

TW/239.3

7th January 2021



Sarah Smith
Development Management Service Manager
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Dear Sarah,

Further Application for Planning and Listed Building Consent at Northaw House

I have today submitted further applications for planning and listed building consent relating to the refurbishment and residential conversion of Northaw house and its stable block, plus new-build enabling development, on behalf of LW Developments. These applications are essentially the same as the applications that were approved in January 2020 (6/2019/0217/MAJ and 6/2019/0218/LB), other than that they seek a greater amount of enabling development. The additional enabling development being sought comprises of 2 pairs of semi-detached houses on the East Drive and 2 Gate Lodge houses at the site's entrances on the East and West drives. The design of these 6 units has already been agreed with the Council's heritage advisers during pre-application discussions.

You will recall that during our pre-application discussions between June 2016 – November 2018, LW Developments proposed a total of 31 dwellings. This total was reduced to 27 dwellings (with the removal of the 4 houses proposed on the East Drive) when the above applications were submitted, as the Council had been advised by BNP Paribas that this was the minimum amount of development required to ensure the proposals would be financially viable. Whilst the application was being considered, the Council received further advice from BNP Paribas, which indicated that only 25 dwellings were in fact required. The Council's subsequent position was that if the application were not amended to propose only 25 dwellings, it would be refused. This position was unaltered despite a letter from Thrings solicitors, on behalf of LW Developments, highlighting various flaws in the BNP Paribas reports.

LW Developments were committed to the purchase of Northaw house, and going ahead with the development. They were also keen to progress with the refurbishment of the listed buildings, being mindful that their condition was continuing to deteriorate with the passage of time. It having taken over 3 years to reach this stage, they took the commercial decision to amend the application with the removal of the 2 Gate Lodge houses. The Council subsequently granted planning and listed building consent for a total of 25 dwellings.

The commercial reality is that the approved quantum of development is insufficient to fund the required repairs and conversion of the listed buildings. LW Developments have sought further specialist advice in relation to viability, and as a consequence the current application is now

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accompanied by a Viability Report by James R Brown and Co. Ltd. This considers the viability of the proposed development, in relation to 25, 27 and 31 dwellings, and concludes that whilst none are financially viable, the 31 dwelling scheme is the closest to being so. It also notes that even with 31 dwellings, the development will only be viable with the benefit of 10% growth in residential values, over the next 3-4 years.

The new Viability Report also critiques the BNP Paribas reports which were produced for the Council, and identifies a number of serious flaws in their approach. These are summarised in section 3 of the Viability Report and they include matters such as the following:

- A failure to recognise that there was an agreed position in relation to build costs;
- A flawed assumption of a pro-rata reduction in build costs which ignored the difference in new-build and refurbishment costs, following the removal of the 2 Gate Lodge houses (resulting in an erroneous and unjustified conclusion that build costs would be at least £450,000 lower than had previously been agreed);
- A failure to justify the claimed benchmark land value (BLV) of £1.6 million, which was itself seriously flawed (a BLV of c. £2.64 million is found to be more realistic);
- A residual land value (RLV) that is c. £65,000 lower than BNP Paribas' view on the BLV;
- A failure to make any allowance for the s106 costs (which amounted to c. £175,000);
- The assumption of a lower finance rate than is reasonable, and also lower than BNP Paribas have themselves assumed in other appraisals.

In addition, the new Viability Report makes allowance for the effects of covid-19 on the development's viability. This is a further cost factor which was not relevant at the time the previous applications were considered.

LW Developments have commenced work on site constructing some of the new-build housing, in the settlement area and the walled garden, along with the refurbishment of Orchard Cottage. This is necessary, in order to generate the funds required to refurbish the listed buildings. They have also erected a temporary roof "tin hat" over Northaw House, to allow the roof to be stripped, in order to assess what structural repairs are required. All unsafe structures have been removed from the Coach House to allow access for engineers to assess what structural repairs are required, prior to starting work on the conversion element of the scheme. The works they are currently undertaking will help to preserve the listed buildings. However, they will not be able to complete the work, and the listed buildings cannot be fully converted and refurbished without the further capital which the additional new-build development would provide. It is of course necessary to complete these conversion works in order to secure the listed buildings' future.

In submitting these new applications, we are asking that the Council look afresh at the issue of financial viability. LW Developments are keen to work closely with the Council to help secure the future of Northaw house and its associated heritage assets, for the benefit of future generations.

Sarah Smith
Welwyn Hatfield Borough Council

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I look forward to receiving confirmation that the applications have been registered, and details of the assigned case officer.

Yours sincerely,



Tim Waller MRTPI
Director
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