

# **Financial Viability Report**

**Northaw House  
Coopers Lane, Northaw, Herts**

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# 1 Executive Summary

This Viability Report has been prepared to assess the need and provision of enabling development to secure the long-term future of Northaw House.

Northaw House is a vacant grade II listed building standing in extensive grounds to the west of Northaw Village in Hertfordshire. Within the curtilage are a number of other listed buildings and structures, the majority of which, like the main house, are in disrepair and require significant works.

In line with the adopted National Planning Policy Framework 2012 (NPPF) viability is an important material consideration in the conservation and enhancement of the historic environment.

Viability appraisals can and should be used to analyse and justify planning applications for developments that secure the long-term future of heritage assets.

Residential development is considered to be a sympathetic use of Northaw House. It will return the property to its original use and it is the only use for which there is a demand following market testing.

The Viability Assessment undertaken by Savills confirms that enabling development is required to fund the repair, refurbishment and restoration of the listed buildings at Northaw House. The viability appraisals show that the proposed enabling development is the minimum necessary to convert the heritage asset to its optimum use and secure its long-term future.

The previous planning consent for Northaw House granted in 2009 (application S6/2004/0573/F) accepted the principle of enabling development to fund the retention and future of the listed buildings. The current proposals are a logical update to those proposals.

As well as the financial viability, the case for enabling development is also justified when assessed against other criteria in Historic England policy. These are also considered in this Report.

The problems facing Northaw House have arisen from the inherent needs of the place, and enabling development is the only viable means of securing the long-term future of the asset while minimising its fragmentation.

The design of the proposed development is architecturally sympathetic to the setting and heritage values of the place, and would form an integral part of the evolutionary layout of the estate.

Taking all these factors into account, the proposed enabling development is justified to secure the long-term future of Northaw House. This constitutes very special circumstances, the benefits of which are sufficient to outweigh the limited harmful impact that an additional amount of new building would cause to the Green Belt.

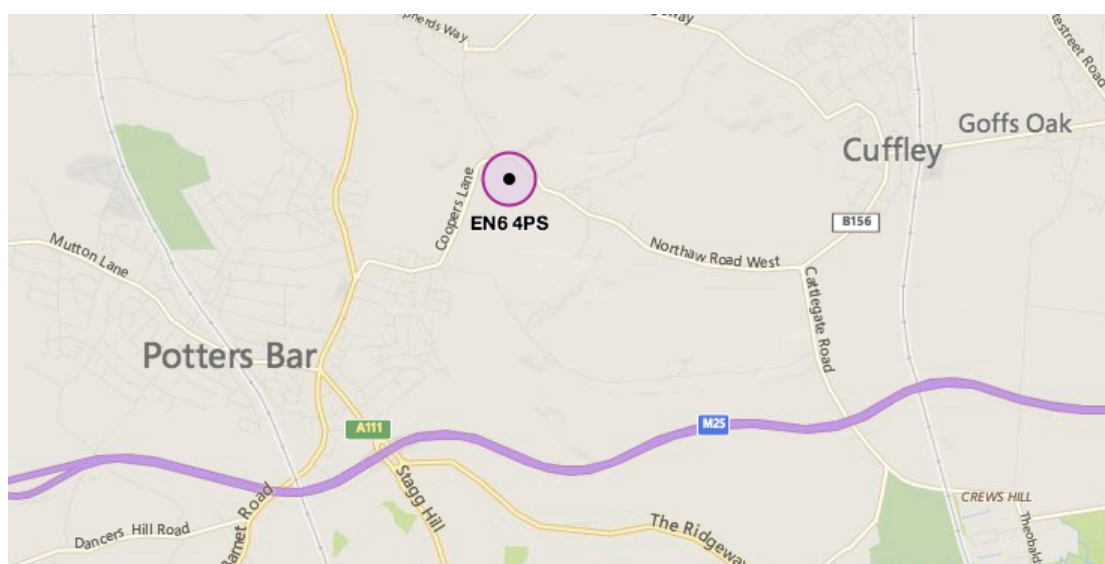
## 2 Subject Site

### 2.1. Location

Northaw House stands in extensive grounds to the west of Northaw Village in Hertfordshire, approximately two miles east of Potters Bar.

Access is from Coopers Lane to the west and Judges Hill to the east.

The village of Northaw has a number of amenities and there is a regular bus service passing the site connecting the site and the village with Potters Bar and Cuffley.



*Location Plan – Northaw House*

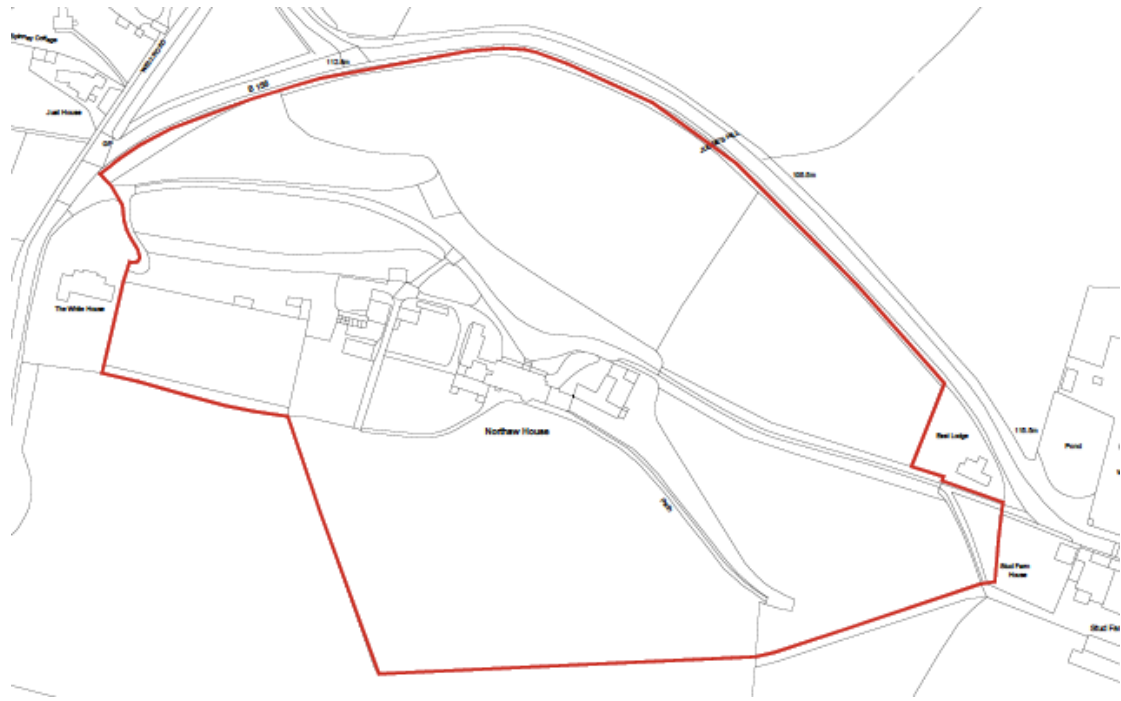
### 2.2. Site Description

The site extends to approximately 10 hectares and is located in the Green Belt. The local area is characterised by mature woodland, with the eastern boundary of the site abutting the Conservation Area of Northaw.

The site, and the main house in particular, occupies a prominent position on a small ridge with extensive views to and from the surrounding countryside, particularly to the east across the valley of Cuffley Brook.

Northaw House (including the main house, west wing, ballroom wing and conservatory) is a grade II listed building. There are informal grounds to the front and rear of the building that flank the entrance driveway.

The original part of the house was built in 1698 as a private dwelling and was much extended and embellished during the 18<sup>th</sup> and 19<sup>th</sup> centuries. Later additions include the west wing, ballroom wing, porch and conservatory.



*Site Plan – Northaw House*

Within the grounds there are a number of outbuildings, including a vacant gardener's cottage (Oak Cottage), a substantial walled garden, and, to the east, a two storey stable building. This stable block was built in the mid-late 18<sup>th</sup> century and is grade II listed in its own right. The other buildings and structures are listed due to their location within the curtilage.

To the west of the main house are informal lawns, beyond which are a group of dilapidated buildings in an area known as the 'settlement'. Further to the west is the 0.46 hectare walled garden and the gardener's house. These two areas are served by a separate access track.

Northaw House and the majority of the buildings, although vacant, have been used as offices for a number of years and this represents the lawful planning use (use class B1). The exception is Oak Cottage, which has a lawful use as a single dwelling (use class C3). Prior to the office use, the site has been used as a preparatory school and a hospital.

Much of the property has become overgrown, unkempt and dilapidated. The majority of buildings and structures, including the stable building, gardener's cottage, listed wall and parts of the main house, are in disrepair and require significant works.



*Aerial View – Northaw House*

### **2.3. Site Planning History**

The most relevant recent planning history was the planning permission and the listed building consent granted by the Borough Council on 1 October 2009 (S6/2004/0573/FP and S6/2004/0572 LB respectively).

These approvals were for the conversion of the main building to a single large house; the stable block to a single 5 bedroom dwelling; the ballroom wing to 3 dwellings; 7 new build dwellings (of which 3 were live/work); extensions and alterations to Oak Cottage to create a 3 bedroom house; car parking, associated landscape works and some demolition.

These consents were not implemented and expired on 1 October 2014. Since then the buildings have been vacated and the level of disrepair has worsened.

These approvals will be a material consideration in the determination of any future applications.

### 3 Policy Context

At the heart of the Government's National Planning Policy Framework (NPPF) is a presumption in favour of sustainable development.

Northaw House is well located in relation to village services and infrastructure with bus routes passing the entrance of the site. The proposed development will also provide some economic benefit during construction and the provision of new housing would perform a valuable social role.

While the construction of new dwellings is normally regarded as inappropriate in the Green Belt, the limited infilling or partial or complete redevelopment of previously developed sites (brownfield land) is excluded (paragraph 89); the site contains elements of previously developed land, some of which would be redeveloped. Development in the Green Belt is also acceptable where it is justified by very special circumstances. Such circumstances exist in this case, and include the fact that the proposed development would fund the repair and refurbishment of the listed buildings, and secure the site's future. Similar circumstances have previously been judged to be very special, with the Council having granted planning permission for enabling development in 2009 (application S6/2004/0573/FP).

The NPPF also emphasises the need to preserve heritage assets. Local planning authorities should assess whether the benefits of a proposal for enabling development, which would otherwise conflict with planning policies but which would secure the future conservation of a heritage asset, outweigh the disbenefits of departing from those policies (NPPF paragraph 140).

As required by NPPF paragraph 131, any proposal on the site should aim to sustain and enhance the significance of the listed buildings, and secure a suitable use that enables their conservation and appropriately treats their setting. Paragraph 134 states that, where there would be any element of less than substantial harm, this should be weighed against the public benefits of the proposals, including securing an optimum viable use for the heritage asset.

The proposed development has been carefully conceived, through more than two years of pre-application discussions with the Borough Council. It has been designed in a way which would ensure that there would not be any unacceptable changes to the listed buildings or their setting, and overall there would be a clear benefit in heritage terms.

Enabling development is therefore a legitimate planning tool. The previous planning consents for Northaw House accepted the principle of enabling development to fund the retention and future of the listed buildings in its historic form. The current proposals are a logical update to those proposals.

Full details of these matters will be set out in a Planning, Design and Access Statement by Waller Planning, which will accompany the full planning application.

## 4 Optimum Use

The optimum viable use for Northaw House must be compatible with the historic form, character and fabric of the place and must fit the needs of a user.

This requires balancing the economic viability of possible uses against the effect of any changes they entail in the special architectural and historic interest of the buildings.

The most viable use may not necessarily be the most profitable use if that would entail more destructive alterations than other viable uses. On the other hand, those uses that perfectly fit the form of the building but for which no market is present or likely must also be discarded.

In this case Northaw House has undergone market testing to determine the demand for its continued use as offices or alternative compatible uses.

Established chartered surveyors Jaggard Baker marketed the freehold of the entire site in 2014. The site was extensively marketed online and in local and national publications, as well as direct marketing to local and national agents.

The particulars set out the details of the site, the listing of the buildings and the planning status of the site, including its potential for continued use as offices or alternative uses including residential, hotel or care home.

A marketing summary is provided in appendix 1

In total seven proposals were received for Northaw House all of which were from the residential sector.

The marketing of the property has therefore determined residential as the optimum use. This returns the site back to its historic form, which is compatible with the character and fabric of the place.



## **5 Financial Viability Assessment**

Savills has undertaken a Financial Viability Assessment to assess the need and provision of enabling development required to fund the restoration of the heritage asset to its optimum use.

In determining the financial viability of the proposals, Savills has used the residual valuation model and adopted the developer's return as the output, which is then considered against a benchmark to assess viability.

The Viability Assessment is attached in appendix 2. A summary of the appraisals is provided below.

### **5.1. Conservation of the Heritage Asset**

One of the criteria for enabling development is a conservation deficit in repairing or converting the heritage asset to its optimum use.

A schedule of accommodation is shown in appendix 3 for the conversion of Northaw House to residential use. This includes the conversion of the Main House and Edwardian Wing into apartments, the conversion of the ballroom wing into two residential units, the restoration of Oak cottage and the conversion of the stable building into a single residential dwelling.

Other works include the demolition of some of the additions and outbuildings that do not contribute positively to the heritage asset. These include the link building (between the main house and the ballroom wing) and the single storey outbuildings.

Under the conservation of the asset, the listed wall would also be repaired and landscaping works undertaken.

#### **5.1.1 Appraisal Results**

A summary of the appraisal results is shown in the table below. The full appraisal and assumptions are in the Viability Assessment in appendix 2.

<b>INCOME</b>	<b>£</b>
Sales Valuation	11,225,000
Other income/grants	0
<b>TOTAL</b>	<b>11,225,000</b>
<b>EXPENDITURE</b>	
Site/Acquisition costs	4,528,500
Design and construction	7,700,933
Statutory and other charges	0
Sales costs	295,875
Finance	978,331
<b>TOTAL</b>	<b>13,503,639</b>
Developer's Profit (-16.87%)	-2,278,639

*Appraisal Results – Refurbishment scheme*

The appraisal results confirm that the refurbishment of Northaw House and its associated buildings is not economically viable in the current market. The return to the developer is below the acceptable level of return in today's market of 20% assuming planning permission and taking into consideration the nature of the development.

The table below shows the conservation deficit based on the acceptable level of return to the developer advised by Savills.

<b>INCOME</b>	<b>£</b>
Sales Valuation	11,225,000
Other income/grants	0
<b>TOTAL</b>	<b>11,225,000</b>
<b>EXPENDITURE</b>	
Site/Acquisition costs	4,528,500
Design and construction	7,700,933
Statutory and other charges	0
Sales costs	295,875
Finance	978,331
Developer's Profit (20%)	2,700,273
<b>TOTAL</b>	<b>16,203,912</b>
<b>SURPLUS/DEFICIT</b>	<b>-4,978,912</b>

In this case, enabling development is justified to ensure the long-term viability of Northaw House, subject to the enabling development also satisfying other criteria set by Historic England. These are considered in section 6.

The enabling development will need to be enough to cover the conservation deficit. This is considered below.

## 5.2. Enabling Development

The enabling case is for an additional 16 new dwellings within the curtilage of the site. This provides a scheme of 31 units when including the conversion and restoration of the listed buildings.

The proposed scheme totals 55,480 sq ft GIA, of which 29,842 sq ft GIA is enabling development. A schedule of accommodation is shown in appendix 3 along with an aerial view of the proposed scheme.

### 5.2.1 Appraisal Results

A summary of the appraisal results can be seen in the table below. The full appraisal and assumptions are in the Viability Assessment in appendix 2.

<b>INCOME</b>	<b>£</b>
Sales Valuation	26,635,000
Other income/grants	0
<b>TOTAL</b>	<b>26,635,000</b>
<b>EXPENDITURE</b>	
Site/Acquisition costs	4,528,500
Design and construction	15,834,252
Statutory and other charges	0
Sales costs	631,025
Finance	1,221,144
Developer's Profit (19.90%)	4,420,079
<b>TOTAL</b>	<b>26,635,000</b>
<b>SURPLUS/DEFICIT</b>	<b>0</b>

*Appraisal Results – Proposed Scheme*

The financial appraisal shows that the enabling development proposed is sufficient to cover the conservation deficit, and is the minimum necessary to secure the future of the heritage asset that is Northaw House.

## 6 Historic England Policy

The Historic England Policy Statement “Enabling Development and the Conservation of Significant Places’ advises that there are seven criteria that enabling development should meet. These are:

1. The enabling development will not materially harm the heritage values of the place or its setting;
2. The proposal avoids detrimental fragmentation of management of the place;
3. The enabling development will secure the long-term future of the place and, where, applicable, its continued use for a sympathetic purpose;
4. The proposal resolves problems arising from the inherent needs of the place, rather than the circumstances of the present owner, or the purchase price paid;
5. Sufficient subsidy is not available from any other source;
6. It is demonstrated that the amount of enabling development is the minimum necessary to secure the future of the place, and that its form minimises harm to other public interests;
7. The public benefit of securing the future of the significant place through such enabling development decisively outweighs the disbenefits of breaching other public policies.

### Criterion One

The proposed residential development is considered to be a sympathetic use that brings the site back to its original use. Consideration also needs to be made to the extant permission for residential conversion and enabling development.

The demolition of some of the additions and outbuildings that neither contribute positively to the heritage asset nor have intrinsic historical merit will restore the historical integrity of the original buildings. This will considerably improve the current character and setting of the listed buildings as required by criterion one.

The design of the proposed new build is architecturally sympathetic to the existing listed buildings and has been designed through the pre-app process in consultation with the local authority planning officer and conservation officer. The resultant proposals enhance the heritage values of the place and importantly the new dwellings do not compete in scale with the main house nor detract from its grandeur or significance. They are also located in such a way that makes good use of existing landscape features within the site and areas where buildings are currently located or historically have been located.

The indicative scheme has thus been conceived such that the individual components function both individually, but also sit within a wider framework. Consequently there would be no significant visual intrusion in the landscape from the proposals (as proofed in the Landscape Visual Impact Assessment), nor will they materially harm the heritage values of the place or its setting as required by this criterion.

Indeed, by virtue of its nature and design, the enabling development would form an integral part of the historical and evolutionary layout of the estate.

### **Criterion Two**

The proposal is to convert the main building into apartments rather than a single dwelling house as previously consented. This has been carefully conceived through more than two years of pre-application discussions with the Borough Council.

Typically, period properties of this size and nature are usually subdivided and there are many examples of this in the local area, such as Bedwell Park in Essendon.

Internally, the conversion of Northaw House does not damage the fabric or interior interest of the main house given that many of the original interior details and features have been lost as a result of the former office use and prior to that as a children's hospital.

Although other areas of the site would be subdivided, it is possible to address concerns regarding fragmentation of the site by having new external partitioning kept to a minimum.

### **Criterion Three**

Residential development would bring the property back to its original use, and would ensure a sympathetic re-use of the whole site as required by criterion three.

The enabling works are required to secure the long-term benefit of the listed buildings and structures, most of which have become dilapidated and are in disrepair. Residential development is considered to be a sympathetic use and consideration needs to be made to the extant planning permission for residential conversion.

Furthermore, the long-term care and management of the place will be undertaken and funded by future residents of the scheme through a Management Company formed to ensure the maintenance of the landscape setting of the listed buildings and the grounds.

### **Criterion Four**

The financial appraisal demonstrates that the problem facing the heritage asset has arisen from the inherent needs of the asset itself rather than the circumstances of the owner or the purchase price paid as required by criterion four.

The marketing of the property provides transactional evidence of open market value, with the purchase price paid in keeping with all offers made. In addition, the purchase price is in line with the market value accepted by the local authority in the viability assessment of 2007 accompanying the previous permission. The market value agreed then was £3.02m which, allowing for house price growth of 33.16% (Nationwide House Price Index – Outer Metropolitan region), is the equivalent of £4.02m at the date of purchase.

### **Criterion Five**

Criterion five requires that there are no sufficient subsidies from other sources.

One option would be to carry out a wholesale refurbishment of the buildings for continued office use to provide an annual income to help restore the listed buildings. However, given the current vacancy of the property, the past difficulties at letting the property and the lack of forthcoming office users from the marketing of the property, it is unlikely that such income could be secured.

In the absence of other sources or opportunities for financial assistance, enabling development is the only viable mechanism for securing the long-term future of Northaw House.

### **Criterion Six**

The financial appraisal in section 5 demonstrates that the amount of enabling development proposed is the absolute minimum necessary to meet the conservation deficit to secure the future of Northaw House.

### **Criterion Seven**

Sustaining significant places is a high priority, and statutory designation imposes a presumption in favour of their preservation if the heritage and other public values of the asset outweigh any harm.

Such a decision should be made in the light of a realistic view of the consequences of refusal, particularly where, as is the case with Northaw House, the place is rapidly deteriorating and there is no other source of subsidy necessary to secure its future.

The comparatively limited visual harm to both the Green Belt and the setting of Northaw House is clearly outweighed by the potential of the scheme to provide for repairs and restoration of what are important grade II listed buildings and structures. The future for these listed buildings, as currently evidenced, is bleak if these repairs and restorations are not carried out soon.

The proposed scheme will therefore benefit and support a place of cultural heritage value, as well as support the natural heritage through the long-term management of the grounds and landscape.

Taking these factors into account, the proposed enabling development is justified to secure the long-term future of Northaw House and sufficiently outweighs the limited harmful impact that the additional amount of new buildings would cause to the Green Belt.

## 9 Conclusion

Enabling development is an established and useful planning tool to secure the long-term future of a place of heritage significance. If, after full assessment, the balance of advantage lies in approval, planning permission should be granted.

The previous planning consents for Northaw House accept the principle of enabling development to fund the retention and future of the listed buildings. This heritage case represented very special circumstances for development in the Green Belt. The current proposals are a logical update to those proposals.

The level of enabling development proposed is the minimum necessary to secure the repair, refurbishment and restoration of the principle listed building and other listed assets to ensure their long term survival.

Taking into consideration the conservation deficit, the removal of dilapidated structures and the enhancement of the appearance of the whole site, the proposed enabling development is justified and the scheme will secure the long-term future of the listed buildings.

This constitutes very special circumstances that are sufficient to outweigh the limited harmful impact that an additional amount of new building would cause to the Green Belt.