

## **VIABILITY PROOF OF EVIDENCE**

### **RESIDENTIAL DEVELOPMENT OF 103 DWELLINGS AND ASSOCIATED ACCESS AND INFRASTRUCTURE AT EAKRING ROAD, BILSTHORPE ON BEHALF OF KEEPMOAT HOMES LIMITED**

#### **TOWN & COUNTRY PLANNING ACT 1990 (AS AMENDED) PLANNING AND COMPULSORY PURCHASE ACT 2004**

**PREPARED BY: DR ANDREW GOLLAND BSC (HONS) PHD MRICS**

#### **SUMMARY**

I am Andrew Golland BSc (Hons), PhD, MRICS, a specialist in the development appraisal. I am a Chartered Surveyor and have a PhD in the field of Development Economics.

This is my proof of evidence relating to viability, specifically, and to the Eakring Road site in particular.

There have been several viability reports submitted and exchanged so far on this site. However, viability is a settled matter and my task is not to appraise or review these reports, but to take forward the viability issues based on the position agreed in the Statement of Common Ground (as reviewed below).

From the two statements of case I have drawn the following main points:

- It is accepted that an 85 unit scheme would not be viable for the applicants to deliver; and hence:

- If Keepmoat are to deliver this scheme, then more units are needed. And the Council accept that in so far that this is the case, 103 units are needed for Keepmoat to bring the site forward;
- The Council however do not accept that the site is unviable for a different housing mix combined with a lower quantum of homes, where the hypothesis is that given an alternative applicant, then the site could be more viable with a lower number of dwellings;
- The Council are keen to have a development that meets Housing Needs;
- The Council have provided 2 development mixes – at 88 and 87 units, courtesy of Dr Stefan Kruczkowski, which should be viability tested by Keepmoat within the Viability Proof of Evidence.

My approach deals with the case being submitted, which is in turn a response to the concerns of the Council that, as set out in their Statement of Case (Paragraph 5.4) that *'evidence has not been submitted to suggest that a higher value product which delivers fewer dwellings overall would not be viable or that the market demand for this does not exist'*.

I have carried out the following appraisals:

- 1 103 units built by Keepmoat as per the appeal scheme;
- 2 85 units built by Keepmoat as per the extant scheme;
- 3 85 units built by the potential competition as per the extant scheme;
- 4 88 units built by the potential competition as per the NSDC schedule Option 1 (Dr Stefan Kruczkowski);
- 5 87 units built by the potential competition as per the NSDC schedule Option 2 (Dr Stefan Kruczkowski);

My approach uses best available data including sales of dwellings in the market and industry standard cost, most specifically BCIS. I have drawn on evidence from the marker and competition at:

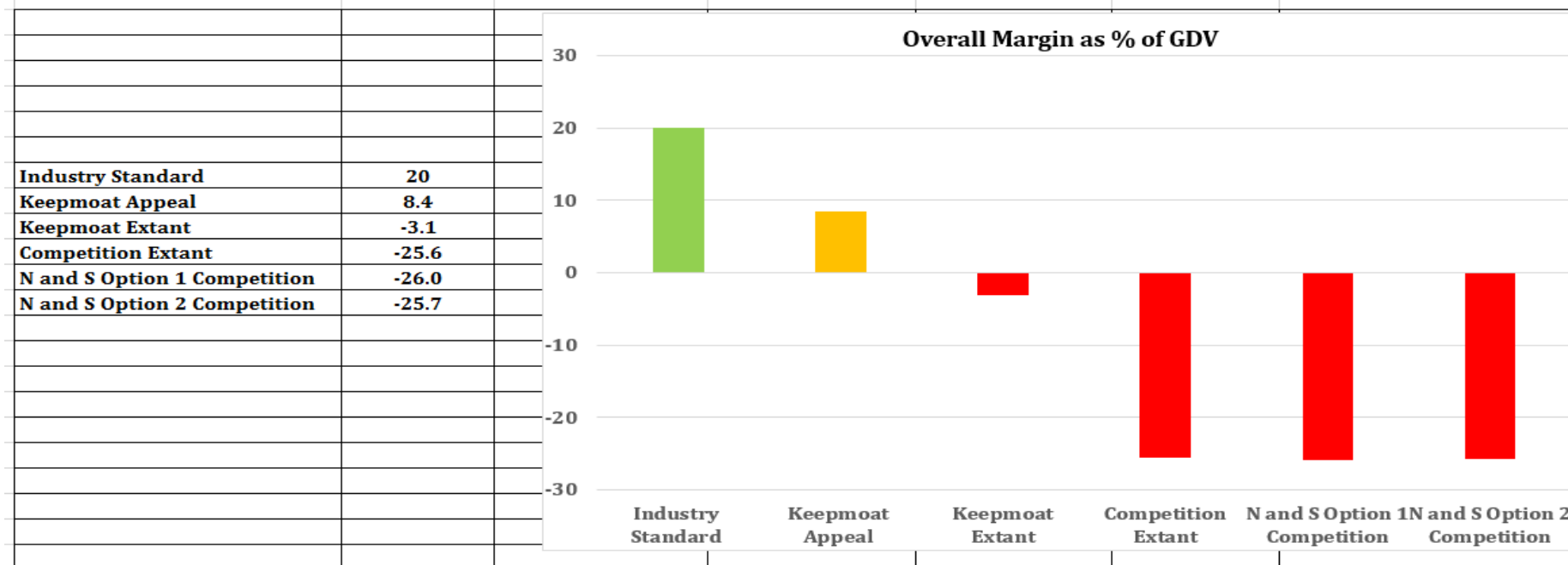
- Cornflower Fields, Ravenshead: it is understood that this is a local promoter:developer;
- Mansfield Homes at Wildflower Rise, Mansfield: understood to be a building arm of Mansfield DC;
- Harron Homes at Thoresby Vale, Edwinstowe: a medium sized house builder;
- David Wilson Homes at Thoresby Vale, Edwinstowe: a volume UK house builder;
- Barratts at Black Scotch Lane, Mansfield: a volume UK house builder.

I have used sales in the current market to adjust sales at these locations to that being proposed at Bilsthorpe. I have used robust and well established techniques throughout.

My findings conclude, by looking at both surplus (deficit) on land as well as developer return, that the Keepmoat appeal scheme for 103 units is the only realistic scheme that can viably be delivered. The results sheet is shown overleaf:

## Summary of the results from the five appraisals (Table 6.1 of the proof)

Scenarios	No of Units	Deficit (RV to LVB)	Developer Margin	Overall Viability	GDV	Overall Margin as % of GDV
<b>Keepmoat Appeal</b>	<b>103</b>	<b>£1,993,811</b>	<b>£3,646,344</b>	<b>£1,652,533</b>	<b>£19,604,000</b>	<b>8.4</b>
<b>Keepmoat Extant</b>	<b>85</b>	<b>£3,504,175</b>	<b>£3,009,119</b>	<b>-£495,056</b>	<b>£16,178,058</b>	<b>-3.1</b>
<b>Competition Extant</b>	<b>85</b>	<b>£7,246,867</b>	<b>£3,046,618</b>	<b>-£4,200,249</b>	<b>£16,379,665</b>	<b>-25.6</b>
<b>N and S Option 1 Competition</b>	<b>88</b>	<b>£6,512,898</b>	<b>£2,718,781</b>	<b>-£3,794,117</b>	<b>£14,617,102</b>	<b>-26.0</b>
<b>N and S Option 2 Competition</b>	<b>87</b>	<b>£6,855,398</b>	<b>£2,878,872</b>	<b>-£3,976,526</b>	<b>£15,477,809</b>	<b>-25.7</b>



Very significant levels of subsidy are needed to deliver anything other than the appeal scheme. I conclude that if the appeal scheme does not obtain consent then it is unlikely that another provider will come in to develop a scheme in the range 80 to 105 homes on a profitable basis, and of course to deliver the Section 106 agreed. There is therefore the loss of some 100 additional homes to the Council.

This proof therefore presents extensive evidence to show that the scheme for 103 units, built at competitive value, is the only realistic way of getting the site developed and valuable additional homes added to the district's housing stock.

*AJ Golland*

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