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S106 VIABILITY ASSESSMENT REPORT

HIGHOVER FARM, HIGHOVER WAY, HITCHIN SG4 0RQ

PREPARED FOR

GILL-HUDSON HOMES LTD

DATE OF ASSESSMENT: 10 June 2025

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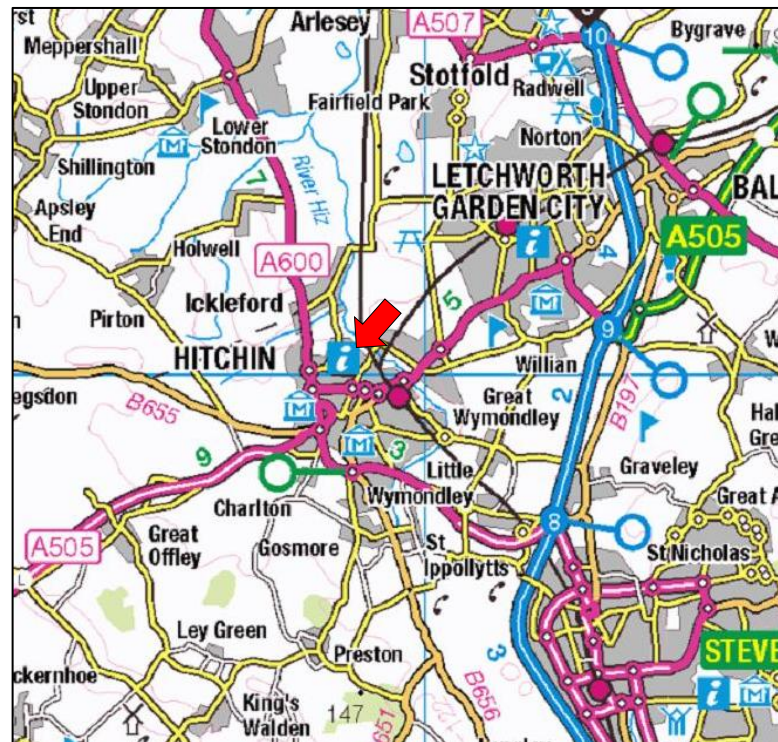
1. INTRODUCTION

- 1.1. We have been instructed by the applicant to provide an assessment of the viability of their proposed scheme at Highover Farm, located off Highover Way at the northeastern edge of Hitchin.
- 1.2. A planning application has recently been submitted and this report will accompany the application.
- 1.3. The existing site comprises a range of timber-built agricultural barns, predominantly single-storey, but with elements of two-storey in places. Also included is a large, detached farmhouse that, that was occupied until 2020 but now requires complete internal renovation. The application area extends to 0.75 hectares (1.87 acres).
- 1.4. The applicant has submitted a full planning application (not Prior Approval, via Class Q) under reference 25/01420/FP for the conversion of the existing barns and farmhouse to form 14 dwellings, a cycle store, and a carport. The total gross internal area (GIA) of the dwellings is proposed to total approximately 1,982 sq m (21,339 sq ft).
- 1.5. The site of the barns and farmhouse is included within a strategic allocation for residential led development for a total of 700 units, covering a total area of just under 96 acres (site reference HT1 – Highover Farm). This includes an extensive area of land to the north of the site, between Stotfold Road to the east and the rail line to the west. The policy relating to this allocated site is included within Policy SP17.

2. VIABILITY AND THE NATIONAL PLANNING POLICY FRAMEWORK (NPPF)

- 2.1. Viability in planning is defined as the ability of a development project to meet its costs including the cost of planning obligations, while ensuring an appropriate site value for the landowner and a market risk-adjusted return to the developer in delivering that project.
- 2.2. The fundamental issue therefore in assessing viability is whether an otherwise viable development is made un-viable by the extent of planning obligations or other requirements.
- 2.3. An updated National Planning Policy Framework (NPPF) was published in July 2021 and provided guidance on viability assessments. The document was updated in December 2024 by the Labour Government which seek to reverse much of the changes introduced in the previous changes of December 2023.
- 2.4. In addition, the Royal Institution of Chartered Surveyors (RICS) has published a document entitled “Assessing Viability in Planning under the National Planning Policy Framework 2019 for England”, originally published as a Guidance Note in March 2021 and reissued as a Professional Standard in April 2023.
- 2.5. This report has been undertaken in accordance with these documents.

3. LOCATION



- 3.1. The application site lies at the northeast edge of Hitchin, approximately 1.1 miles northeast of Hitchin Rail Station, and approximately 1.5 miles northeast of Hitchin Town Centre.
- 3.2. Uses surrounding the application site are predominantly residential to the south, east, and west, and currently comprise open countryside to the north. To the west of the rail line is the Hitchin Industrial Estate, covering an extensive area of 47 hectares (116 acres). The residential dwellings typifying the area surrounding the application site are lower-value terraced and semi-detached dwellings, many of which are ex-local authority.

4. SITE DESCRIPTION

- 4.1. The application site extends to 0.75 hectares (1.86 acres) and comprises a 5 bedroom farmhouse positioned on a plot of approximately 2,428 sq m (0.60 acres) and a range of agricultural buildings in a courtyard-style setting positioned on a plot of approximately 4046.9 sq m (1.00 acre). The remainder of the application area consists of roadways.
- 4.2. The 5 bedroom farmhouse lies to the east of the agricultural barns and includes a large garden of approximately 0.48 acres.
- 4.3. The barns and farmhouse currently occupy a semi-rural location at the northern edge of Hitchin but this will change in the near future as surrounding development to the north and west progresses. This is covered within the Planning section of our report.
- 4.4. Access to the site is through the residential area of Highover Way to the south. Access to the site does not provide an attractive approach, with relatively high-density, predominantly lower value dwellings with some ex-local authority style

housing comprising terraced and semi-detached construction, somewhat at odds with the rural character of the application site and the type of dwellings that will result from their conversion.

- 4.5. The site does not therefore represent a secluded rural conversion scheme, which will affect the gross development value (GDV) of the completed scheme to an extent. The GDV will also be affected by the planning permission on the remaining Highover Farm allocated development area, which will effectively remove much of the remaining rural character of the surroundings, effectively meaning that the application site will be situated opposite a phased construction site for several years.
- 4.6. The exception to this relates to the farmhouse, which is positioned between the barns and existing residential dwellings along Highover Way and so the impact of the surrounding development will be mitigated.
- 4.7. The existing site includes the following buildings:

Building Type	Description	Sq m	Sq ft
Milling Barn & Adjoining Livestock Units	Part two-storey (milling barn), part single-storey brick-built barn and livestock units with dual pitched roof and slate tile coverings.	125.28	1,348
Timber Storage Barn	Timber frame two-storey storage barn with part brick, part timber-clad elevations and dual pitched roof with slate tile coverings. Double swing entrance doors.	107.04	1,152
Single-Storey Livestock Unit	Brick-built single-storey unit with dual pitched roof and slate tile coverings, part open-fronted storage to rear.	72.43	779
Threshing Barn (Grade II Listed)	Two-storey timber-framed, Grade II Listed threshing barn with part brick, part timber elevations and dual pitched roof with slate tile coverings.	233.8	2,516
Brick Built Livestock Units	Part two-storey, part single-storey, brick-built livestock units with dual-pitched roof and slate tile coverings.	323.36	3,480
Open Fronted Livestock Barn	Open-fronted, brick-built single-storey L-shaped barn with dual pitched roof and slate tile coverings with small adjoining workshop.	272.5	2,933
Farmhouse	Detached 4 double bedroom farmhouse of solid brick construction with character elements including chimneys.	376.84	4,056
Detached Cart Shed	Timber-framed, open-fronted cart shed with timber weatherboard elevations and corrugated tin roof.	97.55	1,050
Detached Storage Barn	Storage barn to southern elevation with open-fronted livestock pens to northern elevation.	131.64	1,416



Milling barn and livestock units



Timber storage barn



Part Listed threshing barn



Threshing barn internal



Brick built livestock units



Open fronted livestock barn



Open fronted livestock barn



Farmhouse



Detached storage shed

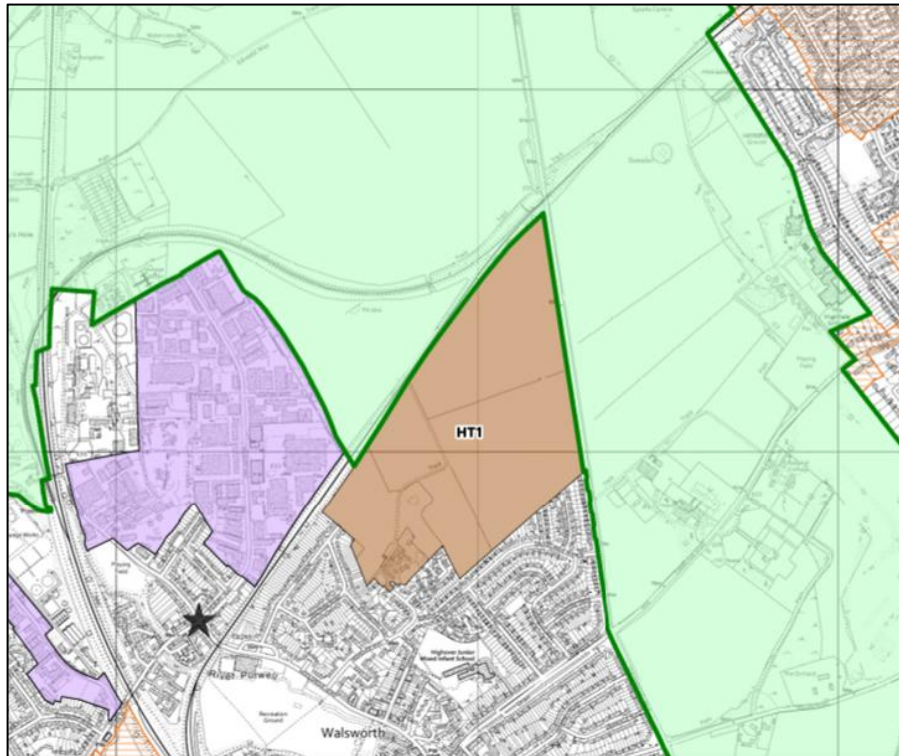


Detached cart shed

5. PLANNING POLICY

- 5.1. The Highover barns site is located within the administrative area of North Hertfordshire District Council (NHDC). Policies are set out within their adopted Local Plan 2011 – 2031.
- 5.2. Highover barns and farmhouse are included within the Highover Farm allocated development area (Site HT1) within the existing Local Plan. Details of the allocation are set out in Policy SP17.
- 5.3. The remainder of the allocation is subject to an outline planning permission to Bellcross Homes (now Barratt David Wilson) under reference 18/01154/OP for a:
- “residential led development of up to 700 dwellings of use class C3 (dwellings), approximately 500 sqm of neighbourhood-level facilities, a new 2FE primary school, open space, play space, green infrastructure, and associated accesses (vehicular, pedestrian and cycle), including a new primary access off Stotfold Road with limited access off High Dane”*
- 5.4. BDW are intending to commence construction in 2025. It should therefore be noted that the current semi-rural character of the barns site will not remain and Highover barns will overlook a phased construction for several years. This will inevitably have some impact on the GDV of the completed units.

- 5.5. A section of the Council's Policy map showing the extent of the Highover Farm allocation in brown and labelled HT1, is included below.



- 5.6. In paragraph 4.236 of the Local Plan, the Highover Farm complex included within the allocation, is recognised *“as an important and long-evolved complex of agricultural buildings recognised on the Council’s register of locally important heritage assets. In 2018, the Threshing Barn, which lies within this complex, was Grade II listed”*.
- 5.7. The conversion of these barns to residential use, and the refurbishment of the existing farmhouse, is required by the LPA to be undertaken sensitively. As a result, this will be a lengthy conversion project with significantly higher construction costs and timeframe than a standard new build development and should therefore not be compared to such a scheme.

6. BENCHMARK LAND VALUE (BLV)

- 6.1. The application site comprises an existing farmhouse in Planning Class C3 (dwelling houses) use and a range of agricultural barns. The farmhouse was occupied until 2022 and the farm was operational until the same time. The barns have most recently been within agricultural use by the same owner/occupier as the farmhouse. Neither the barns nor farmhouse have been used for any other purpose since becoming unoccupied.
- 6.2. We have assessed the BLV of the range of agricultural barns on both existing use and alternative use bases. We have assessed the BLV of the farmhouse by reference to comparable sales evidence of properties requiring significant renovation.

Existing Use Value (EUV)

- 6.3. The agricultural barns included with the property are not wind and watertight and are unlikely to serve much purpose beyond basic agricultural storage. We have therefore assessed sales evidence relating to small areas of agricultural land before applying an appropriate premium to arrive at the BLV.
- 6.4. In arriving at the EUV of the land, we have had regard to the following:
- i. **Land lying to the north east of Cherry Farm, Buckland, Bucks:** This level parcel of agricultural grazing land of 5 acres situated approximately half a mile outside of the village of Buckland, sold in December 2024 for £80,000. Access into the land is via a shared private access road. The sale price equates to £16,000 per acre.
 - ii. **Land off Bridgeway, Cuddington, Aylesbury:** This area of level bare pastureland extending to 54.91 acres sold in February 2023 for £535,000, equating to £9,743 per acre.
 - iii. **Land off Lince Lane, Kirtlington, Oxon:** This block of bare agricultural land, comprising predominantly arable land with a smaller parcel of water meadow, sold in March 2022 for £326,929, equating to £11,340 per acre.
- 6.5. In consideration of the above evidence, we have placed an agricultural value on the plot of land of approximately 1.00 acre in size, which includes the agricultural buildings, of £11,500, equating to £11,500 per acre, which is appropriate for the higher value location.
- 6.6. **Landowners Premium:** The RICS guidance advises that the premium applied to the EUV to arrive at the BLV should reflect the minimum return at which a reasonable landowner would be willing to sell their land and should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development.
- 6.7. In arriving at a realistic premium in this instance we must have regard to the fact that the subject site is part of a strategic allocation for residential development and adjoins an existing built up area of Hitchin. In addition, other adjoining land, also forming part of the allocation, has been granted planning permission for the development of 700 dwellings.
- 6.8. Therefore, it is entirely reasonable to assume that any landowners would seek to capitalise on its strategic location. With this in mind we have applied a premium of 30 times the agricultural value.
- 6.9. Subsequently, the BLV of the site of Highover Barns, on the basis of EUV + premium, is £345,000.

Alternative Use Value (AUV)

- 6.10. We have also assessed the site of the barns on an AUV basis, having regard to the fact that the site is within a development allocation and that Permitted Development Rights (PDR) are available for the conversion of agricultural buildings to residential dwellings under Class Q.
- 6.11. Permitted Development Rights concerning agricultural buildings were revised in 2024 by The Town and Country Planning (General Permitted Development etc.) (England) (Amendment) Order 2024. These changes were designed to give greater flexibility to the agricultural sector regarding the diversification of agricultural buildings.
- 6.12. Permitted development rights allow certain developments to be undertaken without the requirement for planning permission, although they remain subject to approval by the Local Planning Authority for certain matters, such as transport, highways, and flooding. This is referred to as prior approval.
- 6.13. There are restrictions and limitations to the extent that permitted development rights can be utilised. Agricultural buildings are given significant flexibility in the types of alternative uses they can accommodate, including flexible commercial use and a more generous allowance for conversion to residential dwellings.
- 6.14. There are limitations with regard to conversion to residential dwellings, as follows:
- i. The conversion scheme can create up to 10 homes, increased from 5 under previous legislation.
 - ii. Up to 1,000 sq m (10,764 sq ft) of total floor space can be converted to residential use.
 - iii. There is a single maximum floor space per house limit of 150 sq m (1,614 sq ft).
 - iv. There is an extension of Class Q to cover former agricultural buildings which are no longer part of an established agricultural unit.
 - v. The changes also allow a single-storey rear extension of up to 4 metres in depth to be added as part of the change of use.
- 6.15. In terms of conversion to flexible commercial use (referred to as Class R), the permitted development rights allow conversion to general industrial, storage, distribution, and commercial use, including the ability to diversify into sports and recreation use.
- 6.16. Permitted development rights were introduced in 2014 and have had a considerable effect on the value of redundant agricultural barns. The recent revisions have only increased the popularity of barns with purchasers in the marketplace.
- 6.17. In terms of arriving at a Benchmark Land Value (BLV) for the barns site on an AUV basis, the key principles that should therefore be considered, relate to the following:
- i. The site of the farmhouse and barns is within an allocated development site within the adopted Local Plan.

- ii. Permitted Development Rights are available to convert the existing barns, except the Grade 2 Listed element, up to a total of 1,000 sq m (10,764 sq ft), subject to a maximum of 10 dwellings.
- 6.18. The Heritage Officer of NHDC has confirmed that, for the purposes of conversion, only the threshing barn will be treated as Listed. The other barns would be exempt from the effect of being within the curtilage of that Listed status and therefore Class Q PDR would be available for the remaining barns. The formal applications for planning permission and listed building consent reflect this agreement with only an application for Listed Building Consent being submitted in relation to the threshing barn. The application also includes the smaller corner agricultural store but only due to its function in facilitating the residential conversion of the threshing barn.
- 6.19. In summary, the barns, including the detached storage barn and cart shed that will be demolished as part of the proposed scheme, currently have a total GIA of 1,363.60 sq m (14,674 Sq ft). When removing the threshing barn measurements, for which PDR under class Q would not be available, the existing measurements for the remaining barns total 1,129.8 sq m (12,161 sq ft).
- 6.20. Therefore, excluding the threshing barn and the detached storage barn, all of the barns would be available for conversion to residential use under Class Q of PDR. This would comprise a total barn area of 998 sq m (10,742 sq ft).
- 6.21. Furthermore, a conversion of the barns under Class Q would not trigger any requirement for affordable housing or s106 contributions.
- 6.22. In addition, being within an allocated development site, the risk of failing to secure a separate planning permission on the threshing barn is reduced.
- 6.23. In arriving at the AUV of the site of the barns, we have had regard to the sale of agricultural barns within the market, in particular the following:
- i. **Barns at Octagon Farm, Bedford Rd, Cople, Beds, MK44 3UH:** This collection of agricultural barns totalling approximately 7,000 sq ft occupying a plot of approximately 0.5 acres, sold in February 2025 at auction, for £330,000. The barns did not benefit from Class Q Prior Approval or planning permission. The adjoining Octagon Farmhouse, which was not included in the sale, was Grade 2 listed which may have affected the ability to take advantage of Class Q PDR for the barns. The sale price equates to £47.14 per sq ft of the barns, or £660,000 per acre based on the plot size.
 - ii. **Barns rear of 61 Church Street, Gamlingay, Beds, Sg19 3JJ:** This range of 4 barns extending in total to approximately 470 sq m (5,059 sq ft) upon a plot of 2 acres, sold in December 2021 for £453,000. The barns were sold without Prior Approval or planning permission. The sale price equates to £89.54 per sq ft or £226,000 per acre. The lower value per acre reflects the higher land to buildings ratio. The site does not occupy a rural location but is surrounded by residential dwellings.
 - iii. **College Farm Grain Store, Hillesden, Bucks, MK18 4BX:** This large, detached grain store on a plot of 0.42 acres sold in September 2023 for £300,000. The barn measures 361.59 sq m (3,892 sq ft) and was sold with the benefit of Class Q. The sale price equates to £77.08 per sq ft of barn size, or £714,285 per acre.

- 6.24. In consideration of the above evidence, we have applied an AUV to the site of the barns of £450,000. This equates to £42 per sq ft of the 10,745 sq ft of barns within the limit of PDR. This reflects the availability of PDR under Class Q and that affordable housing would not be required as part of the completed conversion scheme.
- 6.25. Therefore, the BLV of the site of the Highover Barns, that we have used in our assessment, is £450,000.

Detached Farmhouse

- 6.26. Of course, the farmhouse is an existing residential dwelling and would not require planning permission for its reinstatement into a single, large family dwelling.
- 6.27. In consideration of the principles above, we have had regard to sale prices of houses also requiring renovation within a 10 mile radius of the farmhouse.
- 6.28. Accordingly, we have considered the following evidence when arriving at our opinion of the BLV of the farmhouse and adjoining large garden:
- i. **55 Upton End Road, Shillington, Hitchin, SG5 3PE:** This 3 bedroom detached house sold by informal tender, in September 2024 for £900,000. The dwelling extends to approximately 164.1 sqm (1,766 sq ft) was constructed in approximately 1890, is of brick built construction and in need of complete internal renovation. The size of the total plot involved in the sale was approximately 1.79 acres. The sale price equates to £509 per sq ft based on the size of the house, or £502,793 per acre. The house included in this transaction is significantly smaller than Highover farmhouse but stands on a larger plot.
 - ii. **30 Manor Road, Potters Bar, EN6 1DQ:** This detached, vacant former care home, extending to approximately 167 sq m (1,797 sq ft) sold in November 2022 for £720,000. The property is essentially a residential dwelling on a residential street that obtained planning permission at some point historically to convert to a care home. It is clear that the property was a residential dwelling originally but would require complete renovation to return the dwelling to residential, which will have been reflected in the sale price, which equates to £400 per sq ft. Again, the property is significantly smaller than Highover farmhouse and is positioned on a smaller plot.
 - iii. **40 Main Road, Naphill, High Wycombe, Bucks, HP14 4QB:** This detached 3 bedroom period property, constructed in circa 1910, sold in June 2024 for £550,000. The house measures 123.10 sq m (1,325 sq ft) and is in need of complete renovation both internally and externally. The dwelling sits on a plot of 0.15 acres in total. The sale price equates to £396 per sq ft. Clearly the house and plot are significantly smaller than that of Highover farmhouse but we do consider Naphill to be a higher value location, being located at the edge of the Chilterns.
- 6.29. Highover farmhouse is a very large, detached dwelling of 4,000 sq ft, set predominantly over two storeys, which would make an impressive family home once renovated. The large garden area attached to the property adjoins to the east and covers an area of approximately 1,950 sqm (0.48 acres).

- 6.30. The dwellings does require extensive renovation internally but this will not require planning permission or listed building consent. The properties included within the transactions above are considerably smaller than Highover farmhouse but have nevertheless achieved values of between £550,000 and £900,000, despite also requiring complete renovation.
- 6.31. Our subsequent opinion of the BLV of the farmhouse is £650,000. This equates to £160.25 per sq ft of existing accommodation space and reflects the size of the accommodation and the cost of renovation of such a large property.
- 6.32. Therefore, the total BLV used in our calculation is £1,100,000.

7. SITE VALUE WITH PLANNING PERMISSION – POLICY COMPLIANT

- 7.1. There have been discussions between the applicant and LPA regarding the appropriate level of affordable housing that should be applied to the Highover barns and farmhouse scheme. These have centred around whether it should provide a 40% provision in accordance with the Highover Farm allocation, or a 25% provision on the basis that this is a standalone scheme delivering a total of 14 units.
- 7.2. The applicant's view, set out within their planning statement, is that a 25% provision should apply and therefore we have undertaken an assessment on the basis that the development complies with policy requirements relating to the provision of 25% affordable housing.
- 7.3. We have assumed the tenure to consist of affordable rent and shared ownership. If social rented units are required, this will have an adverse effect on the viability of the scheme and we will need to amend our calculations accordingly.
- 7.4. We have detailed the inputs within our calculations below:

Gross Development Value (GDV)

- 7.5. The current planning application seeks full planning permission and includes the accommodation schedule as set out below.
- 7.6. We have conducted our own research on the local housing market, including of barn conversions for each of the proposed dwellings. A schedule of the comparable evidence referred to when arriving at out the values, is included in Appendix 1.
- 7.7. As we have previously stated, the locational character of the barns is not one of rural solitude in open countryside. The surrounding existing housing that forms the approach to the Highover Barns to the south and east fulfils the lower value end of the market, comprising predominantly of semi-detached and terraced housing that is basic in its construction, with elements of Local Authority housing.
- 7.8. In addition, the adjoining BDW development will surround the completed scheme and therefore the remaining surrounding land will comprise a phased construction, conducted in phases, for approximately 6 years until the scheme is complete.
- 7.9. Although the resulting development will create a very attractive and distinctive group of dwellings, the above factors will inevitably have some adverse impact on the sale prices they are able to attract.

- 7.10. Some of the layouts of the 1.5 and 2 storey dwellings are unconventional, with the sleeping accommodation positioned on the ground floor and the living accommodation on the first. We have highlighted these units in the schedule, but a more detailed description is set out in the Planning Statement accompanying the planning application.
- 7.11. Many of the dwellings above one storey have limited head height due to the first floor being constructed into the roof space. This is an important factor as dwellings constructed in this way affect sale price due to the limitations imposed by the height of the rooms and lack of attic storage space.
- 7.12. The completed dwellings have associated parking spaces but, apart from Unit 5 which has a car port, there are no garages or car ports provided for the remaining dwellings.
- 7.13. The new build dwellings will not have the character of their barn conversion counterparts and therefore will not attract the same premium.

Unit	Description	GIA Sq m	GIA Sq ft	Sale Price
1	2 Bedroom; 1.5 storey detached dwelling Unconventional layout	88.24	928	£475,000
2	3 Bedroom; 1.5 storey semi-detached dwelling First floor within roof space – limited head height Unconventional layout	181.57	1,954	£900,000
3 (Threshing Barn)	4 Bedroom; 1.5 storey semi-detached dwelling First floor within roof space – limited head height Unconventional layout	230.97	2,488	£1,200,000
4 (Threshing Barn)	4 Bedroom; 1.5 storey semi-detached dwelling First floor within roof space – limited head height Unconventional layout	222.54	2,395	£1,200,000
5	3 Bedroom; 1.5 storey semi-detached dwelling 1 double bedroom with en-suite on ground floor	140.38	1,510	£800,000
6	2 Bedroom; 1.5 storey detached dwelling First floor within roof space – limited head height Unconventional layout 1 double bedroom on ground floor; no en-suite	95.84	1,031	£500,000

Unit	Description	GIA Sq m	GIA Sq ft	Sale Price
7 (Affordable)	2 Bedroom; 1.5 storey detached dwelling First floor within roof space – limited head height Unconventional layout 1 double bedroom on ground floor; no en-suite	94.78	1,020	£325,000
8	2 Bedroom; 1.5 storey detached dwelling First floor within roof space – limited head height Unconventional layout 1 double bedroom on ground floor; no en-suite	93.40	1,005	£500,000
9	3 Bedroom; single storey dwelling	123.43	1,328	£650,000
10	3 Bedroom; single storey dwelling	144.84	1,559	£800,000
11 (Farmhouse; Affordable)	4 Bedroom; 2 storey dwelling	188.53	2,029	£617,500
12 (Farmhouse)	4 Bedroom; 2 storey dwelling	190.84	2,052	£950,000
13 (New Build; Affordable)	2 Bedroom, one storey dwelling	80.83	870	£308,750
14 (New Build, Affordable)	3 Bedroom, two storey dwelling	108.93	1,172	£390,000
TOTAL				£9,616,250

7.14. We have subsequently arrived at a GDV for the built scheme of £9,616,250.

Affordable Housing

7.15. Our calculations have assessed the viability on the basis of a 25% affordable housing provision (4 units).

7.16. In accordance with policy, the affordable units are required to include an equal amount of one or two bed dwellings and dwellings of three bedrooms and above.

7.17. Therefore, we have included units 7 and 13 (2 beds), unit 14 (3 bed) and unit 11 (4 bed), as the affordable provision.

7.18. In the values above, the affordable units have been included at 65% of their full value.

Development Costs

7.19. The applicant has had extensive correspondence with the LPA with regard to how the conversion of the barns should be undertaken, in order to preserve their structure and character. Of particular sensitivity is the Listed threshing barn, the conversion of which will involve the construction of an external steel frame around the existing structure.

- 7.20. The scheme is a largely specialist conversion project that cannot be compared to a new build scheme and therefore it is not appropriate to use BCIS costs.
- 7.21. In order to provide a significantly more accurate representation of the construction costs involved with this scheme, the applicant has commissioned the services of Jon Green MRICS, an experienced Quantity Surveyor, to advise on the full costs of construction.
- 7.22. The Quantity Surveyor has undertaken two site visits and a detailed analysis involving a full break down of the cost of the full scheme, including the new build property and the renovation and division of the existing farmhouse.
- 7.23. The resulting construction costs of the scheme, including contingency, external costs and professional fees, is £6,953,468.81.
- 7.24. We have included the summary sheet of the build costs in Appendix 2. A full detailed breakdown of the cost calculation is also available upon request.

Contingency

- 7.25. A contingency included within a development project is generally linked to risk associated with the potential for unforeseen and fluctuating costs. The is not a new build project where a developer is constructing their standard house types where costs are largely known. The scheme involves the conversion of historic buildings using some non-standard materials and there is greater capacity for unforeseen and increasing costs as a result. In undertaking his detailed cost assessment, the Quantity Surveyor has advised that the applicant should be allowing for a contingency of 10% for this scheme. This is included within the overall construction cost figure as explained above.

Timescales

- 7.26. The project will require a considerable pre-construction phase involving carefully removing the existing stone and cobbled flooring to the barns, removing each slate roof tile and storing for future use in the conversion scheme, removing the existing roofs to the barns and generally taking the existing barns back to their base structure before the construction work can begin while ensuring that each structure and its character is preserved. This process will take approximately 6 months.
- 7.27. As such, the overall construction will take a total of 24 months to complete. We have included a sale period of 8 months that overlaps by 4 months with the construction period.

S106 Contributions

- 7.28. We understand that the Local Authority have not raised s106 contributions as a point of discussion and therefore our viability calculations do not include any contributions. If s106 contributions are subsequently demanded, this will have an effect on the viability of the scheme and we reserve the rights to amend our calculations accordingly.

Abnormal Costs

- 7.29. Any allowance for abnormal costs have been included in the total construction cost figure.

Professional Fees

- 7.30. The scheme will include elements of more specialist professional input and so the Quantity Surveyor has advised that an allowance of 8% should be included in the overall costs, instead of the more standard 7%. This allowance is included in the total construction cost figure.

Finance

- 7.31. The proposal for Highover Barns and Farmhouse is not generally one that would interest a regional developer that is able to benefit from a favourable and revolving credit facility with a relatively low rate of interest. The project is considerably more suited to smaller developers, such as the applicant, who will not be able to secure the same rates of interest.
- 7.32. Nevertheless, the applicant has an ongoing funding arrangement with Chase Brothers who are aware of the proposed application on the details of the development. The bank has confirmed that they would be able to agree to an interest rate of 4.75% above base rate, effectively a 9% rate of interest for this scheme.

Developer's Profit

- 7.33. The principle of viability is to balance a fine line between the landowner being incentivised to sell the land for development by receiving the best possible price for the land, balanced with the developer being incentivised to develop a scheme by being rewarded with a reasonable profit level. A combination of RICS guidelines and surveyor's own knowledge and experience shows that an acceptable range of developer's profit is between 15% of the GDV and 25% of the GDV. The circumstances of the development will generally dictate what a reasonable profit level will be for a specific scheme and is usually associated with risk. For instance, if there are abnormal costs to a development such as the remediation of contaminated land, or alternatively a development is technically complicated, then that places an additional risk on the developer and in return it is reasonable to accept that the developer's profit should be toward the higher end of the scale.
- 7.34. In our policy compliant appraisal we have included a blended rate of 17.62% based on a 20% profit on the private dwellings, and 6% on the affordable element.

8. SUMMARY OF VIABILITY POSITION – POLICY COMPLIANT

- 8.1. Our residual valuation for the policy compliant scheme on the basis of a 25% provision of affordable housing (4 units) in accordance with our requirements, produces a residual land value of £332,784 compared to the BLV of £1,100,000.
- 8.2. The proposed development is therefore unviable when including policy compliant levels of affordable housing at 25%.
- 8.3. We have included a copy of our calculations relating to the policy compliant scheme in Appendix 3.

9. SENSITIVITY ANALYSIS

- 9.1. Because we have entered the construction costs as one total figure, we have not been able to undertake a sensitivity analysis using the package.
- 9.2. However, to provide an illustration of the best case scenario, if we were to decrease the total construction cost by 5% the residual land value would increase to £630,000. A simultaneous increase of 5% in the GDV would increase the residual land value to £945,000.
- 9.3. In this most optimistic of circumstances, the residual land value would therefore still remain below the BLV.

10. CONCLUSIONS

- 10.1. Following our assessment, in the knowledge that a policy compliant development produces an unviable scheme we have undertaken the same calculations to assess the level of affordable housing and s106 contributions that could reasonably be provided before the scheme becomes unviable.
- 10.2. Our calculations show that even when the scheme does not provide any affordable housing, the scheme remains unviable, with a resulting land value of £716,770 against the BLV of £1,100,000. This is arrived at using the GDV of £10,500,000 which is consistent with the policy compliant calculations, and a developers profit of 20%. A copy of our calculations relating to the development scheme where no affordable housing is provided, is included in Appendix 4.
- 10.3. We therefore conclude that the scheme should not be expected to provide any affordable housing as part of the submitted application.

11. LIMITATION AND PUBLICATION

- 11.1. This report is provided for the stated purpose and the sole use of the named client. It is confidential to the client and his professional advisors and the valuer accepts no responsibility whatsoever to any other person. Neither the whole nor any part of this report nor any reference thereto may be included in any published documents circular or statement nor published in any way without the valuer's written approval of the form and context in which it may appear.

A handwritten signature in black ink, appearing to read 'N. Andrews', is written over a horizontal line.

Prepared by:

N Andrews MRICS
RICS Registered Valuer
(RICS Number: 1130416)
For and on behalf of Kirkby Diamond

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E. nathan.andrews@kirkbydiamond.co.uk

APPENDIX 1

Schedule of Comparable Sales Evidence

	Address	Dwelling Type	No. of Bedrooms	Sq m	Sq ft	Status	Asking/Sale Price	£ / Sq ft	Comments
	1 Old Ramerick Barns, Bedford Road, Ickleford, Hitchin, SG5 3SB	Barn Conversion	4	233.3	2,511	Sold Oct 2022	£1,275,000	£507	Village location Converted in 2016 High specification Three en-suites Double garage with office over Gated property
	Meadow Cottage, Damask Green, Weston, Hitchin, SG4 7BZ	Modernised period home	4	177.2	1,907	Sold Oct 2022	£850,000	£445	Village location Opens onto village cricket ground to the rear One en-suite
	2 Gosmore Gate, Gosmore, Hitchin, SG4 9FP	Detached	4	195.5	2,104	Sold Jan 2024	£1,200,000	£570	Nearly new dwelling Village at south western edge of Hitchin Converted loft space Dressing room to main bedroom Two en-suites Garage
	Old Bakery, Maiden Street, Weston, Hitchin, SG4 7BG	Converted historic property	4	183	1,970	Sold May 2022	£950,000	£482	Village location Property dates back to 1642 Gated property Plot of 0.7 acres Sold within a period of higher values Carport and store

	Address	Dwelling Type	No. of Bedrooms	Sq m	Sq ft	Status	Asking/Sale Price	£ / Sq ft	Comments
	Meadow Cottage, Damask Green, Weston, Hitchin, SG4 7BZ	Modernised period home	4	177.2	1,907	Sold Oct 2022	£850,000	£445	Village location Property dates back to approx. 1850
	Model Farm, Mill Lane, Hexton	Semi-detached single storey barn style dwelling	4	162	1,746	For Sale from June 2025	£900,000 guide	£510	New build Central village location Two en-suites Double carport
	4 Crown Barns, West Street, Lilley, Luton, LU2 8EG	Semi-detached barn conversion	3	141.60	1,524	Sold Oct 2024	£630,000	£413	No garage 2 storey Village location Additional family room
	Henry Isaac Mews, Brookend Lane, St Ippolyts, Hitchin	Semi-detached barn style	3	165	1,776	Under Offer	£900,000 - £925,000 guide	£506 - £520	New build Small development of 7 barn style properties Rural position 1.5 storey Two en-suites High value village location No garage

	Address	Dwelling Type	No. of Bedrooms	Sq m	Sq ft	Status	Asking/Sale Price	£ / Sq ft	Comments
	2 Rookery End, Harris Lane, Offley, Hitchin, SG5 3EZ	Semi-detached barn conversion style property	3	172.50	1,856	Sold June 2023	£852,000	£459	Built 2021 1.5 storey Double garage Edge of village location
	2 Manor Farm Cottages, Wymondley Rd, Willian, Herts	Semi-detached barn conversion	3	117.6	1,266	Sold	£585,000	£462	Single storey 1 en-suite No garage Built approx 2002 Village location
	Westmill Lane Ickleford, Herts	Semi-detached barn conversion	3	182	1,959	For Sale	£1,100,000 asking price	£561	Grade 2 Listed Village location 1.5 storey Garage and car port Multiple outbuildings 2 en-suites Converted in 1999 Overlooking open countryside
	Langley Lane, Langley, Hitchin, Herts	Detached barn conversion	3	164	1,769	Under Offer	£850,000 guide	£480	Detached property Grade 2 Listed Galleried Landing Two en-suites Large plot Double carport

	Address	Dwelling Type	No. of Bedrooms	Sq m	Sq ft	Status	Asking/Sale Price	£ / Sq ft	Comments
	Dunwich Farm, Stevenage	Semi-detached barn conversion	3	168	1,811	For Sale	£750,000 guide	£414	Residential location Grade 2 Listed Three en-suites One bedroom on ground floor Garage
	Limbersey Lane, Maulden, Beds	Semi-detached barn conversion	3	129.8	1,398	Under Offer	£715,000	£511	Garage Single storey 1 en-suite Study Overlooking open countryside
	The Stables, Bockings, Walkern New build	Semi-detached new build 2 storey house.	2	81	872	For Sale	£475,000 asking price	£544	Exclusive new development of 3 dwellings Village location Open countryside Two storey 2 en-suites No garage
	26 Chime Dell, Whitwell, Hitchin, SG4 8BS	Semi detached 2 storey house.	2	75.7	815	Sold Feb 2025	£420,000	£515	Constructed in 2020 Development of mixed bungalows and houses Village location Garage
	Manor Farm Cottages, Wymondley Road, Willian, SG6 2AH	Semi detached single storey barn conversion	2	90	969	Under offer	£485,000 under offer price	£500	Newly renovated Edge of village location No garage

	Address	Dwelling Type	No. of Bedrooms	Sq m	Sq ft	Status	Asking/Sale Price	£ / Sq ft	Comments
	Hebing End, Benington, Hertfordshire	Semi detached single storey barn conversion	2	81.94	882	For sale	£500,000 asking price	£566	New barn conversion Rural, village setting One en-suite No garage
	Benington Road, Aston, Stevenage	Semi detached two storey house	2	84	902	For sale	£465,000 guide price	£515	New build Small development of 6 dwellings Stamp duty incentives are offered One en-suite No garage

APPENDIX 2

HIGHOVER FARM SUMMARY

					12 May 2025
	Units 1 and 2				£491,757.00
	Units 3 and 4				£892,774.00
	Units 5 to 8				£758,541.00
	Units 9 and 10				£583,030.00
	Units 11 and 12				£667,993.00
	Units 13 and 14				£384,908.00
	Car Port				£87,650.00
	Cycle Store				£60,600.00
	External Works				£494,010.00
					£4,421,263.00
	Preliminaries	say 104 weeks @ £4,000 per week			£416,000.00
					£4,837,263.00
	Main contractor overheads and profit	10%			£483,726.30
					£5,320,989.30
	Professional Fees	8%			£425,679.14
					£5,746,668.44
	Allowance for price increases allowing for a start in September 2025 and a two year contract completing September 2027	Say 10%			£574,666.84
					£6,321,335.28
	Contingency	10%			£632,133.53
	TOTAL BUDGET COST FOR WORKS		308.39		£6,953,468.81
	Assumptions				
i)	Based on James A Keaney Associates Drawings				
ii)	Unsure where drainage connections are to be made				
iii)	Unsure of location of existing incoming services				
iv)	Assumed traditional foundations				
v)	Allowance made for secondary steelwork to support existing timber frames				
vi)	Cost per ft2 equates to	308.39	per ft2		

APPENDIX 3

Highover Barns and Farmhouse
Hitchin
Policy Compliant - 25%

**Highover Barns and Farmhouse
Hitchin
Policy Compliant - 25%**

Project Pro Forma for Phase 1

Currency in \$

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Unit 1 - 2 Bed 1.5 Storey	1	928	511.85	475,000	475,000
Unit 2 - 3 Bed; 1.5 Storey	1	1,954	460.59	900,000	900,000
Unit 3 - 4 Bed; 1.5 Storey	1	2,486	482.70	1,200,000	1,200,000
Unit 4 - 4 Bed; 1.5 Storey	1	2,395	501.04	1,200,000	1,200,000
Unit 5 - 3 Bed; 1.5 Storey	1	1,510	529.80	800,000	800,000
Unit 6 - 2 Bed; 1.5 Storey	1	1,031	484.97	500,000	500,000
Affordable Unit 7 - 2 Bed; 1.5 Storey	1	1,020	318.63	325,000	325,000
Unit 8 - 2 Bed; 1.5 Storey	1	1,005	497.51	500,000	500,000
Unit 9 - 3 Bed; Single Storey	1	1,328	489.46	650,000	650,000
Unit 10 - 3 Bed; Single Storey	1	1,559	513.15	800,000	800,000
Affordable Unit 11 (Farmhouse) - 4 Bed; 2 Storey	1	2,029	304.34	617,500	617,500
Unit 12 (Farmhouse) - 4 Bed; 2 Storey	1	2,052	462.96	950,000	950,000
Affordable Unit 13 (New Build) - 2 Bed; Single Storey	1	870	354.89	308,750	308,750
Affordable Unit 14 (New Build) - 3 Bed; 2 Storey	<u>1</u>	<u>1,172</u>	332.76	390,000	<u>390,000</u>
Totals	14	21,339			9,616,250

TOTAL PROJECT REVENUE

9,616,250

DEVELOPMENT COSTS

ACQUISITION COSTS

Residualized Price		332,784	
			332,784
Land Transfer Tax	3.45%	11,481	
Agent Fee	2.00%	6,656	
Legal Fee	0.50%	1,664	
			19,801

CONSTRUCTION COSTS

Other Construction Costs

Construction Costs		6,953,468	
			6,953,468

MARKETING & LEASING

Marketing	2.00%	139,069	
			139,069

DISPOSAL FEES

Sales Legal Fee	14 un	1,200.00 /un	16,800	
				16,800

TOTAL COSTS BEFORE FINANCE

7,461,922

FINANCE

**Highover Barns and Farmhouse
Hitchin**
Policy Compliant - 25%
Timescale

	Duration	Commences
Purchase	1	Jun 2025
Pre-Construction	6	Jul 2025
Construction	18	Jan 2026
Sale	8	Mar 2027
Total Duration	30	

Debit Rate 9.00%, Credit Rate 0.00% (Nominal)

Total Finance Cost	459,945
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TOTAL COSTS	7,921,867
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PROFIT	1,694,383
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Performance Measures

Profit on Cost%	21.39%
Profit on GDV%	17.62%
IRR% (with Interest)	27.44%

APPENDIX 4

Highover Barns and Farmhouse (1)
Hitchin
No Affordable Housing

Highover Barns and Farmhouse (1)
Hitchin
No Affordable Housing

Project Pro Forma for Phase 1

Currency in \$

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
Unit 1 - 2 Bed 1.5 Storey	1	928	511.85	475,000	475,000
Unit 2 - 3 Bed; 1.5 Storey	1	1,954	460.59	900,000	900,000
Unit 3 - 4 Bed; 1.5 Storey	1	2,486	482.70	1,200,000	1,200,000
Unit 4 - 4 Bed; 1.5 Storey	1	2,395	501.04	1,200,000	1,200,000
Unit 5 - 3 Bed; 1.5 Storey	1	1,510	529.80	800,000	800,000
Unit 6 - 2 Bed; 1.5 Storey	1	1,031	484.97	500,000	500,000
Unit 7 - 2 Bed; 1.5 Storey	1	1,020	490.20	500,000	500,000
Unit 8 - 2 Bed; 1.5 Storey	1	1,005	497.51	500,000	500,000
Unit 9 - 3 Bed; Single Storey	1	1,328	489.46	650,000	650,000
Unit 10 - 3 Bed; Single Storey	1	1,559	513.15	800,000	800,000
Unit 11 (Farmhouse) - 4 Bed; 2 Storey	1	2,029	468.21	950,000	950,000
Unit 12 (Farmhouse) - 4 Bed; 2 Storey	1	2,052	462.96	950,000	950,000
Unit 13 (New Build) - 2 Bed; Single Storey	1	870	545.98	475,000	475,000
Unit 14 (New Build) - 3 Bed; 2 Storey	<u>1</u>	<u>1,172</u>	511.95	600,000	<u>600,000</u>
Totals	14	21,339			10,500,000

TOTAL PROJECT REVENUE

10,500,000

DEVELOPMENT COSTS

ACQUISITION COSTS

Residualized Price		716,770	
			716,770
Land Transfer Tax	3.45%	24,729	
Agent Fee	2.00%	14,335	
Legal Fee	0.50%	3,584	
			42,648

CONSTRUCTION COSTS

Other Construction Costs

Construction Costs		6,953,468	
			6,953,468

MARKETING & LEASING

Marketing	2.00%	139,069	
			139,069

DISPOSAL FEES

Sales Legal Fee	14 un	1,200.00 /un	16,800	
				16,800

TOTAL COSTS BEFORE FINANCE

7,868,756

FINANCE

Timescale	Duration	Commences
Purchase	1	Jun 2025
Pre-Construction	6	Jul 2025
Construction	18	Jan 2026

Highover Barns and Farmhouse (1)**Hitchin****No Affordable Housing**

Sale	8	Mar 2027
Total Duration	30	

Debit Rate 9.00%, Credit Rate 0.00% (Nominal)

Total Finance Cost	531,244
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TOTAL COSTS**8,400,000****PROFIT****2,100,000****Performance Measures**

Profit on Cost%	25.00%
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Profit on GDV%	20.00%
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IRR% (with Interest)	29.07%
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