740,142
Stamp Duty			289,500		
Effective Stamp Duty Rate		39.11%			
Agent Fee		1.00%	7,401		
Legal Fee		0.80%	5,921		
					302,823

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost	
Residential Development	338,862	192.40	65,195,775	
Section 106			2,930,751	
				68,126,526

PROFESSIONAL FEES

Professional Fees		6.00%	3,911,746		3,911,746
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DISPOSAL FEES

Effective Purchaser's Costs Rate		0.00%			
Private Sales Marketing & Legal Fee		3.00%	3,009,815		
Commercial Sales & Legal Fee		2.00%	5,322		
					3,015,137

FINANCE

Timescale	Duration	Commences
Preconstruction & demo	8	Dec 2020
Construction	24	Aug 2021
Sale	29	Aug 2023
Total Duration	61	

Debit Rate 6.750%, Credit Rate 0.000% (Effective)

Land			191,712	
Construction			4,651,010	
Other			2,060,401	
Total Finance Cost				6,903,123

APPRAISAL SUMMARY**KEMPTON CARR CROFT****Viability Appraisal****All private scheme with increased S106**

TOTAL COSTS	82,999,497
PROFIT	17,593,761

Performance Measures

Profit on Cost%	21.20%
Profit on GDV%	17.49%
Profit on NDV%	17.49%
Development Yield% (on Rent)	0.02%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Gross Initial Yield%	7.00%
Net Initial Yield%	7.00%
IRR% (without Interest)	18.19%
Rent Cover	944 yrs 7 mths
Profit Erosion (finance rate 6.750)	2 yrs 10 mths

APPENDIX E

Viability Appraisal
29 on site shared ownership units &
increased S106

Broadwater Gardens (Biopark)
Welwyn Garden City

Development Appraisal
Kempton Carr Croft
29 May 2022

APPRAISAL SUMMARY**KEMPTON CARR CROFT****Viability Appraisal
29 on site shared ownership units &
increased S106****Appraisal Summary for Phase 1 Phase 1**

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Residential Development	260	182,284	491.00	344,233	89,500,625
Shared Ownership	29	21,982	344.76	261,330	7,578,577
Totals	289	204,266			97,079,202

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial space	1	1,101	16.92	18,627	18,627	18,627

Investment Valuation

Commercial space						
Current Rent	18,627	YP @	7.0000%	14.2857	266,094	

GROSS DEVELOPMENT VALUE**97,345,296****NET REALISATION****97,345,296****OUTLAY****ACQUISITION COSTS**

Residualised Price (Negative land)			(721,387)	(721,387)	
Stamp Duty			289,500		
Effective Stamp Duty Rate		0.00%		289,500	

CONSTRUCTION COSTS**Construction**

	ft²	Build Rate ft²	Cost	
Residential Development	338,862	192.40	65,195,775	65,195,775
Section 106			2,930,751	2,930,751

PROFESSIONAL FEES

Professional Fees		6.00%	3,911,746	3,911,746
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DISPOSAL FEES

Effective Purchaser's Costs Rate		0.00%		
Private Sales Marketing & Legal Fee		3.00%	2,685,019	
Commercial Sales & Legal Fee		2.00%	5,322	
				2,690,341

FINANCE

Timescale	Duration	Commences
Preconstruction & demo	8	Dec 2020
Construction	24	Aug 2021
Sale	29	Aug 2023
Total Duration	61	

Debit Rate 6.750%, Credit Rate 0.000% (Effective)

Land	(57,601)
Construction	4,651,010

APPRAISAL SUMMARY**KEMPTON CARR CROFT****Viability Appraisal****29 on site shared ownership units & increased S106**

Other	2,295,842	
Total Finance Cost		6,889,251
TOTAL COSTS		81,185,977
PROFIT		16,159,319

Performance Measures

Profit on Cost%	19.90%
Profit on GDV%	16.60%
Profit on NDV%	16.60%
Development Yield% (on Rent)	0.02%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Gross Initial Yield%	7.00%
Net Initial Yield%	7.00%
IRR% (without Interest)	17.50%
Rent Cover	867 yrs 6 mths
Profit Erosion (finance rate 6.750)	2 yrs 8 mths

APPENDIX F

Accommodation Type

- 182P
- 283P
- 284P
- 384P
- 385P
- 484P
- 182P WCH
- 283P WCH





Accommodation Type

- 182P
- 284P
- 384P
- 385P
- 484P
- 182P WCH
- 283P WCH

Accommodation Type

1B2P	1B2P WCH
2B2P	2B4P
3B2P	3B4P
3B5P	3B8P
4B2P	4B4P
1B2P WCH	2B2P WCH



Second, Third, Fourth



Accommodation Type

- 182P
- 283P
- 284P
- 385P
- 484P
- 182P WCH
- 283P WCH

Accommodation Type

- 182P
- 283P
- 284P
- 384P
- 385P
- 484P
- 182P WCH
- 283P WCH



Accommodation Type

182P
283P
284P
384P
385P
484P
182P WCH
283P WCH





Accommodation Type

182P	182P
283P	283P
284P	284P
384P	384P
385P	385P
484P	484P
182P WCH	182P WCH
283P WCH	283P WCH

APPENDIX G

Viability Appraisal
All private scheme

Broadwater Gardens (Biopark)
Welwyn Garden City

Development Appraisal
Kempton Carr Croft
06 June 2022

APPRAISAL SUMMARY**KEMPTON CARR CROFT****Viability Appraisal
All private scheme****Appraisal Summary for Phase 1 Phase 1****Currency in £****REVENUE**

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Residential Development	235	190,417	481.13	389,851	91,614,902

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial space	1	1,101	16.92	18,627	18,627	18,627

Investment Valuation

Commercial space					
Current Rent	18,627	YP @	7.0000%	14.2857	266,094

GROSS DEVELOPMENT VALUE 91,880,996**NET REALISATION 91,880,996****OUTLAY****ACQUISITION COSTS**

Residualised Price (Negative land)			(606,823)	(606,823)
Stamp Duty			289,500	
Effective Stamp Duty Rate		0.00%		289,500

CONSTRUCTION COSTS**Construction**

	ft²	Build Rate ft²	Cost	
Residential Development	315,819	192.40	60,762,388	60,762,388
Section 106			2,785,079	2,785,079

PROFESSIONAL FEES

Professional Fees		6.00%	3,645,743	3,645,743
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DISPOSAL FEES

Effective Purchaser's Costs Rate		0.00%		
Private Sales Marketing & Legal Fee		3.00%	2,748,447	
Commercial Sales & Legal Fee		2.00%	5,322	
				2,753,769

FINANCE

Timescale	Duration	Commences
Preconstruction & demo	8	Dec 2020
Construction	24	Aug 2021
Sale	29	Aug 2023
Total Duration	61	

Debit Rate 6.750%, Credit Rate 0.000% (Effective)

Land		(42,321)
Construction		4,341,888
Other		1,881,787
Total Finance Cost		6,181,354

APPRAISAL SUMMARY**KEMPTON CARR CROFT**

Viability Appraisal
All private scheme
TOTAL COSTS

75,811,010

PROFIT

16,069,986

Performance Measures

Profit on Cost%	21.20%
Profit on GDV%	17.49%
Profit on NDV%	17.49%
Development Yield% (on Rent)	0.02%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Gross Initial Yield%	7.00%
Net Initial Yield%	7.00%
IRR% (without Interest)	18.46%
Rent Cover	862 yrs 9 mths
Profit Erosion (finance rate 6.750)	2 yrs 10 mths

APPENDIX H

Viability Appraisal
REVISED MIX SCHEME
WITH 10% SHARED OWNERSHIP

Broadwater Gardens (Biopark)
Welwyn Garden City

Development Appraisal
Licensed Copy
09 June 2022

**Viability Appraisal
REVISED MIX SCHEME
WITH 10% SHARED OWNERSHIP**

Appraisal Summary for Phase 1 Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
Private Residential	211	171,375	481.13	390,774	82,453,412
Shared Ownership Resi	24	19,042	336.78	267,210	6,413,043
Totals	235	190,417			88,866,455

Rental Area Summary

	Units	ft ²	Rent Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial space	1	1,101	16.92	18,627	18,627	18,627

Investment Valuation

Commercial space					
Current Rent	18,627	YP @	7.0000%	14.2857	266,094

GROSS DEVELOPMENT VALUE **89,132,549**

NET REALISATION **89,132,549**

OUTLAY

ACQUISITION COSTS

Residualised Price (Negative land)			(1,895,437)		(1,895,437)
Stamp Duty			289,500		
Effective Stamp Duty Rate		0.00%			289,500

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost	
Private Residential	315,819	192.40	60,762,388	60,762,388
Section 106			2,785,079	2,785,079

PROFESSIONAL FEES

Professional Fees		6.00%	3,645,743	3,645,743
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DISPOSAL FEES

Effective Purchaser's Costs Rate		0.00%		
Private Sales Marketing & Legal Fee		3.00%	2,473,602	
Commercial Sales & Legal Fee		2.00%	5,322	
				2,478,924

FINANCE

Timescale	Duration	Commences
Preconstruction & demo	8	Dec 2020
Construction	24	Aug 2021
Sale	29	Aug 2023
Total Duration	61	

Debit Rate 6.750%, Credit Rate 0.000% (Effective)		
Land		(214,184)
Construction		4,341,888

**Viability Appraisal
REVISED MIX SCHEME
WITH 10% SHARED OWNERSHIP**

Other	2,080,252	
Total Finance Cost		6,207,955
TOTAL COSTS		74,274,153
PROFIT		14,858,396

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	0.03%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Gross Initial Yield%	7.00%
Net Initial Yield%	7.00%
IRR% (without Interest)	17.88%
Rent Cover	797 yrs 8 mths
Profit Erosion (finance rate 6.750)	2 yrs 9 mths