

# Gilston Garden Town – Villages 1-6 & 7 Financial Viability – Peer Review Summary

October 2023



## Gilston Garden Town – Villages 1-6 & 7

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### Summary

1. Gerald Eve LLP are instructed by the owner of Hunsdon House, to undertake a peer review of reports into viability matters in relation to two planning applications forming part of Gilston Garden Town, comprising Independent Viability Assessments (IVAs) prepared by Continuum dated September 2023, and a further “Briefing Note on Gilston Garden Town Villages 1 to 7” dated 13 September 2023.
2. The purpose of these assessments is to summarise and provide advice on the viability case put forward, comprising viability assessments for the two planning applications:
  - 2.1. Village 1 to 6 Gilston Garden Town (ref: 3/19/1045/OUT) submitted by Places for People (PfP). Viability assessment submitted by Turner Morum (TM).
  - 2.2. Village 7 Gilston Garden Town (ref: 3/19/2124/OUT) submitted by Taylor Wimpey. Viability assessment submitted by CBRE.
3. Both applications are proposing to deliver 23% affordable houses which is significantly lower than the 40% required by policy and supported by the Harlow and Gilston Garden Town Strategic Viability Assessment (SVA) prepared in April 2019, due to viability issues. East Hertfordshire District Council instructed BPS to review the viability cases made by the Applicants and BPS conclude that the two applications could only support 23% affordable housing. The Council’s Development Management Committee resolved to grant the planning applications subject to signing of a S106 Agreement on the basis of just 23% affordable housing in February and March 2023.
4. This peer review focuses on the conclusion of the IVAs, and the potential for these documents to be used as evidence and justification for the Council to reassess the viability position of both applications.
5. This peer review has been prepared having regard to the National Planning Policy Framework (2023); Planning Practice Guidance (‘PPG’), the RICS Guidance Note: Assessing viability in planning under the National Planning Policy Framework 2019 for England (July 2021), and conduct and reporting Practice Statement 2019.
6. We have not sought to analyse and produce our own view on inputs in comparison with those agreed in the viability process between BPS and TM, and the alternatives set out by Continuum. In summary, Continuum make a robust case for a significantly more viable position for both applications, and the cumulative impact of changes to inputs would certainly lead to an increase in the amount of affordable housing.
7. We agree with Continuum that both applications were adjusted from 40% affordable housing to 23% as a result of updated viability evidence from the two consultants.

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8. The BPS reviews of both viability positions lack necessary detail in a number of areas, in particular in detail of analysis of infrastructure and abnormal costs, with no immediately discernible analysis of these costs. This is a significant area of risk given the magnitude of these costs, which is amplified by the fact that there appears to be a significant element of double counting.
9. It is also a clear failing of both assessments that the BLV was not adjusted from the rate adopted in the 2019 SVA to reflect the significant increase in abnormal costs since the area-wide study was carried out. This was not picked up by BPS in either case, and so was not correctly presented to members at planning committee.
10. We agree with Continuum that the Council should require a full reassessment of the viability case for the applications, including a full independent assessment of infrastructure and enabling costs (AECOM (Villages 1-6) and Henry Riley (Village 7) cost plans) before the Council formally determines either planning application. This will also enable the viability assessments to be updated to current day, as the assessments undertaken by both applicants, and the reviews by BPS, rely on historic inputs from the HDH area-wide analysis, when there is clear evidence that market movements since then should justify an updated approach. We would also expect finance costs to be updated in any future reassessment to reflect the current market conditions.
11. It is our opinion that there is sufficient evidence that both applications require updated viability assessments brought up to present day and reflecting the requirements of the PPG. It is essential that LPAs have up-to-date information with which to make decisions.
12. We confirm this peer review has been formally reviewed and signed off by the individuals who have carried out the assessment and confirm that this review has been prepared in accordance with the need for objectivity, impartiality and without interference.
13. We declare that to the best of our knowledge there is no conflict of interest (paragraph 1.1 of the Conflict-of-Interest Professional Statement of January 2018); and that our fee basis for undertaking this review is neither performance related nor involves contingent fees.

Alexander Vaughan-Jones MRICS

Robert Fourt FRICS

30.10.23

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