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Date: 07 October 2026

To: All Members of the Planning Committee

cc: All other recipients of Planning Committee agenda

Planning Committee – Thursday, 8 October 2026

I enclose for consideration at the above meeting the Update Sheet and associated documents:

20261008PL-5 Update Sheet

(Pages 1 - 4)

Yours faithfully

Democratic Services
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UPDATE SHEET: PLANNING COMMITTEE – 8th September 2026

ITEM 5.A - 25/1512/VOC 26 - 30 Theobald Street, Borehamwood, Hertfordshire

Updates

Viability Review

Members have queried whether a clawback/review mechanism could be included within the s106 agreement should the scheme become viable in the future and/or whether a lower percentage of affordable housing could be delivered.

In response, the Applicant has said that given the position in relation to the viability of the scheme, it is not possible to accept a clawback/review mechanism nor incorporate a lower proportion of affordable housing.

Members also asked to see the findings of Aspinall Verdi, the Council's independent viability consultants review of the Applicants Financial Viability Assessment (FVA) submitted with the current application.

Aspinall Verdi's review is publicly available on the Council planning portal but the key conclusions following their review of the FVA are set out below:

"Aspinall Verdi were originally instructed in January 2024 by Hertsmere Borough Council to undertake a Financial Viability Assessment (FVA) of the proposed development at 26-30 Theobald Street, Borehamwood, WD6 4SG (REF: 23/1775/FUL).

The scheme involved the demolition of the existing buildings on the site to allow for the development of 41no. residential units and a 1,905 sqft Class E commercial unit. The residential units are made up of 1 and 2-bed flats across 2no. blocks ranging from 3no. – 6no. storeys in height.

In support of the planning application, the Tri Capital BW provided an FVA in undertaken by Montagu Evans in November 2023. The Applicant's assessment showed the delivery of an entirely private scheme to be unviable, generating a residual land value of £74,556. When judged against their Benchmark Land Value (BLV) of £3,072,000, the total viability deficit amounts to - £2,997,444. On this basis, Montagu Evans conclude that the scheme cannot viably support any affordable housing.

Aspinall Verdi's original review (March 2024) concluded that the scheme was unable to support a policy-compliant level of affordable housing, generating a deficit of c. - £1,897,000 against the BLV. Our appraisals also demonstrated that an entirely private scenario was also shown to be unviable, generating a deficit of c.- £593,000 against the BLV. On this basis, Aspinall Verdi recommend the Council negotiates with the Applicant and seeks to include a viability review mechanism within the

Section 106 agreement to allow the council to benefit from any favourable uplifts in viability.

We understand that subsequent negotiations resulted in an offer of 8no. affordable units within the 41no. unit scheme, however in October 2025 the new Applicant (Mandale Homes) submitted a Section 73 application (REF: 25/1512/VOC) which seeks to remove the affordable housing element of the scheme. The FVA accompanying the Section 73 application has been undertaken on a residual profit basis, with a fixed BLV (maintained at the same level previously agreed).

This concludes that the approved scheme generates a deficit of -£766,173 when judged against the target return of 17.5% on GDV. This equates to a net profit of 12.3% on GDV and falls below the target return of 15-20% outlined in the PPG. The Applicant has also tested another scenario with the affordable housing removed but an increased level of CIL. The appraisals show that this scenario produces a reduced deficit of -£330,645, however this equates to a profit of 15.6% on GDV which falls narrowly within the PPG range. On this basis, the Applicant proposes to deliver a fully open market scheme with an increased CIL contribution.

Aspinall Verdi has therefore been instructed on January 20th, 2026, to review the updated financial viability assessment as part of the Section 73 application. The purpose of this report is to provide an independent and objective assessment of the Applicant's appraisal inputs to ensure that the assessment is a sound basis for negotiation and agreement.

Where we agree with the Applicant's position, we have assumed their cost and value inputs. Where we disagree, we have adopted our own assumptions and set out in detail the reasons for these variations in our report.

In relation to the construction costs, we note while our adopted rate per square foot is lower the overall cost is higher due to differences in floor areas. Should further information become available regarding the floor areas we reserve the right to amend our position in this regard.

We have calculated the financial viability using ARGUS Developer model. We have taken into account our views / analysis on residential values, BLV, construction and other costs and the values on completion.

Our appraisals differ marginally from the Applicant's due to varying cost and commercial value assumptions. We have first tested the consented scheme which includes 8no. affordable homes and a CIL contribution of £614,874. The outcome of our assessment has shown that based on current costs and values the consented scheme to produces a deficit of -£551,959 against the Applicants adopted BLV.

For the private scenario, which includes an increased CIL contribution of £713,427, the appraisals show that the scheme produces a reduced deficit of -£312,127. When absorbed into the profit this equates to 15.69%. While this is below the target return

of 17.5% we understand that the Applicant is willing to deliver the scheme at a reduced profit.

As such, we recommend the Council seek the delivery of an entirely private scheme with an increased CIL contribution.

Our sensitivity analyses have demonstrated how the viability can change subject to adjustments to appraisal inputs – notably the sales values and construction costs. With increases in sales values of 5.0% and decreases in construction costs by the same amount, the consented scheme becomes viable.

As such, we recommend that any review mechanism considers the scheme's actual sales values achieved and incurred costs, this will allow the Council to benefit from any uplifts resulting from any costs engineering or improvements to the sales markets by the time the units are released to the market."

Aspinall Verdi have stated previously in respect to other applications that in the majority of their FVA Reviews which show an outcome of a scheme being in a deficit and therefore unable to support on-site affordable housing, they will always include the recommendation for the Council to seek a viability review mechanism within the S106 Agreement. However, based on a number of relatively recent appeal decisions across the country it has made securing a review mechanism more difficult.

They have highlighted that the reason for this is because in the appeal decisions, the Planning Inspectors have stated that where no requirement exists in the development plan / policy, then a review mechanism cannot be demanded.

While Hertsmere's Affordable Housing SPD states that 'where it has been agreed that less than the required percentage of Affordable Housing will be provided on site due to an accepted viability challenge, a claw back agreement may be arranged.' (paragraph 1.94). However, as this document is guidance as opposed to policy, based on recent appeal decisions, it may be difficult for the Council to secure.

Based on Aspinall Verdi's formal review of the FVA and more general advice, Officers consider, on balance that the recommendation set out is reasonable.

Section 106 obligations

Paragraph 10.0 of the Committee report mistakenly makes reference to a payment of £279,866 to HCC Highways towards sustainable transport packages in the area.

This obligation was not included in the original signed s.106 agreement as Highways stated it wasn't required and was recommended in error.

ITEM 5.B - 26/0883/FUL 63 Bairstow Close, Borehamwood, Hertfordshire

No update

ITEM 5.C - 26/0898/LBC The White Hart, St Albans Road, South Mimms

No update