

Statement of Common Ground

Statement of Common Ground: Viability and Affordable Housing

Between Cove Construction Ltd, Peter Catt, Vincent Catt and Neil Catt and the South Downs National Park Authority

Appeal against the refusal of application SDNP/21/04848/FUL:

Development of 37 dwellings (including affordable homes) alterations to existing access onto Petersfield Road, hard and soft landscaping and all other associated development works

SDNPA Application Reference: 22/v0550/P

PINS Ref: APP/YP507/W/23/3314274

Date: 14 March 2023

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Introduction

- 1.1. This Statement of Common Ground ('SoCG') sets out the matters, relating to Viability and Affordable Housing, upon which the South Downs National Park Authority ('SDNPA') represented by viability consultants Bruton Knowles ('BK'), and Cove Construction Ltd, Peter Catt, Vincent Catt and Neil Catt ('the Appellants'), represented by viability consultants CBRE, have common ground and identifies those matters where disagreement lies.
- 1.2. Where referred to collectively, the SDNPA and the Appellants are hereafter referred to as 'the parties'.
- 1.3. For the use of the Inspector and for ease of members of the public the parties have sought to identify through the tables below the matters of common ground and those matters of dispute between the parties.
- 1.4. This represents the latest version of the SoCG. Matters may continue to be discussed and updated in the lead up to the inquiry. Any formal updates will be made by way of a further revision to this document.

Matters of Common Ground between the Parties (Viability/Affordable Housing)

- 1.5. The table below includes the matters in agreement between the parties.

Viability Input	Comment
Proposed Development Area	<p>The Proposed Development GIA, inclusive of garages, is 4,330m² (46,613ft²), as per Carlton Design Partnership's 'CIL Calculations Schedule' dated 11/04/2022.</p> <p>The Proposed Development Net Saleable Area ('NSA'), exclusive of garages, is 4,104.2m² (44,177ft²), as per Carlton Design Partnership's 'Schedule of Accommodation 2' dated 27/08/2021.</p>
Calculation of Affordable Housing GDV	<p>The Parties agree on the methodology of calculating affordable housing GDV which is as follows:</p> <ul style="list-style-type: none">• Affordable Rented Units. Adoption of the Local Housing Allowance for Blackwater Valley BRMA, £1,750 per unit per annum for management, repairs and maintenance and 3% for rental voids and bad debts and capitalised at a yield of 5.25%.• Shared Ownership Units. Adoption of an initial equity share of 25%* of the unrestricted Market Value and an assumed rent at 2.75% on the unsold equity and capitalised at a yield of 5%. This calculation assumes staircasing up to 100%**. <p>*The initial equity share is to be based upon the sum provided in the Section 106 agreement.</p>

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Viability Input	Comment
	**The staircasing is to be based upon the sum provided in the Section 106 agreement.
Affordable Housing 'Golden Brick' payment	The Parties adopt a 'Golden Brick' payment, with 30% of the Affordable Housing GDV paid on month 6 of construction, with the 70% balance payable in equal instalments monthly until practical completion.
CIL	<p>The Parties adopt a CIL figure of £85,127.33 for the Policy Compliant Appraisal.</p> <p>The Parties adopted a CIL figure of £112,688.64 for the 21.6% Affordable Housing Appraisal (delivering 8 x Shared Ownership units).</p> <p>The CIL figures set out above are subject to formal issuing of a CIL Liability Notice, in the event Permission is granted and works commence.</p>
s106 contributions	The Parties adopt a figure of £80,000 for S106/S278 contributions, including £65,000 (Highways Contribution) and £15,000 (SPA Mitigation) as per the Committee Report and subject to the terms of the s106 agreement.
Land Acquisition Costs	<p>The Parties agree on the land acquisition costs as follows:</p> <ul style="list-style-type: none"> Stamp Duty Land Tax: At the Prevailing rate prescribed by HMRC Agent Fees: 1.0% Legal Fees: 0.8%
Professional Fees	The Parties agree to professional fees at 10%.
Finance	The Parties agree to a finance rate of 7%.
Development Programme	<p>The Parties agree to the following development programme for the Proposed Development:</p> <ul style="list-style-type: none"> 1 month site acquisition (Month 1) 5 month pre-construction period (Months 2 to 6) 15 month construction period (Months 7 to 21) 6 month sale period (Months 22 to 27 assuming 30% sales off-plan)
Developer's Profit (Affordable Housing)	The parties agree to a 6% allowance for profit on Affordable Housing GDV.

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Viability Input	Comment
Date of Updated Viability Appraisals	The parties agree the Valuation Date of 31 st March 2023 for the purpose of determining the Existing Use Value, Benchmark Land Value and Residual Land Value.
Affordable Housing Disposal Fee	The parties agree to a sum of £17,500 for the disposal and legal fees for the Affordable Housing units.
Open Market Residential GDV (5 bed houses)	<p>The parties agree the following values for the 5 bed houses:</p> <p>Plot 11 £925,000</p> <p>Plot 13 £900,000</p> <p>Plot 28 £900,000</p> <p>Plot 23 £425,000</p> <p>These plots are highlighted green in the accompanying table in Appendix A for ease of reference.</p>
Build Costs	Total build costs for the Proposed Development (including contingency) of £11,891,944.

Matters in Dispute between the Parties

1.6. The table below includes the matters remaining in dispute between the parties.

Viability Input	Comment	
Benchmark Land Value	The Appellants adopt a Benchmark Land Value of £1,195,000 (BCM Red Book Valuation dated 31 st March 2023).	SDNPA adopt a Benchmark Land Value of £1,078,000. This is based upon the assessment of the EUV by Quintons Commercial Ltd at £980,000 plus a premium of 10%.
Open Market Residential GDV	<p>The Appellants adopt an Open Market Residential GDV of £12,410,000 (£438.41/ft²) for the Policy Compliant Appraisal.</p> <p>The Appellants adopt an Open Market Residential GDV of £16,530,000 (£440.50/ft²) for the 21.6% Affordable Housing Appraisal.</p> <p>CBRE provides open market values for each of the 37 plots each within the</p>	<p>SDNPA/BK adopt an Open Market Residential GDV of £12,785,000 (£452/ft²) for the Policy Compliant Appraisal.</p> <p>SDNPA/BK adopt an Open Market Residential GDV of £17,070,000 (£455/ft²) for the 21.6% Affordable Housing Appraisal.</p> <p>SDNPA/BK provide open market values for each of the 37 plots each</p>

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Viability Input	Comment	
	Proposed Development, contained at Appendix A for transparency.	within the Proposed Development, contained at Appendix A for transparency.
Affordable Housing GDV	<p>The Appellants adopt an Affordable Housing GDV (14 x Affordable Rented units and 4 x Shared Ownership units) of £3,427,658 (£215.92/ft²) for the Policy Compliant Appraisal.</p> <p>The Appellants adopt an Affordable Housing GDV (8 x Shared Ownership units) of £1,814,500, (£272.59/ft²) for the 21.6% Affordable Housing Appraisal.</p>	<p>SDNPA/BK adopt an Affordable Housing GDV (14 x Affordable Rented units and 4 x Shared Ownership units) of £3,666,120 (£231/ft²) for the Policy Compliant Appraisal.</p> <p>SDNPA/BK adopt an Affordable Housing GDV (8 x Shared Ownership units) of £2,010,438 (£302/ft²) for the 21.6% Affordable Housing Appraisal.</p>
Sales Agent & Marketing Fees (Open Market residential units)	<p>Appellants include sales agent and marketing fees at 3% of Open Market GDV.</p> <p>SDNPA/BK includes sales agent and marketing fees at 2% Open Market GDV.</p>	
Sales Legal Fees (Open Market residential units)	<p>Appellants include sales legal fees of £1,000 per unit.</p> <p>SDNPA/BK includes sales legal fees of £850 per unit.</p>	
Developer's Profit on GDV (Open Market residential units)	<p>Appellants include a 20% profit allowance on Open Market residential GDV.</p> <p>SDNPA/BK includes a 18.5% profit allowance on Open Market residential GDV.</p>	

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Appendix A: Open Market Residential Gross Development Value - Plot Comparison Table

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Plot No.	Unit Name/Type	Type	Beds	NSA (m ²)	NSA (ft ²)	CBRE Open Market Values - March 2023	CBRE £/ft ²	BK Open Market Values - March 2023	BK £/ft ²	Differential (£) BK vs. CBRE
1	Hyde	Detached	3	113	1,220	£560,000	£459	£575,000	£471	£15,000
2	Pemberley	Semi-Detached	2	81	875	£395,000	£451	£420,000	£480	£25,000
3	Pemberley	Semi-Detached	2	81	875	£395,000	£451	£420,000	£480	£25,000
4	Dean	Detached	3	110.8	1,193	£540,000	£453	£565,000	£474	£25,000
5	Vyne	End Terrace	2	80	865	£385,000	£445	£400,000	£462	£15,000
6	Longstock	Mid-Terrace	3	93.5	1,006	£425,000	£422	£460,000	£457	£35,000
7	Vyne	End Terrace	2	80	865	£385,000	£445	£400,000	£462	£15,000
8	Longstock	Semi-Detached	3	93.5	1,006	£450,000	£447	£460,000	£457	£10,000
9	Longstock	Semi-Detached	3	94	1,006	£450,000	£447	£460,000	£457	£10,000
10	Alverstoke	Detached	4	164.1	1,766	£775,000	£439	£785,000	£444	£10,000
11	Ormeley DG	Detached (Garage)	5	205	2,209	£925,000	£419	£925,000	£419	£0
12	Oakleigh	Detached	4	147.3	1,586	£695,000	£438	£720,000	£454	£25,000
13	Ormeley	Detached	5	194	2,086	£900,000	£431	£900,000	£431	£0
14	Hillier	Detached	4	165.7	1,784	£780,000	£437	£795,000	£446	£15,000
15	Avington	Detached	4	165	1,772	£777,500	£439	£795,000	£449	£17,500
16	Hillier	Detached	4	165.7	1,784	£780,000	£437	£775,000	£435	-£5,000
17	Vyne	Semi-Detached	2	80	865	£395,000	£456	£405,000	£468	£10,000
18	Vyne	Semi-Detached	2	80.4	865	£395,000	£456	£405,000	£468	£10,000
19	Vyne	Semi-Detached	2	80	865	£395,000	£456	£405,000	£468	£10,000
20	Longstock	Semi-Detached	3	93.5	1,006	£450,000	£447	£475,000	£472	£25,000
21	Vyne	Semi-Detached	2	80	865	£395,000	£456	£410,000	£474	£15,000
22	Vyne	Semi-Detached	2	80.4	865	£395,000	£456	£410,000	£474	£15,000
23	Vyne Detached	Detached	2	80	865	£425,000	£491	£425,000	£491	£0
24	Houghton	Detached	3	100.5	1,082	£495,000	£458	£515,000	£476	£20,000

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Plot No.	Unit Name/Type	Type	Beds	NSA (m ²)	NSA (ft ²)	CBRE Open Market Values - March 2023	CBRE £/ft ²	BK Open Market Values - March 2023	BK £/ft ²	Differential (£) BK vs. CBRE
25	Pemberley	Semi-Detached	2	81	875	£395,000	£451	£420,000	£480	£25,000
26	Dean	Semi-Detached	3	110.8	1,193	£515,000	£432	£555,000	£465	£40,000
27	Alverstoke	Detached	4	164	1,766	£775,000	£439	£795,000	£450	£20,000
28	Ormeley	Detached	5	193.8	2,086	£900,000	£431	£900,000	£431	£0
29	Avington	Detached	4	165	1,772	£777,500	£439	£795,000	£449	£17,500
30	Dean	Semi-Detached	3	110.8	1,193	£515,000	£432	£565,000	£474	£50,000
31	Dean	Semi-Detached	3	110.8	1,193	£515,000	£432	£565,000	£474	£50,000
32	Longstock	End Terrace	3	93.5	1,006	£435,000	£432	£460,000	£457	£25,000
33	Vyne	Mid-Terrace	2	80	865	£375,000	£433	£410,000	£474	£35,000
34	Longstock	End Terrace	3	93.5	1,006	£435,000	£432	£460,000	£457	£25,000
35	Vyne	End Terrace	2	80	865	£385,000	£445	£410,000	£474	£25,000
36	Romsey GF	Flat	1	50.8	547	£225,000	£411	£250,000	£457	£25,000
37	Romsey FF	Flat	1	59	635	£240,000	£378	£275,000	£433	£35,000
Total				4,105	44,182	£19,450,000	£440	£20,165,000	£456	£715,000