

REBUTTAL TO THE WHITE LAND STRATEGIES VIABILITY PROOF OF EVIDENCE, SUBMITTED BY MR CHRIS WHITE.

**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**

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1 INTRODUCTION

- 1.1 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.
- 1.2 I am author of the 'Three Dragons' Toolkit, a development appraisal tool which operates in around 150 local authorities across England and Wales. A significant element of my work relates to policy development and I have carried out over 100 viability studies covering affordable housing, Section 106 and CIL (Community Infrastructure Levy). I believe that robust policy development is the key to delivering development schemes.
- 1.3 I am a retained consultant for several local authorities on scheme specific appraisals. I have also worked for the major UK house builders on strategic projects and site specific viability issues. I have worked on applied and contract research projects, in particular affordable housing and viability appraisals, housing market studies, urban capacity assessments, SHLAAs, and housing needs evaluations for a range of high profile clients. These include DCLG, WAG, the GLA, HCA, the NWRA, the EM Regional Planning Forum and the Countryside Agency.
- 1.4 Prior to my work in planning and development consultancy, I was a Senior Research Fellow at the Centre for Residential Development at Nottingham Trent University. I have written two books on the housing development and planning process and published in numerous professional and academics journals.

Key professional and academic qualifications

BSc (First Class Hons) Land Management; Leicester Polytechnic 1992
PhD (Housing Supply, Land and Planning policies); De Montfort University 1996
MRICS (Member of the Royal Institution of Chartered Surveyors); June 2002

2 SUBSTANCE

- 2.1 I have read the White Land Strategies Ltd Proof in detail. Their case appears to rely on the example of one scheme – built at Bilsthorpe Moor, for 7 units, by a company called ISP Developments.
- 2.2 I deal below with points of principle and detail that I believe will assist the appellant’s case.

Principle of viability assessment:

- 2.3 My analysis defines viability in the context of NPPG and highlights land owner return and developer return as key drivers of viability, and whether the site has a financial capacity to be built out. I have looked at both revenues and costs and modelled these in a proper manner. I have not made any assumptions other than explicit ones, based on best available data.
- 2.4 The WLS Proof relies on a methodology which fails to set out a definition of viability and imputes levels of viability from a single variable alone – gross development value (GDV). This approach is not comparable with my own as it only looks in effect, at half the viability equation. Costs are not considered explicitly. This is disappointing as there is ample evidence which could have been used. For example BCIS ‘One Off housing’. This is a category within BCIS and which gives a robust indication of likely costs for developments of the ISP variety. I set out the latest figures:

(Maximum age of projects)	£/m ² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
820.1 'One-off housing detached (3 units or less)							
Generally (15)	<u>2,356</u>	<u>932</u>	<u>1,624</u>	<u>2,074</u>	<u>2,940</u>	<u>6,442</u>	129
Single storey (15)	<u>1,871</u>	<u>932</u>	<u>1,464</u>	<u>1,789</u>	<u>2,074</u>	<u>3,637</u>	33
2-storey (15)	<u>2,224</u>	<u>989</u>	<u>1,624</u>	<u>2,043</u>	<u>2,695</u>	<u>4,283</u>	62
3-storey (15)	<u>2,830</u>	<u>1,330</u>	<u>2,130</u>	<u>2,762</u>	<u>3,184</u>	<u>5,233</u>	27
4-storey or above (15)	<u>4,666</u>	<u>2,489</u>	<u>3,192</u>	<u>5,544</u>	<u>5,662</u>	<u>6,442</u>	5

- 2.5 These show that for more bespoke developments (such as the ISP) baseline plot costs are ‘Generally’ £2,356 per square metre. These

are strictly for units of 3 and less, but I argue that these costs are more applicable to schemes such as ISP's than are the Estate Housing costs generally.

- 2.6 Even assuming a baseline costs of £2,000 per square metre, plus external works at 15% we would have a cost which virtually equivalent to the GDV for the proposed scheme of 7 units. We would then have to factor in a) profit and b) land value.
- 2.7 Assuming that there is land value then the scheme can only advance at a very low rate of profit. This issues is not confronted at all in the WLS Proof at all.
- 2.8 It is one thing to say that the ISP scheme presents an example of an alternative development (to Keepmoat's) at Bilsthorpe. But of itself this is meaningless in the context of a debate which is about realistic and deliverable scheme which present a competitive position.
- 2.9 On the basis of industry standard figures (as shown above) and, taking my points below on Affordable Housing into account, I believe that the ISP is being delivered at a level of margin that is completely uncompetitive to the Keepmoat scheme. I think what has happened, is the land value, and the offer for the land, has been generated in lieu of profit margin.
- 2.10 I accept that all schemes are specific but in so far that the ISP scheme presents an alternative the evidence suggests that this is not a realistic or competitive alternative even acroDEss part of the site!

Principle of Affordable Housing liability:

- 2.11 The ISP scheme, at 7 units falls under the national (10) as well as local authority Affordable Housing threshold (at 11 units). This is not the case for the Keepmoat scheme which has to contribute towards Affordable Housing. If Affordable Housing were applicable to this (ISP) scheme then this would significantly devalue the gross development value (GDV). This is undeniable.

As follows:

Units	Sales	Sq M	Price per Sq M	Units	AH at 30%	GDV Open Market	At 40% OMV	Nett GDV	
						(2.1 units)			
1	£280,000	104	£2,692						
2	£290,000	102	£2,843						
4	£300,000	110	£2,727						
5	£300,000	110	£2,727						
6	£310,000	88	£3,523						
7	£335,000	126	£2,659						
Total	£1,815,000	640	£2,862	7	2.1	£544,500	£217,800	£1,597,200	£2,495.63
									0.0929
									£231.84

2.12 This GDV, whilst still higher on a per sq m basis, is much more similar to the GDV agreed for Eakring Road; and, given that ISP development costs will be higher (as acknowledged by WLS) it is likely that the (ISP) is actually significantly less viable than the Keepmoat scheme.

2.13 In all events, should the Eakring Road site have had an application for 7 dwellings then the Council would surely have said ‘site division, we want Affordable Housing’!

2.14 Indeed, it is very surprising that the Council’s evidence picks out this site, which they assert is viable, but which doesn’t require Affordable Housing! Are the Council applying double standards here with respect to larger and smaller developers? I can find no viability evidence in the Newark and Sherwood planning policies that supports the current threshold position. Why would the Council require Affordable Housing from Keepmoat and not from ISP? The example chosen gives impetus to the argument that the Council’s entire policy on Affordable Housing, Section 106 and CIL should be reviewed as being unsound on viability grounds!

2.15 Further, it is noted that the Proof of Evidence from Alison Hutchinson, on behalf of the Council, appeals to the inspector to see the lack of a policy (30% AH) compliant scheme as a reason for the appeal to carry ‘less weight’ whilst at the same time she fails to note that the scheme being promoted as an exemplar outcome for development at Eakring Road by the Council’s own viability consultant (i.e. the ISP scheme) has been completely exempted by the Council from an Affordable Housing contribution. This is truly a breathtakingly dissonant position to be taking up!

Principle of location:

2.16 Location is a key driver. Adjusting prices for micro location is difficult (other than via robust data sets – I have dealt with that problem in my Proof). I would consider the ISP site location as a better one than Eakring Road for the following reasons:

- Although the agents I have spoken to consider the settlement simply as ‘Bilsthorpe’ rather than ‘Bilsthorpe versus Bilsthorpe Moor’ the WLS Proof does make that distinction. On that basis it may be the case that a more detailed study would show differences between the two areas and hence justify higher prices at Bilsthorpe Moor;
- The ISP site is surrounded by housing of a more rural nature – cottages, bungalows and what appears to be lower density dwellings. The Eakring Road site is bounded by a row of bleak looking (mostly semi-detached) dwellings which will make the outlook from many of the dwelling in the new site unattractive;
- Bilsthorpe Moor appears more ‘dormitory’ in nature. The Eakring Road site has a significant industrial estate to the north east; as well as a solar farm to the east.

2.17 I accept that this analysis is qualitative but I do believe that the ISP site is far better located and hence likely to achieve higher prices, and which would have to be adjusted at Eakring Road. There is a (viability) reason why the ISP scheme is being built where it is!

3 CONCLUSIONS

3.1 There are a number of specific points that I would make in relation to the WLS Proof. I believe these will be picked up by Keepmoat’s Counsel. I would state however that WLS Proof is not clear as to the basis of the ‘viability’ case. In places there is an appeal to ‘reasonableness; in others ‘sustainability’; and in another place, to the ephemeral concept of ‘more is less’. I find it very difficult therefore to engage with this proof as a basis of a viability discussion.

AJ Golland

Dr Andrew Golland, April 2021