



Registered Office:  
Boundary Enterprise Park  
Boundary Lane  
South Hykeham  
LN6 9NQ

t: 01379 778200  
m: 07918 709227  
e: richard@devvia.co.uk

## **PROOF OF EVIDENCE (SUMMARY)**

**OF**

**RICHARD HEATHCOTE BSc (HONS)**

**ON BEHALF OF WAIN HOMES (NORTHWEST ) LIMITED**

## **DEALING WITH VIABILITY MATTERS**

**PROPOSED RESIDENTIAL DEVELOPMENT ON LAND AT A57 DINTING VALE,  
GLOSSOP.**

**PINS REF: APP/H1033/W/24/3339815**

**MAY 2024**

[www.devvia.co.uk](http://www.devvia.co.uk)

Devvia Property Consultancy Ltd is registered in England and Wales No. 08758642

- 1.1 This Proof of Evidence Summary has been prepared on behalf of Wain Homes (North West ) Limited in relation to the decision of High Peak Borough Council to refuse its application for planning permission.
- 1.2 This document provides a summary of the main Proof of Evidence and addresses viability matters and particularly the ability of the scheme to provide affordable housing provision and other financial contributions and obligations.
- 1.3 I hold a degree in Urban Land Economics and have more than 20 years of experience in preparing viability appraisals and reports for planning purposes, acting for national housebuilders, private developers, District Councils, and Housing Associations.
- 1.4 I have more than 30 years of experience in the commercial and residential property market specialising in, viability, development, site acquisition and agency. I have been directly responsible for viability assessments in a significant number of schemes, including those on part of allocated sites.
- 1.5 The evidence I provide is true and provided in full compliance with RICS Practice Statements, Guidance Notes and Professional Standards as follows:
  - 1) RICS Practice Statement and Guidance Note - Surveyors Acting as Expert Witnesses  
4th Edition (amended February 2023)
  - 2) RICS Professional Standard - Financial Viability in Planning: Conduct and Reporting  
- May 2019 (published April 2023)
  - 3) RICS Guidance Note 'Assessing viability in planning under the NPPF 2019' (1st edition) March 2021
- 1.6 In addition, the assessment and evidence considered is in full conformity with the PPG on viability (July 2018 and revised May 2019) and all other prevailing guidance, policy and best practice arising from planning decisions, including those determined on appeal.
- 1.7 I confirm that the opinions expressed are my true and professional opinions, based on my experience and evidence as contained.

1.8 The Council's original decision notice of 27<sup>th</sup> October 2023 stated:

*The proposed section 106 package fails to achieve a policy compliant level of affordable housing and fails to fully mitigate for the substantial tree loss and loss of biodiversity on the site. Whilst the viability issues are noted, in the absence of a policy compliant Section 106 package the residual harm arising from the development is considered to outweigh the benefits of delivering this allocated housing site contrary to Policies DS4, EQ9, EQ5, H3 and H4 of the adopted High Peak Local Plan 2016 and the NPPF.*

And a new matter which is introduced in the Council's Statement of Case at Paragraph 6.7:

*"If a development proposal was brought forward on the allocated site for 130 dwellings, the viability calculations would be different. In that circumstance there is no evidence that a policy compliant level of affordable housing could not be provided and the harm to biodiversity and trees on the site could not be sufficiently mitigated".*

- 1.9 This effectively amounts to a new reason for refusal, a matter taken up in the evidence of Mr Hourigan. It is certainly the position that the Council's own advisers on viability matters nor the officers ever sought that the Appellant address the viability of the whole allocation rather than the planning application that had been submitted and validated.
- 1.10 Prior to the refusal of the planning application the relevant documents relating to viability in this case had resulted in an agreed position between the appellant and the planning authority.
- 1.11 I was responsible for preparing the Viability Assessment in September 2022 (CD 1.6) that accompanied the Planning Application reference HPK/2022/0456.
- 1.12 My professional opinion, as set out in the Initial Viability Assessment in September 2022, was that the proposed scheme was not sufficiently viable to provide any affordable housing or financial contributions that may be requested.
- 1.13 Updated viability appraisals were produced to reflect scheme changes and the then current market position. A further addendum report, (CD 2.19) was prepared and submitted in June 2023.

- 1.14 Following the submission of this updated report, Mr Guy Emmerson of Bruton Knowles, appointed by the Council, completed a detailed review. Bruton Knowles confirmed their position on the viability of the revised scheme in a written update to the Council on 12<sup>th</sup> September 2023 (CD 6.24).
- 1.15 Their revised viability appraisal identified the remaining main points of difference between the parties, and concluded that (based on their revised appraisal) there was a total viability surplus of £773,000 that could be provided by the development to contribute towards either affordable housing or other s.106 items. (In their subsequent committee report (CD 2.77) the Local Council reported (para 8.1.4 ) that there was in fact £793,000 available for planning contributions).
- 1.16 Whilst I remained confident in the basis and findings of our June 2023 addendum report and appraisals, during subsequent discussions between the appellant and the planning authority the appellant reluctantly agreed to provide for contributions up to the level proposed by Council in order for the scheme to be able to move forward to determination at the planning committee meeting on 23 October 2023.
- 1.17 I understand that the agreed position reached relating to viability for the appeal site is not in dispute.
- 1.18 The Council's statement of case (received 24 April 2024) instead now, and somewhat belatedly, suggests that the whole of the site allocation (that includes a further 4.14 acres of council owned land) should have been appraised, and if this had been done then their contention is that a different viability conclusion would have been reached. At no point during the application and our negotiations was it suggested that such an assessment was required. As Mr Hourigan notes in his evidence this matter was also not mentioned at the Development Control Committee on 23 October 2023 and forms no part of the Decision Notice. The LPA's own appointed reviewer did not propose that and did not consider it at any stage to be appropriate or necessary.
- 1.19 It is not my professional view or experience that an applicant is expected or capable of completing a detailed viability appraisal for an entire site allocation that is made up of multiple interests, third party land or another developer's site.

- 1.20 Viability reports prepared at the application stage differ from work done for area wide studies, as they are based on a specific scheme, and are therefore often informed by a far higher level of detail and technical due diligence compared to the generic and high-level assumptions made at the plan making stage.
- 1.21 The High Peak Local Plan Viability Test Report (VTR) (CD 6.12) was completed in 2014. It is therefore now dated.
- 1.22 Whilst the VTR was suitable for its time the PPG allows for the consideration of site rather than the allocation. This is what has been done in this case.
- 1.23 As stated above, whilst there is an agreed position in relation to the viability of the Appellant's scheme, we understand that it is now the Council's contention that if the whole allocation is assessed (to include the Council's adjacent site) then the overall viability could be improved, and that this would then enable a higher level of s.106 contributions and affordable housing to arise.
- 1.24 Despite the significant limitations of such an approach, I have considered how this could be assessed based on the limited information available to the appellant on the third party land.
- 1.25 In an attempt to reasonably assess the overall allocation, I have added in to the appeal scheme appraisal (completed on the 21<sup>st</sup> June 2023) the potential additional development on the Council land. To do this I have had to make a series of broad assumptions, as we are unable to examine all the necessary inputs that would properly inform a fully compliant Viability Assessment.
- 1.26 Despite significant reservations regarding the actual housing capacity of the Council land and the additional costs associated with its development I have used the appraisal at Appendix E of our June 2023 addendum report (CD 2.19) as a baseline for the attached appraisal of the total allocation.

- 1.27 It should be noted that the June 2023 appraisal was based on zero affordable housing and zero s.106 contributions. Following further discussions and negotiations, Bruton Knowles adopted a different position on a small number of appraisal inputs. However, the wider appraisal of the full allocation and the assumptions and methodology adopted form a reasonable if limited basis upon which to assess the potential impact on viability of considering the additional land within the same site allocation. In my view, whilst acknowledging that the viability appraisal is necessarily based on limited information, it represents the best evidence currently available of the likely viability of the whole of the allocation DS 4 in the Local Plan.
- 1.28 Given the obvious additional constraints of the Council land it provides an optimistic assessment of whether the additional land would lead to a relative improvement in the overall viability position as recently asserted by the Council.

## Conclusions

- 1.29 The comparison between the 2 appraisals is summarised below.

Scheme	GDV	RLV	EUV+	Difference
92 Dwellings Zero Affordable Housing Zero other S106	£26,995,000	£834,000	£1,596,375	-£762,375
130 Dwellings Zero Affordable Housing Zero other S106	£38,141,768	£1,029,228	£2,155,275	-£1,126,047

- 1.30 As illustrated in the table above whilst the residual land value has increased by £195,228 for the larger 130 dwelling appraisal when an appropriate increase in BLV is also taken into consideration the level of viability deficit increases by £363,672 from £762,375 to £1,126,047.
- 1.31 This demonstrates that there is no improvement in overall viability accrued from considering the total site allocation as has been suggested by the Council.

- 1.32 The above assessment of the overall allocation adopts a number of optimistic assumptions relating to the potential development density of the additional Council land and conservative assumptions in relation to potential costs.
- 1.33 Since the completion of June 2023 addendum report the residential market has remained subdued.
- 1.34 At the same time as residential house prices have remained broadly flat construction costs have continued to increase over the period since the completion of the Addendum report in June 2023 with the BCIS general build cost index rising by 5.517%.
- 1.35 Interest rates have also increased with the Bank of England base rate 0.75% higher than at the time of the June 2023 Addendum report. Expectations are for a number of small falls in the base rate over the coming 12 months, however these falls had to a great extent been priced into the market already and therefore commercial borrowing and mortgage rates have been rising in recent months as the predicted reductions have not yet occurred.
- 1.36 Taking all of the above into consideration; the lack of house price growth combined with the continued growth in construction costs and higher finance costs, will only serve to make viability in this case more challenging for both the Appellants site and the also the Council land that makes up the wider allocation.