

Site: Gilston
Local Authority: East Herts
Job: Gilston Garden Town Villages 1 to 7
Date: 13/09/2023
Title: Briefing Note on Gilston Garden Town Villages 1 to 7

Gilston Garden Town was promoted, and outline planning applications were submitted on the basis that 40% affordable housing would be delivered. This is what policy HOU3 of the Council's District Plan requires. Before spring 2022, the Applicants proposed to deliver 40% affordable housing and stated this at the following times:

- When the site was being promoted for allocation;
- At the District Plan Examination in late 2017 / early 2018;
- When the Housing Infrastructure Fund (HIF) bid was submitted in March 2019;
- When the two outline applications were submitted in April (Villages 1-6) and November (Village 7) 2019;
- When the Villages 1-6 application was revised in November 2020;
- When the Village 7 application was revised in August 2021;
- When the Village 7 application was revised again in March 2022.

Despite these clear and repeated statements that 40% affordable housing was achievable, the Council's Development Management Committee resolved to grant the planning applications on the basis of just 23% affordable housing in February and March 2023.

The viability problems now claimed by the Gilston Villages applicants are so significant that, should their case be believed, the seven villages should never have been allocated. The costs of bringing forward the projects for Villages 1-6 and Village 7, is – apparently – of such magnitude that the schemes were never able to deliver 40% affordable housing. If the position of the applicants is to be believed, then all previous viability work undertaken on the Gilston allocation on behalf of the Council was flawed. This relates to the allocation, the HIF bid and the Harlow and Gilston Garden Town work which includes the Infrastructure Delivery Plan (IDP). According to the applicants, all of the other viability consultants – including those appointed by the council¹ to support the Gilston allocation – got it wrong.

The change in the viability of the projects, a position only agreed with the Council in February 2023, is explained in the respective Planning Committee reports as being “due to increased infrastructure cost” (para 13.2.13 of the Committee report for Villages 1-6, February 2023). This explanation is simply not supported by the viability documents that have been prepared in relation to the Gilston allocation. The strategic infrastructure / S106 contributions (for example the Stort River crossings) assessed in 2019 for the IDP has not materially changed. How can it then be that an increase in cost of circa. £411m / 76% (Villages 1-7) argued by the applicants, has been accepted by the Council? This increase is substantially more than the financial impact between the provision of 40% affordable housing and the accepted figure of 23%.

We accept that there will have been a rise in cost due to annual inflation but this in no way explains a 76% increase. A report produced for the Council by HDH in May 2022 (which was not, we understand, made publicly available or seen by the Development Management Committee) noted that the Gilston Garden Town with 40% affordable housing was actually more viable / profitable in 2022 than when the planning applications were made in 2019 (as value growth had outstripped cost inflation in the intervening period).

¹ PBA, Gardiner & Theobald, Cushman & Wakefield, Aecom, ARUP and HDH

The conclusion, following our detailed review of the applicants' viability appraisals, is that there is no obvious evidence that suggests that the previous viability work undertaken in relation to Gilston Garden Town was flawed. We agree with the Council's assessor HDH (May 2022), that the schemes can support 40% affordable housing.

The consequence of the Council accepting the applicants' viability arguments is the loss of 1,700 affordable homes in East Herts for which there is identified need. Has the Council considered how this need will be met within the borough if not at Gilston? The logical conclusion is that further land (most likely greenfield) will need to be allocated for housing.

Another important consideration for the members of East Herts Council is that a clear choice is being made to favour the provision of infrastructure outside of the borough in place of affordable housing within the borough.

Appendix – Comparison of HDH's Strategic Infrastructure Costs with the Applicant (Village 1-7)

The table and graph below compares HDH's 2019 IDP Infrastructure, S106 and Abnormal costs with the applicants' viability cases costs for the 7 villages:

Item	HDH	TW & Pfp	Difference £	% Difference
IDP Infrastructure & S106*	£539,043,330	£558,915,442	£19,872,112	3.69%
Est. Standard Infrastructure / Double Counting with HDH's Externals	£0	£283,369,484	£283,369,484	N/A
Est. Abnormals / Double Counting with Benchmark Land Value	£0	£108,187,112	£108,187,112	N/A
Total	£539,043,330	£950,472,038	£411,428,708	76.33%

**The RIF and STC contributions that are related to the grant have been removed from the TW & Pfp assessment as they were not included by HDH and should be cost neutral to the whole 7 villages when accounting for the circa. £111m grant.*

